IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	)	Chapter 7
TRICOLOR HOLDINGS, LLC, *et al.*,[1]	)	Case No. 25-33487 (MVL)
Debtors.	)	(Jointly Administered)

DECLARATION OF JULIA M. BESKIN IN SUPPORT OF TRUSTEE'S OBJECTION TO DANIEL CHU'S MOTION FOR ORDER AUTHORIZING USE OF PROCEEDS OF DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICIES FOR DEFENSE EXPENSES AND OTHER LOSS AMOUNTS

I, Julia M. Beskin, being duly sworn, state the following under penalty of perjury and that the following is true and correct to the best of my knowledge, information, and belief:

1. I am an attorney at law admitted to practice before all State Courts of New York, the United States District Courts for the Northern and Southern Districts of New York, and admitted *pro hac vice* in this proceeding. I am a partner of the law firm of McDermott Will & Schulte LLP ("McDermott"), counsel to the Chapter 7 trustee (the "Trustee") appointed in the above-captioned case, and my office is located at 919 Third Avenue, New York, New York, 10022.

2. I submit this Declaration in support of the above-referenced Objection.[2]

[1] In addition to appearing on behalf of Tricolor Holdings, LLC ("Tricolor Holdings") in the above-captioned case, Anne Elizabeth Burns, serves as Chapter 7 Trustee for the following related debtor entities: TAG Intermediate Holding Company, LLC (Case No. 25-33495), Tricolor Auto Group, LLC (Case No. 25-33496), Tricolor Auto Acceptance, LLC (Case No. 25-33497), Tricolor Insurance Agency, LLC (Case No. 25-33512), Tricolor Home Loans LLC dba Tricolor Mortgage (Case No. 25-33511), Tricolor Real Estate Services, LLC (Case No. 25-33514), TAG California Holding Company, LLC (Case No. 25-33493), Flexi Compras Autos, LLC (Case No. 25-33490), TAG California Intermediate Holding Company, LLC (Case No. 25-33494), Tricolor California Auto Group, LLC (Case No. 25-33502), Tricolor California Auto Acceptance, LLC (Case No. 25-33501), Risk Analytics LLC (Case No. 25-33491), Tricolor Tax, LLC (Case No. 25-33515), Tricolor Financial, LLC (Case No. 25-33510), Tricolor Auto Receivables LLC (Case No. 25-33498), Tricolor Asset Funding, LLC (Case No. 25-33492), and Apoyo Financial, LLC (Case No. 25-33489) (collectively, "Tricolor" or the "Debtors").

[2] Capitalized terms used but not defined herein shall have the meanings given to such terms in the Objection.

2533487251209000000000008

3. Attached as **Exhibit 1** hereto is a true and correct copy of an article by David Adams titled *Coach Dismissed for Alleged NCAA Violations* published by The Sewanee Purple, dated April. 6, 1992, available at: https://dspace.sewanee.edu/server/api/core/bitstreams/8eee286e-efbe-4231-a85e-b69e9c743e67/content.

4. Attached as **Exhibit 2** hereto is a true and correct copy of Crown Group, Inc.'s Annual Report (Form 10-K), dated August 6, 2001, available at: https://www.sec.gov/Archives/edgar/data/799850/000095013401504748/d89588e10-k405.txt.

5. Attached as **Exhibit 3** hereto is a true and correct copy of an article by Jacob Adelman titled *U.S. Banks Missed Warning Signs on Tricolor. Now, Their Losses Are Adding Up*, published by Barron's, dated Oct. 6, 2025.

6. Attached as **Exhibit 4** hereto is a true and correct copy of the Letter of Resignation from Daniel Chu to the Chairman, President, and CEO of Origin Bank regarding Mr. Chu's resignation from Origin Bank's Board of Directors, dated September 6, 2025.

7. Attached as **Exhibit 5** hereto is a true and correct copy of a Swap Transaction Confirmation by and between Chu Family Investments, LLC and Origin Bank, dated August 29, 2025.

8. Attached as **Exhibit 6** hereto is a true and correct copy of a Realtor.com listing for 4208 Beverly Drive, Highland Park, TX 75205, Realtor.com, as of December 9, 2025.

9. Attached as **Exhibit 7** hereto is a true and correct copy of an email from Daniel Chu to Tait Johnson re: Sharpe Law Group – Chu Entity Structure, dated September 16, 2025.

10. Attached as **Exhibit 8** hereto is a true and correct copy of an email from Daniel Chu to tricolorchu@gmail.com re: Florida Homestead Law Guide – Alper Law, dated September 17, 2025.

11. Attached as **Exhibit 9** hereto is a true and correct copy of an email from Daniel Chu to tricolorchu@gmail.com attaching a Purchase Agreement Termination Agreement, dated September 24, 2025.

12. Attached as **Exhibit 10** hereto is a true and correct copy of the Notice of Circumstances Letter from Tricolor Holdings, LLC to Travelers Bond & Specialty Insurance Claim, CNA Insurance, and Old Republic Professional Liability, Inc., dated October 8, 2025.

* * *

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: December 9, 2025

/s/ Julia M. Beskin
Julia M. Beskin (admitted *pro hac vice*)

Exhibit 1

THE SEWANEE PURPLE

APRIL 6, 1992
VOLUME 171, ISSUE ~~8~~ 9

THE UNIVERSITY OF THE SOUTH
SEWANEE, TN 37375

Coach Dismissed for Alleged NCAA Violations

The University fired former basketball coach Daniel Chu on March 6. Chu compiled a 12-38 record in two years at Sewanee. Photo by Lyn Hutchinson.

by David Adams
Sports Editor

The University announced the dismissal of head men's basketball coach Daniel T. Chu on March 6. Chu's dismissal came after the discovery of violations of University policy and apparent NCAA rules violations during the 1992 season. Public Relations Director Stephen Becker states that the dismissal was based on a combination of both the University and apparent NCAA rules violations.

After the discovery of Chu's apparent violations, the University initiated contact with NCAA staff on Feb. 24, 1992, in Overland Park, Kansas. Since this initial contact, the University has been conducting an internal investigation, first submitted to the NCAA on March 12, 1992, seven days after Chu's dismissal. The contents of the investigation sent to the NCAA, which led to Chu's dismissal, concerned the handling of financial aid.

The University is still conducting the investigation of Chu's alleged violations. Upon completion of this investigation, the University will receive a response from the NCAA. University Attorney Marguerite Lloyd explains that "it is up to the NCAA to impose any sort of penalty after the rules violations have been examined." She emphasizes, however, that she is "hopeful" that the NCAA will take into consideration that the alleged violations were "self reported" when reviewing the University's case. The University's initiative in reporting the alleged violations immediately after the discovery "should be a plus in our favor" when the NCAA releases a decision.

Chu, as an employee of the University of the South, was an "at will" staff member. Not under a contract for a specific period of time, an "at will" employee, upon accepting employment, acknowledges that either party may terminate employment for any legal reason at any time. So on March 5, the University terminated his "at will" status because of the alleged violations. After the University dismissed him, Chu, having sought legal counsel, made a public statement of his intent to examine the situation further.

Athletic Director Bill Huyck sees the dismissal as something definitely in the best interest of the University. He has already initiated a search for a coach for the 1992-93 season.

"I have sent an announcement for an immediate opening to the NCAA News," says

continued on page 2

Cinema Guild Cancels Controversial Film

by Michael Cass
Editor

Student members of the Cinema Guild voted March 5 not to show "In the Realm of the Senses," a Japanese film scheduled to be presented at Sewanee Union Theater in May, after University administrators expressed reservations about the film's content. Several members of the faculty of the College of Arts and Sciences have filed a complaint with the Sewanee chapter of the American Association of University Professors (AAUP), charging that the administration infringed upon academic freedom.

The Cinema Guild made the decision less than two weeks after voting in favor of presenting the film. Lesley Chapman, president of the organization, feels administrators intimidated the students into changing their votes and effectively censored "In the Realm of the Senses," but Provost Frederick Croom, who discussed the film with many of the students, insists that the University had no intention to censor the film.

The Cinema Guild decided not to show "In the Realm of the Senses" in 1988, but the group chose the film at the end of the 1990-91 academic year for inclusion in its 1991-92 schedule. Administration members first expressed their reservations about the film, some scenes of which are of a graphically sexual and violent nature, in February of this year, and Cinema Guild members and advisors agreed to preview the film and decide whether or not to show it.

According to Chapman, the group expected to watch the film alone and did not plan to discuss it immediately after the Feb. 24 screening. When group members arrived at the preview, however, they found a significantly different situation.

"Ten or 15 administrators and professors were at the screening, creating an intimidating environment, and they wanted to discuss the movie with us when it was over," said Chapman. "People from Public Relations said *The New York Times* could possibly write about the film if we showed it and that the school could lose a great deal of money from alumni. I felt as if the Cinema Guild were being pressured not to show the film. And since we didn't expect to engage in a discussion, we didn't have time to make arguments or volley the questions that were asked of us."

The members of the Cinema Guild voted Feb. 25 to show "In the Realm of the Senses" in May. They expected their decision to be final. Croom and two other members of the faculty and administration, including the Director of Development, met with the students March 4, asking them to think carefully and responsibly about the decision.

"I felt the discussion after the screening was insufficient, so I asked the students to discuss this film further," said Croom. "I asked them to consider their choice carefully and think of their responsibility as presenters of University films.

"I never told or even asked anyone not to show any particular film. I simply asked the students to consider the entire situation, the history of film controversies here in the past, and the image of the University. I want us to show things we can be proud of and stand behind. But it was never my intention to be intimidating or to censor films. I was surprised to learn that some students felt intimidated, but I will do my best to make amends with them if I've unwittingly intimidated them."

Chapman claimed that she and others were told that showing "In the Realm of the Senses" would cost the University money.

"We were told, 'It will be your fault if some needy students can't come to Sewanee in the future because of a lack of scholarship funds.' I thought our vote was final, but we were given this guilt trip. I thought the administration acted in a very condescending and intimidating manner toward us."

The officials urged the Cinema Guild to vote again on the film, which the group did the following day, March 5. The group decided, in the words of Chapman, that "this wasn't the film to fight over," opting not to risk a tide of controversy over "In the Realm of the Senses."

Yet members "felt

continued on page 2

Students Champion Canine Residents

by Mark Smith

With a vote of 367-215, voters upheld "the tradition of the Sewanee dog" March 10 and defeated a local referendum proposing a leash law for canine residents.

The referendum proposed that "all dogs on the University Domain must be kept within a secure fenced area, or on a leash, or under the immediate verbal control of their master. All dogs not so constricted and reported will be picked up by the Sewanee police."

The referendum attracted attention among townspeople and students and heightened the profile of the Sewanee Community Council.

Encouraged by a Democratic Party voter registration drive, 245 students at the University registered to vote in the Democratic primary election and the local election.

"This was far above the usual number of students to register," said James Hart, Director of Research and Records at the University's Office of Public Relations and secretary of the Sewanee Community Council.

Hart continued, "The town of Sewanee has no legislative body. The Community Council wanted to encourage people to vote, and by voting to send a message.

"The handling of the leash law referendum—the encouraging of general participation—is an example of one kind of progress that we've made under Dr. Williamson's administration.

"Until the recent administration, the Community Council really only sanctioned the Vice-Chancellor's policies. The Community Council would be told of the V-C's decision and left little say. It smacked of paternalism and patriarchal ways.

"The steering committee has tried to get the Community Council to be a better voice of the people. We're working for interdependence, for the town and the University to work together as one."

Hart pointed to cooperation between the University and the town in community service projects, the community chest drive, the recycling program, and the goal of the Community Council's housing committee to eliminate all substandard housing on the Domain over the next generation.

The University of the South and Sewanee are unusual in that the Vice-Chancellor is the chief administrator of both a University and a town."

In recent years, Hart has observed that "the University has found it more and more difficult to manage both a university and a town. One of the first things that Vice-Chancellor Williamson did when he came here, for example, was to hire a vice president for business and community relations, Thomas Kepple.

"Now, I think more townspeople feel more secure about their future, and Sewanee and the University will prosper," added Hart.

"Exaggerated concerns on both sides of the issue fueled interest in this year's referendum," which was defeated by a wider margin than a similar, although less specific, proposal in 1986, according to Hart.

"Many residents don't blame the dogs; they blame their owners," said Hart. "In the past, if you had a problem with a dog, you were expected to settle it yourself with your neighbor. This referendum was an attempt to provide a mechanism—a rational policy—for dealing with problem dogs and to prevent further problems."

The leash law referendum also attracted attention beyond the gates of the Domain. In the valley, it was rumored that a large number of University students had registered to support a specific candidate in Franklin County's election for superintendent of schools.

Patty Priest, the Democratic incumbent, received more votes from Sewanee than any other precinct in the county in the March 10 election, according to Hart. But Priest also enjoyed a similar margin of support from Sewanee in the last election, Hart added.

Basketball Coach Dismissed

continued from page 1

Huyck. "And I am expecting around 100 applications for the job. We hope to get to the interview process around final exams."

Huyck, of course, does express some concern about the immediate future of the men's basketball team. "Without a head coach right now, recruiting will be hurt. And prospects will be hesitant to come to us. But if there is any bright spot, it is that the school is absolutely committed to offering a good basketball team.

"What we are lacking right now is continuity. Over the years, there has been too much turnover in the basketball program.... We need some sort of dedication in the head coach that goes beyond competence. Two years just won't do it. The most successful athletic programs here at Sewanee are coached by people who have been here for several years. If we can achieve this kind of continuity in the basketball program, winning will be a natural outcome."

During the season several players left the team, including David Zagoria, an all-conference player last year, who was also elected team captain. Huyck says he has "complete understanding for those players who did not finish the season, [as well as] nothing but admiration for those who remained on the team."

Assistant Coach Mark Peeler resigned from his position at the end of the season, and there will be a search for his replacement as well. Chu, 28, compiled a 12-38 record in his two seasons at Sewanee, including a 4-21 record in 1991-92. The men's basketball team had difficulty retaining coaches for an extended period of time before Chu's brief tenure. Huyck will make it a priority to invigorate the basketball team with a new cohesiveness that will begin with the head coach's position.

Cinema Guild Cancels Film

continued from page 1

browbeaten" and now fear that this situation could set a dangerous precedent for review of all films, plays, publications, lectures, radio shows, et cetera. Chapman noted that the administration has now scheduled a screening for "The Deadman," the film set to replace "In the Realm of the Senses."

"We need a free exchange of *all* ideas," said Cinema Guild member David Freeland. "Other conservative colleges have shown 'The Deadman,' so why shouldn't we? Incidents like this don't allow freedom of expression the crucial place it should hold at a university."

Croom disagreed. "I want academic freedom to be preserved, and I intend for it to be," he said. "As Provost, I'm concerned with academic freedom in all aspects of the University. I hope our programs can be presented in a manner consistent with this principle and with our Christian principles."

The Sewanee chapter of the AAUP is obligated to investigate the formal complaint it received from faculty members, but the chapter "is not accusing anyone of anything," according to Professor Harold Goldberg, president of the chapter, who agreed to be interviewed for this article after learning that Chapman and Croom were also interviewed.

"We're not making accusations," said Goldberg, "but we do have to look into this allegation of infringement upon academic freedom. That principle is absolute; it can't be compromised."

The AAUP reaffirmed its statement on academic freedom at a meeting held March 31. The statement, passed by the AAUP in 1986 and approved by the faculty the same year, explains that "the AAUP expresses its full support for academic freedom in the classroom and in related academic activities, including sponsored lectures, films, publications, performances, etc."

"Censorship is a road we don't ever want to start going down," said Goldberg. "The academic enterprise must be controversial. We are obligated to challenge ourselves, to ask hard questions that might be offensive. Academic freedom is central to education in the liberal arts college."

The Sewanee AAUP's membership passed a motion at the March 31 meeting to form a five-member committee to examine the issue of the Cinema Guild and the alleged violation of academic freedom.

Brown Foundation Hosts History Scholar Mayr-Harting

by Elizabeth Hesselink
News Staff

Sewanee students are privileged to host a visiting Brown Foundation Fellow from Oxford University this semester. Henry Mayr-Harting, a professor in the Department of History, was able to make his first trip across the Atlantic and come to Sewanee through the Texas-based Brown Foundation. The charitable organization gave a benefaction to the University to bring in distinguished scholars from other colleges and universities.

"I've benefitted from the benefaction," said Mayr-Harting. "I love it here. I'm very grateful."

Here at Sewanee, Mayr-Harting teaches several lecture classes and a seminar on Charlemagne. His classes at Oxford in an average term include lectures and seminars, but he usually teaches only one of each per week. The bulk of his time there is spent in tutorial sessions (12 to 15 a week), where he "develops one-on-one, or at the most one-on-two relationships." He also has administrative responsibilities at Oxford, but "mercifully [has] none here," he quipped.

There are several differences between Oxford and Sewanee; the most noticeable is the system of education. While most teachers at American colleges are called professors, the professors at Oxford are "few and far between." Professors there actually "profess" their subjects, mostly in lectures. Those who teach, do research, and take part in tutorials are called fellows.

"Being a fellow is a position of trust and honor," said Mayr-Harting. One has great independence, especially financial independence. The colleges of Oxford are not run hierarchically as they are in America. Instead, the fellows make important decisions with their votes.

The method of education is also different at Oxford. Students at Oxford know what they want to study before they arrive and study only one subject. Their classes consist mostly of tutorials, which require much more reading and independent work. "The tutors act as guides," said Mayr-Harting.

Mayr-Harting's immediate personal observation of the differences between his work at Oxford and here was that "I more often speak first [in class] here, while students do in Oxford." He must prepare for class much more carefully here, while the students do most of the preparation there.

"In Oxford you sink or swim, but here everyone swims—and that is a good thing."

When asked which system allowed students to learn more, Mayr-Harting said, "The Oxford system is likely to develop more independence of mind." But he added, "It brings me up with a jerk to realize that students here study both geology and history." He explained that because the energies of Sewanee students are "diffused over a wideness of studies," it makes sense that they would need "more classroom guidance."

Mayr-Harting's reaction to Sewanee students in the classroom is positive.

"People put themselves forward well. . . they are very open, friendly and constructive, and good at making a contribution."

Mayr-Harting has also observed that there is a "lack of defensiveness" among American students in general, but especially at Sewanee.

"This willingness to speak and openness [in the classroom] is a quality that is immensely useful in learning. . . . People here have a temperamental advantage," said Mayr-Harting, who also appreciates the friendliness of students around campus.

Mayr-Harting, who was born in Prague but moved to England when he was almost three years old, is "enchanted" with the atmosphere of Sewanee in general. Though he was told to travel around the United States before he began to teach, he lost his zest for travelling when he "arrived in this idyllic setting."

Earth Day WUTS/SPMA Musicfest Debuts April 11

by Ann-Elise Lewallen
News Editor

The entire Sewanee community is invited to attend the Sewanee Earth Day celebration which will be held April 11 at the Sewanee Dairy from noon through the afternoon in conjunction with the WUTS/SPMA Musicfest.

Richmond, Virginia-based band *House of Freaks* will headline the WUTS/SPMA Musicfest portion of the festivities and is scheduled to begin playing at 3:00 p.m. Dennis Haldeman of Earthworks, a Chattanooga-based environmental group, will be speaking about the chip-mill situation in the South Pittsburg area as well as the detrimental effects of pesticides. Jamie Hollingsworth and Michael Goldsmith, students in the College of Arts and Sciences, will play around 1:00 p.m., prior to *House of Freaks*. Scott Bates, professor in the Department of Theatre, will share some of his original environmental poetry early in the afternoon.

Conservation organizations and student activity groups will have informative displays set up, starting at 1:00 p.m. and available throughout the afternoon. Refreshments will be available to all guests. If you have questions or need additional information, please contact Tessa Sarrazin (x2409) or Margaret Carruthers (x2297).

Benedict and Courts Halls Slated to Become Coed Dorms in Fall of 1992

by Chris Mahoney
News staff

Acting on a recommendation from the Task Force on Undergraduate Life at Sewanee in the 1990s, the administration of the University has decided to convert two existing single-sex dormitories into coed facilities.

Dean of Women Mary Susan Cushman reports that Benedict and Courts Halls will change status, quelling the rumor that Elliott Hall would also house both men and women next year.

According to Dean Cushman, Benedict's layout will probably involve two L-shaped wings, one housing women, the other, men. It is likely that Courts will be arranged by suites, with women and men living above and below each other, with male and female suites alternating on each floor. Dean Cushman pointed out, however, that the details are far from being concretely arranged at this point.

Two central issues were behind the decision to implement this change in student housing. First, the Task Force on Undergraduate Life had recommended to the Student Assembly that the students in the College should be offered more housing options, since the University already regulates student housing much more than other schools do.

According to the Task Force, Sewanee students are required to live in dormitories for a certain amount of time, and options for dormitory life for senior students are severely limited due to the availability of housing.

Another factor in the decision, perhaps more controversial, was the question revolving around the rules for dormitory visitation. Earlier in the year, a number of students at a panel discussion were dissatisfied with the administration's stand on cohabitation and visitation. Essentially, the students who were vocal about the situation wanted more choice and a change in the status quo, which was precisely what prompted the Task Force to make its recommendation.

"The University of the South is an Episcopal institution dedicated to a certain prudence and morality," said Cushman, "and there is the ever-present question of a school's role in the date-rape issue, as well as the maintenance of campus security."

Cushman also noted in an earlier interview that those issues were taken into full account when the dormitory visitation debate was at its peak.

Visitation rules will not be changed, as the administration finds them sound and justified. The administration does feel comfortable with the installation of new coed dormitories, feeling that the increase in choice will mollify those students who are dissatisfied with Sewanee's position on morality and campus life.

NEWS

Two Sewanee Democrats Attempt to Participate in Presidential Nomination Process at Democratic National Convention

by Jennifer Hamilton
News Staff

"It is my pleasure to introduce to you the next President of the United States of America, ——————." With those hopeful words the Democratic Party will officially announce the name of its Presidential candidate at the Democratic National Convention in New York City this summer. Senior history major Miles Ewing and political science professor Charles Brockett had hoped they would be among the delegates helping to make that selection.

Before the March 10 Tennessee Presidential primary, the two were among eight who had filled out the necessary forms to be eligible for selection as delegates to the convention for Paul Tsongas if Tsongas received at least 15 percent of the district vote.

Brockett explained that the necessary forms that he and Ewing filled out involved pledging support of Tsongas and the Democratic Party if Tsongas was selected as a delegate, as well as a promise that they had not voted in a Republican primary in the last four years.

In a joint interview, Ewing and Brockett explained that the process for nominating delegates to the Democratic Convention involves a caucus system.

"Sewanee is part of the fourth Congressional district, and the fourth district gets four votes at the convention," said Brockett. "The votes are distributed proportionally among the candidates who receive at least 15 percent of the vote.

"As it turned out," continued Brockett, "Clinton got three delegates and Tsongas received one. No other candidate received the 15 percent necessary to earn a delegate."

Since there were eight people who had filled out the forms to be eligible to represent Tsongas and he earned only one delegate, the district Democratic Party sponsored a caucus meeting to elect that delegate.

Brockett explained that Franklin County could send up to 18 Tsongas supporters to this meeting, which was held in McMinnville on March 28, to vote on which delegate should attend the convention. However, Brockett said that only nine people from the entire district made the trip to vote.

Brockett elaborated that those nine people were selected from a slate of three candidates, not eight.

"I was disallowed by the Tsongas delegation," explained Brockett. "Actually, five out the eight who filled out the necessary forms were disallowed."

Ewing, however, was not disallowed. At the election he was edged out by a woman from Fayetteville who brought along hometown supporters. Ewing noted that he received a third (three out of the nine) of the votes cast.

At the time of the interview, Brockett did not know why he had been stricken from the list. He was in the process of trying to contact the Tsongas delegation to find out why.

Ewing supported Tsongas because he "saw both Tsongas and Clinton as contenders to beat Bush. I liked Tsongas's ideas and I was also very interested in going to the convention. I thought I stood a better chance of doing that by supporting Tsongas. After the convention, I will probably switch and support the nominee."

Brockett said he backed Tsongas because he liked Tsongas's message and because he was committed to the Democratic Party.

As a point of comparison, Brockett noted that the Clinton delegation selected its 3 delegates from a field of 50 nominees. Both Brockett and Ewing said that the Clinton delegation was much better organized overall.

Brockett predicted that as the election date draws near both the College Democrats and College Republicans will become more active. He said that currently the College Democrats have the most active leadership they have had since he came to the University. Junior Jeff Muench is the current president of the organization.

"Both groups [the College Democrats and the College Republicans] are a good way for students to get involved in the election process," said Brockett.

Ewing and Brockett acknowledged that by the time of the convention it is likely that one candidate will have already locked up the nomination. Both said that the delegates probably will not play a great role in deciding who wins the nomination. Yet both still wanted to go.

"I see the convention as politics in action," said Ewing, "and although I wouldn't have had an active voice, I considered it a fantastic opportunity to meet people and make connections.

Brockett agreed, "Even if I didn't get to play an active role in deciding what happens, I still think just participating would be the experience of a lifetime."

Neither Brockett nor Ewing plan to let their defeat discourage them. Both plan to continue to play an active role in government and political campaigning.

EFM 'Fosters Religious Growth'

by Ann-Elise Lewallen
News Editor

Meeting together for nine months a year for four years to study the Old and New Testaments, the history of the church, theology, liturgics, and ethics, students of the Education for Ministry program are enrolled in a unique kind of academic situation.

By gathering in small groups of six to 11 people, students are able to work in seminar-type situations which give them the opportunity to think theologically. Mentors are trained all over the United States and abroad as well. At present more than 80 dioceses of the Episcopal church as well as other denominations have contractual agreements with EFM, and 160 training sessions take place annually.

According to Edward deBary, Field Director for EFM, "The Education for Ministry program brings together three basic facets which foster religious growth: the opportunity to discuss the materials students read and study, an opportunity for theological reflection, and an opportunity to develop a support group that worships together regularly.

"With Baptism, we promise to be ministers. The EFM program gives people a chance to explore what that means to them and investigate how they may best fulfill their Baptismal vows. For other people, this means discovering that what they are already doing is ministry. The EFM program often gives people who are ministering to others an entirely new vision or mode for continuing this ministry."

Theological Education by Extension is the focus of the Education for Ministry program, which reaches into nine foreign countries and throughout the United States. Any adult who is interested in learning more about the Episcopal church is invited to enroll in Education for Ministry (EFM), which is taught by certified mentors using specified texts for each year of the program.

According to the 1991 Prospectus of the EFM program, "Lay persons face the difficult and often subtle task of interpreting the richness of the church's faith in a complex and confusing world. They need the kind of theological education which supports their faith and which also trains them to express that faith in day-to-day events."

Reaching into countries as far away as Australia, the Bahamas, Canada, Germany, Great Britain, Guyana, Honduras, New Zealand, and Nicaragua (where EFM is available in Spanish), EFM has probably hosted 30,000 mentors and students at some point.

Based at the School of Theology of the University of the South, the program itself was founded in 1975 by Charles Winters, former Professor of Theology, whose original intentions were to extend the teaching ministry of the seminary. His initial expectation was for 300 students to be a part of the program.

"The genius of the program," commented deBary, "is that it is adult education done in an adult way using the seminar method as a learning environment. We have refined and developed some techniques for effective seminars—this process requires extensive organization—and our programs are increasingly more influential as a result."

Although the EFM program is based at the School of Theology with a home staff of ten people, the program is completely self-supporting. All students are required to pay a tuition. Contracts with other dioceses are another source of funding. No money from University endowments is contributed to the program.

"The EFM program is giving this university the potential to serve the church in a very dynamic and important way. Recently *The Tennesseean* reported that the number of Episcopalians in the U.S. is on the rise. I think EFM has been a very integral part of that growth," added deBary.

EFM frequently serves as a starting place for individuals pondering going to seminary. At least one-third of the School of Theology's students have previously participated in an EFM program.

"It is always exciting to see the enthusiasm and commitment of mentors when I train a group," said Gail Jones, Director of Training and Education for EFM. "Sometimes I get discouraged about the future of the Church, and then I see the vitality of these mentors and I realize it's not falling apart."

Mistry Brings Eastern Culture to Sewanee

by Hannah Bennett
Staff Writer

Dinshaw Mistry left Bombay, India, in 1988 and ventured to the United States to pursue his academic interests. Leaving his parents, who operate a family-owned business, his brother, who is presently studying in Long Island, his sister, who attends high school in Bombay, and his eastern culture behind him, Mistry followed what he described as "a currently prevailing trend among Indian students who wanted to study abroad."

He made the right decision, apparently, for he claims that "the experience of studying abroad is invaluable."

Mistry chose Sewanee after hearing about the University initially from a friend and then from a <u>Barron's Guide.</u>

Mistry, a senior double-majoring in physics and political science, explained that one of his reasons for studying in America was the superior academic and recreational facilities provided by the University of the South as opposed to the facilities which the universities in India have.

"The facilities here, such as the gym, tennis courts, golf courses and cafeterias, would average something like a five-star rating in Bombay."

In India, Mistry was accustomed to playing cricket, soccer, and hockey, but he compensates for these losses by being actively involved with American basketball, football, and baseball. He especially enjoys the media attention these sports receive.

Mistry explained the size of Bombay (10 million people) in comparison with the United States (225 million) and how society in Bombay is structured according to a class system.

"Everyone is separated by their class; a person from a lower-income class may be delegated to a lower-income occupation, whereas in the United States, the dignity of labor is more developed." Mistry added that the standard of living in Bombay was inferior to that of the United States.

Before coming to the U.S., Mistry had certain preconceptions of "American life." Prior to attending Sewanee, Mistry was able to visit the U.S. during the summer in Texas and Washington. He explained that America wasn't politically popular in India.

"The United States had always conveyed to me this 'Big Bully' image. Being a champion of democracy, it had failed to support a fellow democracy (India) in international and political circles, and this was disappointing to me."

Mistry also thought the U.S. was "all urban." He heartily admitted that Sewanee changed that notion. Mistry conceived the U.S. to be "this flashy image which was projected through television and magazines."

After arriving in Sewanee and becoming familiar with the environment as well as the people, Mistry realized the stereotypes he had envisioned were not *completely* accurate representations of the United States.

As for the transition from Bombay to Sewanee, Mistry felt that "the orientation program provided initial contact and interaction with others, and also the equalizing factor of everyone being a freshman definitely helped."

Mistry confessed that the "American accent" was an obstacle to tackle in adapting to his new environment. Adjusting to American food wasn't a "dramatic change" for him. He pointed out that "American food doesn't have the level of spices that Indian food has, but American food isn't displeasing at all."

Mistry was still a little uncertain when asked to predict his future. "There's a 50/50 chance I will be living in the United States after I finish my education," he said. He could confirm, however, that he would be attending graduate school in political science in the United States, although he was not sure which vocation he wanted to pursue.

OPINION

Letters to the Editor

Alumnus Addresses Multi-Culturalism

Dear Editor:

I would like to offer my thoughts about the February 24, 1992, article in the *Purple*, concerning the growing issue of cultural diversity at Sewanee.

Being a Sewanee alumnus entitles you to certain privileges, one of which is a year's subscription to *The Sewanee Purple*. After reading about the confrontation which occurred between a white and a black student, a thought crossed my mind: Haven't I known of a few students to trade punches before?

I have always been taught that gentlemen do not solve their problems with their fists; yet I remember two occurrences last year where fists were used as a solution to a problem. Yes, the young men were both white, but the point is that the administration was not called to intervene.

Before continuing, I must acknowledge that the University was fully correct and justified in the initiatives it took. Racial bigotry is intolerable and will accomplish nothing but the division of a country. If any student assails another—for whatever reasons—disciplinary actions should be invoked on the parties involved.

The main issue I want to address is that infamous movement that has been sweeping educational institutions of higher learning for the past couple of years: multiculturalism—the crusade to instill diversity among academia and student bodies, and to underscore the importance and contributions of Americans from other cultural heritages and backgrounds, other than the predominantly white, European ones. Its proponents, koown as multiculturalists, seek to erode racial barriers, which society has imposed, by illustrating the value each culture has and that it is worthy of study.

To a large extent, these concepts could be advantageous for America's future. With the formation of the European Community and the fruition of the North American Free-Trade Agreement (NAFTA), any shrewd observer can tell that we are moving away from national economies to globalized economies. America will need leaders who can think and see beyond linguistic, cultural, and ethnic borders. One must be able to recognize and admit the wondrous and, yet, worth-knowing differences between other nations and their races.

If multiculturalism concerns seeing through these barriers, I'm all for it. There is, however, a difference between what multiculturalism strives to do and the message its advocates convey. Many supporters envision a cultural existence inside the entirety of America; it was nationalist ideas such as these that divided nations and communities to such a great extent that our ancestors were forced into World War I.

In the past five years the world has witnessed the collapse of the U.S.S.R.—a collapse due to economic instability, political precariousness, and, most importantly, ethnic and cultural instability. One must understand that, with the exception of Gorbachev, every Soviet leader, since Lenin, had been taught this: If you want to hold this country together, don't refer to your fellow citizens as Ukranians, Azerbaijanis, Russians, etc. Rather, address them as Soviet citizens. Since Mr. Gorbachev was not well-educated in ethnic matters, the country consequently fell apart.

Other modern examples of the destructive effects that multi-ethoic ideas can have on a country are Yugoslavia and the United Kingdom. As they did in 1914, the Yugoslavian republics today are at odds with each other mostly because of ethnic conflicts and disputes over which republic is the one to govern the nation. On the European front, this year, Briton's Prime Minister John Major not only faces the problems with Northern Ireland, but the very probable secession of Scotland from the United Kingdom.

Now, back to Sewanee. If at all possible, we must strive not to think in terms of race, but of who a person is individually. Does he or she maintain high standards? Does he or she make a positive contribution to society? When judging an individual, these are the major questions one should ask.

Minority Affairs Director Eric Benjamin is correct that the University needs to "broaden the minds of citizens of [Sewanee]"; however, the liberal arts curriculum accomplishes this task just fine. It is one thing to enrich a student's learning experience, but another to try to alter the way someone has been reared. I agree with Dean Pearigen's assertion that students must leam how to appreciate "all cultures" on campus, but be prepared for some rejection. Why? Because not everyone is from the same background. (As the saying goes: "You can't teach an old dog new tricks." The solution, according to Mr. Benjamin and an anonymous black student, is the restructuring of Sewanee's academic and social life.)

Some observations on this approach: First, why are we required to take Western Civilization? It is very obvious. Our modern society was modeled on Western examples; the influence of the Europeans—mostly British—is unavoidable, since they originally ruled the 13 American colonies. Look at what the then-Mother Country has bequeathed to us: a common language, the system of representative government, our legal system—most importantly, individual freedom. The idea of separation of powers, another American-adopted belief, is taken from France's Montesquieu.

There is a quotation which says that "to understand the future, we must study the past." This statement should emphasize anther reason why Americans learn Western history: If a country cannot fully understand how and why its foundation came into being, and how it developed, such a country will be cursed by social chaos and instability.

So with those, like Ann-Elise Lewallen, who purport that we are ancestral worshippers still in the 18th-century frame of mind, I beg to differ. One may point out the enrichment of understanding other cultures, but to assert that Western history is just one of the many important contributors to the uniqueness of America is pure bunk!

To Mr. Benjamin, I would convey my greatest confidence in the cultural diversity that Sewanee offers. Some is in the classroom, but most is out there waiting to be discovered by the individual student. The University has various courses on Africa, Latin America, and Japan; most importantly, one may choose to study abroad in order to obtain hands-on experience. This experience is what really enlightens the unenlightened more than the classroom.

Regarding Miss Lewallen's statement, on page 6 of the Purple, that "prospective students are discarding Sewanee. . . [due to] its conservative nature," this is a fallacy. Sewanee demands much of a person's pocketbook and, in addition to expenses, students must live within a small community isolated on a mountain. To many, this milieu is not too attractive for four years. Sewanee's "conservative nature, " which has been attacked so often, holds the very essence of what many consider to be high, moral standards. I do not believe that these traditions—the Honor Code, the academic gown, etc.—"blind us" from the truth at all. If anything, they serve as goals for which to reach. They symbolize hard work, honesty, commitment, and contributive achievements—many elements which are lacking in American society today. Thus, they serve as constant reminders, not obstructions.

The increasing concern

continued on page 7

Editorial Policy

The Sewanee Purple is owned and operated by the students of the University of the South. Editorial and financial matters are directed by the editor, inconsultation with the staff, and under authority granted by the University Publications Board.

Letters to the editor are welcomed and should be mailed directly to the *Purple*. All letters must be signed by the author; no unsigned letters will be printed. The editors reserve the right to edit letters for reasons of length or if letters contain material deemed to be potentially libelous or in excessively poor taste.

The *Purple* strives to be an impartial source of news, independent of any outside interests. Editorial positions in no way affect news coverage.

The *Purple* welcomes contributions from any aource. However, editors will serve as the final judges of the appropriateness of any submision. If possible, submissions should be made on a Macintosh computer disk; contact the editors for more information.

The Sewanee Purple

Editor	Michael Cass
Associate Editor	Mary Grace Gibbs
News Editor	Ann-Elise Lewallen
Arts and Entertainment Editor	Paige Parvin
Sports Editor	David Adams
Design Editor	Kate Rehkopf
Business Manager	Leslie Hiers
Circulation Manager	Elizabeth Ariail
Advertising Manager	Elizabeth Tindal

The Sewanee Purple is published every two weeks during the academic year by the students of the University of the South. Signed opinions expressed within do not necessarily reflect the opinion of the editorial staff, the University of the South, or its employees. Unsigned editorials represent the consensus of the senior editorial staff. Editorial, production, and advertising offices are located on the third floor of the Bishop's Common. Subscriptions are twelve dollars a year.

Multi-Culturalism Addressed

continued from page 6

over cultural (or racial) diversity at Sewanee should not be overexamined because it will lead to an influx of the unnecessary liberal ideas which are plaguing the Northeastern United States. If the University is not careful, it may confront future issues such as women joining fraternities, men (God forbid) joining sororities, unisex bathrooms, and excessive use of political correctness. I have a strong hope that as Sewanee continues its trek into the 21st century, the admissions committee will not offer acceptance to a majority of entering students for the sake of affirmative action, which, in itself, would be reverse discrimination.

I must apologize if I have offended anyone; if I did, forgive me. My concern is for the future of the United States and the University of the South. Perhaps the most important sentiment to remember is that which has drawn people, for generations, to our great country: the freedom of individual rights and liberties; the freedom to become whom you want to be; and the freedom that a person's rights reside in the individual, not in ethnic classes. It is difficult being an American. (Who said it would be easy?) If America is to escape a brush with the separatist and fragment-causing death which embraced the former Soviet Union and, now, possibly two other nations, she must put aside her prejudices and accept people for whom they truly are.

Sincerely,

Tom Broughton

Religion Class Explains Biblical Positions on Homosexuality

The authors of this article, as members of the class, Religion 401: "Issues of Sexuality in the Hellenic and Judeo-Christian Culture in the First Four Centuries." feel obligated to share some of the historical, cultural, and biblical information we have obtained in the study of the above subject, specifically as it relates to "homosexuality."

Homosexuality, according to Webster's Ninth New Collegiate Dictionary, is erotic activity with another person of the same sex. It exists now as it existed in the first century, but with very different meanings. In today's society, homosexuality is viewed as an aberration of nature because it does not produce the same results as heterosexuality activity, namely, children. Even though there are a variety of sexual practices today, the norm seems to be sexual activity for the purpose of reproduction. In the first centuries of this era, sexual activities had multiple purposes.

To place sexuality of this era in its socio-historical context, a discussion of the Hellenistic world-view and the construction of gender-identity and how it relates to homosexuality is appropriate.

The Hellenistic world-view was based upon a structure of the seven-story universe. The earth was thought of as the non-moving center of the universe, with seven spheres surrounding and moving around it. These spheres were inhabited by angels and demons. The focus of attention was always toward the earth, as the center. God was thought to be completely separated from this structure, and it is in this context that religion provided a means of escape from the seven spheres, understood to be salvation. The people of this time developed "cosmic paranoia" out of fear of always being watched by the angels and demons. This led to constant concern with how they were perceived in all social settings.

Within this culture gender was considered independent from anatomical sex. It recognized feminine women, masculine women, feminine men, and masculine men which was biologically determined at birth. Any deviation from this "given" was considered "unnatural." Even though a range of gender possibilities was recognized, the norm was considered to be feminine women and masculine men. The imposition of this norm resulted in gender-typing, that is, the attempt to categorize oneself and others in relation to the norm. One's gender type was judged and manipulated by voice, glances and bodily movement. In other words, a person's gender type was, so to speak, written all over her or his face and body.

Another aspect of the Graeco-Roman culture was that its public life was male-dominated and highly segregated by sex. In every aspect of public life ranging from business transactions to social affairs, males interacted with males. The fact that this culture was so sex-segregated led to understanding beauty and eroticism as centered on other males, the ideal of which became the slender, sensuous, female-looking, young male. Out of this context developed pederasty, which involved an older male sexually dominating over a younger, passive, male partner. This was a common practice in the educational system of the time.

This cultural context provides a backdrop for the writers of early Christian texts. Some of these texts seem to deal with homosexual practices. It is not our intention in this article to discuss any of these texts specifically. Rather we would like to discuss the general ways in which the Bible has been used to support or counter arguments condemning homosexuality.

There is a range of opinions as to how the Bible does or does not specifically oppose or condemn homosexuality.. Below is a list representing the range of these opinions:

The Bible is opposed to homosexuality because...

(1) the Bible is definitive on the issue and should define Christian ethics.

(2) it is considered a sin but one equal to other sins.

(3) injunctions against it should be considered in the larger biblical context of procreation, sin, judgment, and grace as demonstrated, for example, in the creation narrative.

(4) injunctions against it are time- and culture-specific, and it is up to individuals to determine how to apply such injunctions to their own lives.

The Bible does not explicitly condemn homosexuality because...

(1) the Bible speaks of homosexual acts by heterosexual and not as homosexuality as it exists in the form as we understand it today.

(2) the terms in Greek which have sometimes been translated to mean homosexual acts have, indeed, ambiguous meaning and thus can refer to other sexual activities, for example, cult prostitution and pederasty.

References used: Before Sexuality by David Halperin, et al.; The New Testament and Homosexuality by Robin Scroggs; and a book review of The New Testament and Homosexuality, by Oscar S. Brooks, in Pastoral Psychology

Sincerely,

The members of Religion 401

NEWS

Deans Announce 1992-1993 Proctors

The Deans of Students are pleased to announce Proctors for 1992-1993. They are: Head Proctors—Jennie McCrary Goodrum and Christopher Norcross Miller;

Proctors: Emily Lloyd Barr, Sarah Louise Batts, Kimberly Marie Baum, Albert Charles Bean, IV, Jason Price Beck, Stephanie Jane Bush, Andrew Barden Carter, Margaret Wheland Cate, Robert Rutledge Davies;

Jared Brown Forrester, Jason William Forrester, Philip Stephen Gidiere, III, Tammy Michelle Haston, Leslie Elizabeth Hiers, James McGinley Jefferson, Julie Elaine Junkins, Christian Crais Kizer, Marcel John Lettre, II;

Benjamin Logan McGowan, Katherine Lea Menke, Megan Tyson Noriega, Jeffrey David Postles, John Murnan Richards, Andrea Elizabeth Rieffel, James Patrick Stacey, Robert Reynolds Steinfeld, Mary Reagan Toole, William Parker Wheatley, Dawn Melissa White, and Anthony Lamar Williams.

Spring Sprint to be held April 11 in Sewanee

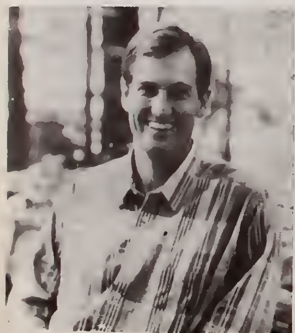
The fifth annual Sewanee Spring Sprint will be held Saturday, April 11. The sprint is actually two events, a 5K and a one-mile. The 5K run will take place at 9:00 a.m. (CST) on the campus of the University. The one-mile will start at 9:05 a.m.

Prizes for the 5K will be awarded in age categories of 13 & under, 14-19, 20-29, 30-39, 40-49, and 50+. The overall top three men and women in the one-mile event will receive prizes.

Registered entrants are eligible for drawings of door prizes. Prizes have been donated by AEDC Federal Credit Union (Tullahoma), Carmella's Restaurant (South Pittsburg), Cloud's Rise Farm Bed & Breakfast (Sewanee), Edgeworth Inn (Monteagle), Jim Oliver's Smokehouse (Monteagle), Knies Hardware (Winchester), Pop's Happyland Truck Stop (Monteagle), and The Sampler (Cowan).

The registration fee for the events is $9 for adults and $5 for those under age 13. Only pre-registered entrants are guaranteed a T-shirt. Proceeds benefit the Sisters of St. Mary's Convent in Sewanee.

There is race-day registration, but late registrants will only receive shirts while supplies last. Interested persons should contact race director Dann Brown at (615) 598-5135.



Sewanee Alumnus Sam Pickering will speak April 7 in Convocation Hall as part of the Last Lecture Series.

SPORTS

Tigers Frustrated by Mistakes in Early Season

by Trey Suddarth
Sports staff

Sophomore Charlie Johnson follows through on his wind-up during a recent Tigers' game. Photo by Lyn Hutchinson.

Ah, spring, when a young man's thoughts turn only to one thing: baseball. Well, in case spring training hasn't grabbed you quite like it mesmerizes this sportswriter every March, maybe you could get in the spirit by catching our very own Sewanee Tigers in action. They've been at it since late February, and after a promising beginning (a doubleheader topping Rhodes in Memphis), the team has limped along to a subpar 6-12 record.

"The little mistakes have cost us a lot," said captain and starting shortstop Nick Albanese. "We just haven't been able to put it all together."

First baseman Greg Greene echoed that sentiment: "It has really been frustrating. We're a lot better than we're playing right now." It seems that the Tigers have not been able to put forth a balanced effort during recent close losses. When the team hits well, the pitching and defense are letdowns; and on days when the pitching is excellent, the Tigers bats go south. Another reason for the inconsistency has been the squad's uncanny knack for making costly mistakes in crucial situations.

"We've lost plenty of close games but we've also lost some where we just didn't play well at all," said freshman hurler Drew Corbett. The 1992 Tigers, nevertheless, remain an improvement over last year's team. Sewanee has already gained more victories than it did over all of last season.

The formula for any good baseball team usually starts "up the middle." The Tigers are solid there with slick fielding shortstop Albanese, second baseman Tony Richards, and center fielder Sean Bebbington, who has been on a tear of late. Sewanee leads their conference in fielding percentage. Doug Murray is the grizzled veteran on a pitching staff that includes youngsters Corbett, Charley Johnson, Ken Grimes, and Russ Young.

Despite their disappointing record, the players were unanimous in their support of head coach Robert Black in his first year at the helm. That role has traditionally been the domain of Bill Samko, who remains pitching coach.

"(Coach Black) always keeps a positive attitude," admitted Murray. The Tigers feel confident that they can turn things around as they head into a weekend set with Oglethorpe.

"I know that we can get to .500 by the end of the season," said Albanese. The erstwhile Greene was likewise optimistic: "We just have to learn how to win. When we put ourselves in a position to win in the late innings, we have to cut out the mistakes and capitalize."

The Tigers don't seem too far away from scoring some victories in a season that has been frustrating thus far. Be sure to come out and support the Tigers in their upcoming home games. A single game is scheduled for Wednesday, and a doubleheader is slated for Thursday, both versus Fisk.

Tennis Teams End March on Triumphant Note

by Katie DePree
Sports staff

The tennis teams have experienced both success and defeat this past week. Sewanee's teams are among the strongest in the South, earning such prestige through much work and dedication.

The sweet taste of victory has definitely been the dominant flavor for the women's team this season. In the last week of March, the women won overwhelming victories over Centre College and Emory. On Saturday, the women's team humiliated Centre, beating them 9-0. The team was again successful Sunday, defeating Emory 6-3. Cameron Tyer, Helen Boehm, Fairlie Scott, and Christy Kizer won their singles matches against Emory, and the doubles teams, consisting of Cameron Tyer and Becky Doncaster and Catherine and Nancy Smith, were also triumphant. "The win at Emory will give us a good shot at going to the nationals in Kalamazoo, Michigan," said Boehm.

The men were extremely challenged by stiff competition this weekend. The team is presently ranked twenty-fourth in the nation. The men lost to Kalamazoo, the top team in the country. Although Sewanee was playing some very competitive tennis, it was not enough to keep the nation's top team from being victorious. Sewanee lost 0-9.

On the brighter side of the past week, the men's team came back by defeating the University of Alabama at Huntsville 5-4 on Tuesday. Madison Michael, Matt Harris, and Steven Jackson won their singles matches, while Scott Hudmon, Lanny Lewis, Jay Jones, and Pratt Lewis were victorious in their doubles matches.

Matt Harris readies a backhand. Photo by Lyn Hutchinson.

Cameron Tyer prepares to launch herself into a serve. Photo by Lyn Hutchinson.

Record Review

Listen Without Prejudice: Appreciating the Carpenters

The Carpenters, Yesterday Once More (A&M 6601, 2 CDs or cassettes)
by Gregory Clark

Of all the pop acts to follow in the wake of the Beatles, the Carpenters must surely be the most reviled. Even in their heyday in the early 1970s, an era dominated by posturing male rock bands and whining singer-songwriters of both sexes, Richard and Karen Carpenter looked all wrong: a well-groomed and seemingly wholesome brother-and-sister duo that specialized in slickly produced, note-perfect ballads.

Mention the Carpenters today and most people think first of their treacly 1970 hits "We've Only Just Begun" and "Close To You," the former filled with talk of "white lace and promises" and the latter sweetened with chatter about angels sprinkling stardust in the hair of lovers created to be "dreams come true." As they also almost singlehandedly established the genre now known as "adult contemporary," the Carpenters are often held responsible as well for paving the way for singers like Christopher Cross and groups like Air Supply.

What distinguishes the Carpenters from both of the latter—and indeed from all other pop acts of any era—is Karen Carpenter's truly singular voice. Although always carefully controlled and perfectly pitched, her slightly husky alto was unfailingly warm and inviting; like the best of the early 60s female singers she so clearly admired, Karen also managed to convey at one and the same time an impression of girlish naïveté and womanly knowing. Richard's painstakingly constructed and sometimes overly polished instrumental arrangements only serve to emphasize further the very human character of Karen's vocals.

While the eponymously titled multi-CD box set issued last year offers a comprehensive overview of the Carpenters' 14-year career, the best introduction remains *Yesterday Once More*, a 2-CD compilation of their 27 best singles released in 1986. The Carpenters' story as a whole began some 40 years earlier in Connecticut, where Richard and Karen were born in 1947 and 1950, respectively. By the early 1960s they had moved with their parents (there were no other siblings) to the nondescript middle-class Los Angeles suburb of Downey.

While Richard studied classical piano, Karen practiced singing in front of a mirror to tunes being played on the radio. As the medley on the 1973 LP *Now and Then* makes clear, she favored pure pop: Shelley Fabares' "Johnny Angel" (1962), the Chiffons' "One Fine Day" (1963), and the Beach Boys' "Fun Fun Fun" (1964) are among the songs included. By the late 1960s Karen had learned the drums and, with Richard on piano and friends on guitar and bass, they bravely performed that species of pop in the then highly psychedelicized Los Angeles area.

Although their sound cannot have much impressed the hippies, it did impress Herb Alpert, the owner of A&M Records. Signed to a contract in 1969, the Carpenters went promptly into the studio with producer Jack Daugherty to construct their first manifesto, a bold rearrangement by Richard of the Beatles' 1965 hit "Ticket to Ride."

Already with that first single the blueprint for the Carpenters' sound was clearly laid out. In sharp contrast to that of the original, the tempo of Richard's "Ticket to Ride" is surprisingly languorous, a change which allows Karen plenty of time to caress each syllable of the lead line. The latter is pushed very much to the forefront, indeed so much so that in the quieter passages one can easily hear Karen opening her mouth and drawing breath. Yet this closeness in no way diminishes the lead vocal's effectiveness: instead, it reinforces the impression of immediacy and total lack of artifice.

The instrumental accompaniment, in contrast, is coolly precise and emotionally remote. Acoustic and electric pianos played by Richard, bass and lead guitars wielded by session men, and drums—sometimes played by Karen, sometimes not—comprise the rhythm section; horns, strings, and percussion provide the sweetening.

Although this carefully marshalled instrumentation recalls the mid-60s work of Los Angeles producer Phil Spector, the crystalline clarity of "Ticket to Ride"—made possible by using the most advanced multi-track recorders equipped with Dolby—is very far removed from the inpenetrable "Wall of Sound" which Spector coaxed from the primitive four-track machines at Gold Star Studios. Richard and Karen took fullest advantage of the new technology on the choruses, where they overdubbed their two voices over and over again to transform themselves into a massed choir.

Although "Ticket to Ride" made no impression on the national charts, it was a modest hit in Los Angeles, where this writer heard it on the radio several times. The Carpenters' real breakthrough came in the summer of 1970 with the maudlin "Close To You"; for the next five years their singles would consistently make the American Top 20.

In addition to penning originals in collaboration with John Bettis, Richard had a knack for finding and rearranging tunes by other songwriters. In 1971, for instance, he came across "Hurting Each Other," an obscure bossanova single by black vocal group Ruby and the Romantics. Richard and Karen knew the group well, for they had gone to Number 1 in 1963 with "Our Day Will Come," a song the Carpenters would cover in 1973 on the *Now and Then* LP. By drastically slowing the tempo and simplifying the beat, Richard transformed Ruby and the Romantics' little-known dancefloor opus into a beautiful dramatic ballad which reached Number 2 early in 1972.

The Carpenters also took risks: with "Goodbye to Love," for example, Richard and John Bettis rejected the traditional verse-chorus alternation for a melody which unfolds linearly. This unusual development is followed by an equally unexpected false ending and then a roaring fuzz guitar solo. These eccentricities notwithstanding, "Goodbye to Love"—Karen's declared favorite Carpenters' single—handily made the Top Ten in July of 1972.

As a philosophical statement, however, no Carpenters' 45 can match "Yesterday Once More." After waxing nostalgic in the verse about the pop music of the early 60s, the chorus proudly and unashamedly glorifies the era's predilection for nonsense lyrics: "Every sha-la-la-la / Every wo-ooh-wo-oh / Still shines / Every shing-a-ling-a-ling / That they're startin' to sing / So fine." Richard's melody is fully the equal of John Bettis' words, and together they guaranteed "Yesterday Once More" a Number 2 chart placing in the summer of 1973.

Although the Carpenters enjoyed four Top 20 hits in 1974 and 1975, not a one was as imaginative as "Goodbye to Love" or as memorable as "Yesterday Once More." Not surprisingly, then, the listening public began to lose interest in the duo; after reaching Number 12 in the spring of 1976 with a flawless but unremarkable cover of Herman's Hermits' 1967 hit "There's A Kind of Hush," they were out of the Top 20 for a full five years. The anorexic Karen's increasingly debilitating laxative abuse and the growing number of concert and tour cancellations which it precipitated also added to the group's troubles.

It is all the more remarkable, then, that the Carpenters' most inspired musical moment came in 1977, when they released the single "Calling Occupants of Interplanetary Craft (The Recognized Anthem of World Contact Day)." Less a conventional pop tune than a series of musical suites with lyrics urging an "E.T."-like linkup with space aliens, "Calling Occupants" was written and first recorded by Klaatu, an American cult group strongly influenced by the Beatles. Richard boldly turned their science-fiction fantasy into a richly orchestrated symphony of seven magisterial minutes in length.

Unable to fit so long a single into their usual formats, AM radio stations resisted playing it; FM programmers, in turn, were not inclined to give air time to a group as "uncool" as the Carpenters. As a result, the disc managed only four weeks in the lower rungs of the American Top 40. In contrast, Britain's more enlightened broadcasters did for "Calling Occupants"

continued on page 11

Robert Hughes, Madge Gerbracht, Monica Gelinas, Chris Bryan, Vanessa Jackson, and Chip Sanford in H.M.S. Pinafore. Photo by Lyn Hutchinson.

Record Review

continued from page 10

what they had done in 1966 for Ike and Tina Turner's "River Deep—Mountain High": they recognized it as the idiosyncratic masterpiece it was and gave it generous airplay. The result was a Number 9 placement in the UK singles chart in November of 1977.

In 1981, after a three-year hiatus from recording, Richard and Karen—the latter emotionally buoyed by her recent marriage—went back into the studio and came out with the *Made in America* LP. In addition to being the first Carpenters' album to feature synthesizers prominently, *Made in America* gave the duo their first Top 20 hit in five years, the patently sensuous "Touch Me When We're Dancing."

Unfortunately, Karen's marriage soon failed and she returned to her parents' home in Downey, where her health continued to deteriorate. On 4 February 1983, her heart weakened by anorexia nervosa and purgative abuse, Karen died of cardiac arrest, just a month shy of her thirty-third birthday. Only weeks before, however, she had recorded the guide vocals for a new LP, completed posthumously by Richard as *Voices of the Heart*.

Dominating the album's front cover is a poignant closeup of Karen's emaciated face not long before the end; a grim Richard sits behind his piano on the back. The latest song on *Yesterday Once More* is the best track on *Voices*, "Make Believe It's Your First Time." Her ebbing strength notwithstanding, Karen sings the elegant, country-inflected ballad with the same verve and warmth first heard some 14 years before on "Ticket to Ride"; the instrumental and vocal accompaniment which Richard fashioned after her departure lovingly enframes and supports the lead she left behind.

Just as Karen's death robbed the pop world of one of its most distinctive voices, preconceptions about the Carpenters rob both jaundiced and uninitiated ears of the chance to evaluate the duo's work objectively. Those who set such prejudices aside before listening to *Yesterday Once More* will find themselves in the thoroughly enjoyable company of some of the greatest ballads of the 1970s sung by the decade's greatest female vocalist.

Record Review

Knoxville's Premo Dopes Show their Pop

by Anderson Wrangle
Arts and Entertainment Staff

Smokin' Dave and the Premo Dopes? HUH? Well, that is the band and the title of their album. Apparently their first recording effort, HUH, is an eclectic bag of rock tunes. The singer/songwriter has pop sensibility and gives us hooks like "Woke up this morning/gee a lot of songs start out that way/ then again so do most of my days."

The band wins you over right away with their simple and infectious beats, and it only gets better from there. The titles of the songs alone are worth the price of admission: "Fish 'n' Chips in Johannesburg," "Right-handed Love," and "Gimme Keith Richards' Blood." In the hands of a less able songwriter these tunes would belie pretentious and boring alternative radio fare.

Smokin' Dave and the Premo Dopes hail from Knoxville, and one senses they might have been hanging around awhile after graduating from The University of Tennessee. Steed laments, "My day off didn't last so long/The next day back at work I felt so unstoned" in "Eat, Make Love, and Watch Movies," leading one to believe they would have felt right at home in the Austin post-grad morass of Slacker. "John 3:16 relates" the story of the guy who moves in with three sixteen-year-old girls, learns to make tie-dyes, and then follows the Dead around for the rest of his "new boring life." A better slam against the sustainers of the extended drum solo has not been made since Eleventh Dream Day sang "I want to bomb the Mars Hotel."

Little needs to be said about "You must be from Nashville," for the title says much. The second half of the album has less sustained force than the first half, and the songwriting begins to falter a bit, but "Alternative," a rant against the current music scene and a parody of Sonic Youth, makes it enjoyable (and I am a Sonic Youth fan). To say that Smokin' Dave and the Premo Dopes sounds like most of southern college music is true to a degree, but it sells them short; it would deny them the potential to grow, and they already have an eclectic style. HUH, after all, is a first effort, and with experience I believe Smokin' Dave and the Premo Dopes will produce an album with sustained pop virtue.

ARTS AND ENTERTAINMENT

No Small Potatoes:

My Own Private Idaho

by Paige Parvin
Arts and Entertainment Editor

Gus Van Sant's *My Own Private Idaho* opens and closes with a surreal dream sequence brought about by a narcoleptic seizure afflicting the main character, Mike (River Phoenix), and what goes on in between is a very similar experience from the audience's point of view. The film is a personal and penetrating look at male prostitution that is saved from becoming another trite and depressing film about America's lost youth by its superb cinematography and tender performances.

Keanu Reeves is impressive as Scott, the rich-boy-gone-bad figure who is modelled after Shakespeare's Prince Hal and, like Hal, must ultimately choose to turn his back on Falstaff—or in this case Bob, the contemporary Falstaff who's really more like an aging Tim Leary, fast losing control of his Merry Pranksters. The Shakespeare allusion is presented stylistically so that it adds to the film's content and message rather than rendering it pretentious or ridiculous.

Scott's sleek beauty is offset by the sheer dirtiness of his companion Mike. Inevitably, Mike is looking for love and acceptance and, ultimately, his mother. He and Scott even go to Italy to find her on a seemingly inappropriate and unrealistic goose-chase that is completely removed from the rest of the film but turns out to be the most visually beautiful and arresting sequence in it. Phoenix gives a wonderful performance, climaxing in an incredibly tender scene in which he confesses his love for Scott; although his friend does not return his affections physically, he responds with wonderful sensitivity as well.

Besides the performances given by these two, the film's cinematography is its *pièce de resistance*. The camerawork is a joy to watch, with lots of sweeping movement, abrupt cutting, and odd, revealing angles. The sex scenes in particular are unique; they consist of a series of startling freeze frames rather than the conventional stylized moonlit-bedroom scene.

My Own Private Idaho is about prostitution, perversion, greed, desperation, and other problems American society causes and faces every day. But mostly it is about the love between friends and the betrayal of that love. It is a film with something to say, and Gus Van Sant knew just how to say it.

Exhibit 2

<DOCUMENT>
<TYPE>10-K405
<SEQUENCE>1
<FILENAME>d89588e10-k405.txt
<DESCRIPTION>FORM 10-K FOR FISCAL YEAR END APRIL 30, 2001
<TEXT>
<PAGE> 1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: APRIL 30, 2001

Commission file number: 0-14939

CROWN GROUP, INC.
(Exact name of registrant as specified in its charter)

<Table>
<S> <C>
TEXAS
63-0851141
(State or other jurisdiction of incorporation or organization) (I.R.S.
Employer Identification No.)
</Table>

4040 N. MACARTHUR BLVD., SUITE 100, IRVING, TEXAS
(Address of principal executive offices)

75038
(Zip Code)

(972) 717-3423
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $.01 par share

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of August 6, 2001 the aggregate market value of the voting stock held by non-affiliates (all persons other than executive officers, directors and holder's of 5% or more of the Registrant's common stock) of the Registrant (4,429,541 shares) was $15,946,348.

As of August 6, 2001 there were 6,735,367 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in 2001 are incorporated by reference into Part III of this report, with the exception of information regarding executive officers required under Item 10 of Part III, which information is included in Part I, Item 1.

PART I

ITEM 1. BUSINESS

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. Certain information included in this Annual Report on Form 10-K contains, and other materials filed or to be filed by the Company with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Company or its management) contain or will contain, forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "believe," "expect," "anticipate," "estimate," "project" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. The Company undertakes no obligation to publicly update or revise any forward-looking statements. Such forward-looking statements address, among other things, the Company's current focus on the development and expansion of its automobile businesses, and its goal of maximizing its return on its other businesses and investments. Such forward-looking statements are based upon management's current plans or expectations and are subject to a number of uncertainties and risks that could significantly affect current plans, anticipated actions and the Company's future financial condition and results. As a consequence, actual results may differ materially from those expressed in any forward-looking statements made by or on behalf of the Company as a result of various factors. Uncertainties and risks related to such forward-looking statements include, but are not limited to, those relating to the development of the Company's businesses, continued availability of lines of credit for the Company's businesses, changes in interest rates, competition, dependence on existing management, economic conditions (particularly in the states of Texas, Arkansas and Florida), changes in tax laws or the administration of such laws and changes in lending laws or regulations. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made.

GENERAL AND HISTORY

Crown Group, Inc. ("Crown"), and collectively with its subsidiaries (the "Company"), is primarily in the business of selling and financing used automobiles and trucks principally to consumers with limited or damaged credit histories. In addition, Crown also has investments in other industries. As of April 30, 2001 Crown owned a 95% fully diluted ownership interest in America's Car-Mart, Inc. ("Car-Mart") and 70% of Smart Choice Automotive Group, Inc. ("Smart Choice"). Smart Choice owns 100% of Paaco Automotive Group, Inc. and Premium Auto Acceptance Corporation (collectively, "Paaco"). Each of Car-Mart, Smart Choice and Paaco sell and finance used vehicles. At April 30, 2001 Crown also owned (i) 50% of Precision IBC, Inc. ("Precision"), a firm specializing in the sale and rental of intermediate bulk containers ("IBC's"), (ii) 80% of Concorde Acceptance Corporation ("Concorde"), a prime and sub-prime mortgage lender, and (iii) minority positions in certain other entities that operate in the high technology industry or focus on Internet commerce. The Company is presently focusing on (i) the development and expansion of its automobile businesses, and (ii) maximizing its return on its other businesses and investments. For a summary of the Company's operating results and other financial data by business segment, see Note U of the Company's consolidated financial statements appearing elsewhere in this annual report.

Prior to 1997 the Company had been involved in riverboat gaming (June 1993 to May 1996) and various facets of the cable and related programming businesses (1983 to June 1993). In November 1996 the Company began pursuing opportunities in other fields seeking to develop or purchase businesses that it believed had strong growth and earnings prospects. The Company had also made business investments that it believed had strong capital gain potential. As a result, from June 1997 through December 1999 the Company made a number of acquisitions, investments and business formations, some of which have since been sold, including two at substantial gains (Inktomi - $26.4 million pretax gain and Casino Magic Neuquen - $10.7 million pretax gain). Also, during this period the Company acquired three companies that sell and finance used vehicles (Car-Mart, Paaco and Smart Choice), which business has now become the principal focus of the Company.

USED CAR SALES AND FINANCE (CAR-MART, PAACO AND SMART CHOICE)

GENERAL

Car-Mart, Paaco and Smart Choice operate separate vertically integrated used car sales and finance businesses that attract customers who may not qualify for conventional financing as a result of limited credit histories or past credit problems (hereinafter referred to as "Sub-Prime Borrowers"). These operations include (i) the purchase, reconditioning (Paaco only) and sale of used cars and trucks, (ii) the underwriting, financing and servicing of the related retail installment contracts, and, if necessary, (iii) the repossession and remarketing of the vehicles. While Car-Mart, Paaco and Smart Choice are in the same business and share a number of operating characteristics, the companies are different in many respects. Paaco and Smart Choice operate primarily in larger metropolitan areas (such as Dallas and Houston, Texas and Orlando and Tampa, Florida), whereas Car-Mart tends to operate in smaller communities in the central United States. Paaco reconditions almost every vehicle prior to sale whereas Car-Mart and Smart Choice do not. Paaco focuses on the Hispanic market while Car-Mart and

Smart Choice do not focus on any particular customer group. Paaco also tends to sell newer and more expensive vehicles than Car-Mart or Smart Choice. Presented below is a summary of certain information with respect to Car-Mart, Paaco and Smart Choice as of April 30, 2001.

<Table>
<Caption>

<S> <C> <C> <C>

	Car-Mart	Paaco	Smart Choice
Founded	1981	1992	1997
Dealerships (excluding satellite locations)	36	12	10
Location of dealerships	AR, OK, TX, MO, IN, KS, KY	TX	FL
Customer accounts	20,736	11,591	12,321
Employees	314	396	245

</Table>

INDUSTRY

Used Car Sales

Used car retail sales typically occur through franchised new car dealerships that sell used cars or independent used car dealerships. The market for used car sales in the United States is significant and has steadily increased over the past five years. Management believes the factors that have led to growth in this industry include (i) substantial increases in new car prices, which have made new cars less affordable to the average consumer, (ii) the greater reliability and durability of used cars resulting from the production of higher quality cars, and (iii) the increasing number of vehicles coming off lease programs in recent years. Many industry analysts expect these trends to continue, leading to further expansion of the used car sales market.

Car-Mart, Paaco and Smart Choice participate in the sub-prime segment of the independent used car sales and finance market. This segment is serviced primarily by numerous small independent used car dealerships that sell and finance the sale of used cars to Sub-Prime Borrowers ("Buy Here-Pay Here" dealers). Buy Here-Pay Here dealers typically offer their customers certain advantages over more traditional financing sources, such as broader and more flexible underwriting guidelines, flexible payment terms (including prorating customer payments due within one month into several smaller payments and scheduling payments to coincide with a customer's pay days), and the ability to make payments in person, an important feature to many Sub-Prime Borrowers who may not have checking accounts or are otherwise unable to make payments by the due date through the mail because of the timing of paychecks.

Used Car Financing

The automobile financing industry is the third-largest consumer finance market in the country, after mortgage debt and revolving credit card debt. Growth in automobile financing has been fueled by increasing prices of both new and used cars, which has forced more buyers to seek financing when purchasing a car. This industry is served by traditional lending sources such as banks, savings and loans, and captive finance subsidiaries of automobile manufacturers, as well as by independent finance companies and Buy Here-Pay Here dealers. In general, the industry is categorized according to the type of car sold (new versus used) and the credit characteristics of the borrower.

Despite significant opportunities, many of the traditional lending sources do not consistently provide financing to the sub-prime consumer finance market. Management believes traditional lenders avoid this market because of its high credit risk and the associated collection efforts. Many of the estimated 63,000 independent used car dealers are not able to obtain debt financing from traditional lending sources such as banks, credit unions, or major finance companies. Many of these dealers typically finance their operations through the sale of contract receivables at a discount.

OPERATIONS

Purchasing Vehicles

Car-Mart, Paaco and Smart Choice purchase vehicles from (i) franchised new and late-model used car dealers, (ii) auctions, (iii) wholesalers, and (iv) customers, as a result of trade-ins. Prior to purchasing a vehicle, the Company's buyers perform an inspection and, as permitted, test drive each vehicle. The identity of the buyer responsible for each vehicle acquired is tracked through the Company's computer systems which allows management to monitor the results of each buyer. Management monitors (i) the average number of days vehicles are held in inventory, and (ii) the cost of each vehicle in comparison to similar models purchased by other Company buyers and in comparison to wholesale market values.

Reconditioning

Paaco reconditions almost every vehicle it purchases at its centralized reconditioning center in Grand Prairie, Texas where a variety of parts, assemblies, and systems are inspected and, if necessary, repaired or replaced. In addition to inspecting, repairing and preparing acquired vehicles for sale, this facility is used to perform service work on vehicles for customers pursuant to service contracts that are provided with most of the vehicles sold by Paaco.

In general, Car-Mart and Smart Choice perform little or no reconditioning on the vehicles they purchase. Their buyers are instructed to thoroughly inspect and evaluate each vehicle in order to identify and purchase vehicles that require little or no reconditioning. Car-Mart offers and Smart Choice provides a service contract to its customers which covers certain vehicle components and assemblies for a specified duration. For covered components, Car-Mart customers have their vehicles serviced at third party service centers with which Car-Mart has in many cases previously negotiated labor rates and mark-up percentages on parts. Similarly, Smart Choice customers have their vehicles serviced at third party service centers or one of Smart Choice's service facilities. Over 90% of Car-Mart customers elect to purchase a service contract when purchasing a vehicle.

Selling, Marketing and Advertising

Paaco and Smart Choice dealerships are typically staffed with a manager, up to six sales personnel, and others which may include clerical workers, collectors, mechanics and a porter. The lots are generally operated six days a week between the hours of 10:00 am and 8:00 pm. Each lot typically maintains an inventory of 35 to 75 cars and trucks. On a regular basis, Paaco and Smart Choice sales personnel attend training classes where each phase of the sales process is rehearsed. Sales personnel are paid principally on a commission basis.

In addition to television and radio advertising, Paaco and Smart Choice conduct a variety of promotional activities including a sales referral program, occasional live entertainment at their dealerships, and the distribution of promotional items. Existing customers have historically been a good source of referrals.

The number of persons employed at a Car-Mart dealership varies depending upon the number of active customer accounts serviced at such dealership. A new dealership with a limited number of accounts may only have a manager and an assistant or two. In contrast, a mature dealership with several hundred active accounts may have a manager, an assistant manager, a manager trainee, two collectors, two payment takers/office workers, a sales associate, a buyer and an assistant or two. Car-Mart dealerships are generally operated six days a week from 9:00 am to 6:00 pm. Each dealership typically maintains an inventory of 15 to 50 vehicles depending on the maturity of the dealership. Selling is done principally by the manager, assistant manager, management trainee or sales associate.

Car-Mart's objective is to offer its customers basic transportation at a fair price and treat each customer courteously and with respect. Car-Mart attempts to build a positive reputation in each community where it operates, and generate new business from such reputation as well as from existing customer referrals. Car-Mart recognizes repeat customers with silver and gold certificates representing the purchase of five and ten vehicles, respectively. Such certificates are prominently displayed at the dealership location where the vehicles were purchased. Its dealerships are generally located on heavily traveled roads that offer high visibility. Car-Mart advertises in local newspapers, on billboards and on the radio.

Underwriting and Finance

Each of Car-Mart, Paaco and Smart Choice finance more than 95% of the used cars and trucks sold at their dealerships. These retail installment contracts are serviced exclusively by Company personnel. In connection with each such financing, sales must be made on acceptable terms, and to a customer with a satisfactory credit profile. Most financings require a down payment of 8% to 15% of the retail sales price, have a term not in excess of 42 months and require that payments be made on a weekly, bi-weekly or semi-monthly basis.

Upon the customer and the Company coming to a preliminary agreement as to terms, the Company obtains a detailed credit application from the customer which includes information regarding employment, residence and credit history, income level and personal references. This information is then verified by Company personnel. After the verification process, it is the dealership manager, in the case of Car-Mart, or centralized buy-room personnel in the case of Paaco and Smart Choice, who make the decision to accept, reject, or modify (perhaps obtain a greater down payment or require an acceptable co-buyer) the proposed transaction. The results of these decisions are constantly monitored by Company personnel through the review of finance receivables aging and repossession reports which are stratified by dealership. In addition, Company personnel periodically review credit files to evaluate the soundness of these decisions, and ensure that appropriate information was obtained and verified.

Collections

Providing financing to Sub-Prime Borrowers requires not only that the Company have an effective underwriting process, but that its collection policies and procedures be sound and diligently executed. The majority of the Company's customers make their payments in person at one of the dealerships, although some customers mail their payments into the dealership, or, in the case of Smart Choice, a centralized collection facility. Each of Car-Mart, Paaco and Smart Choice closely monitor their customer accounts using collections software that stratifies past due accounts by dealership and the number of days past due. Customers are contacted by phone within a few days if their payment is not received on the scheduled due date. The results of each phone contact are documented (promises to pay, alternative payment arrangements, etc.) by Company personnel.

If a customer becomes seriously delinquent in his or her payments, and management determines that timely collection of future payments is not probable, the Company will take steps to repossess the vehicle. Of the vehicles repossessed, many are returned by the customer on a voluntary basis. Other repossessions are performed by Company personnel or third party repossession agents. Depending on the condition of a repossessed vehicle, it is either resold through a Company dealership (generally after some reconditioning in the case of Paaco), or sold for cash to a wholesaler or other third party at an auction.

The Company monitors the results of its collection personnel based upon a number of quantitative criteria including (i) installment contract agings, (ii) the percentage of accounts past due versus a standard, and (iii) static pool analysis.

COMPETITION

The used automotive retailing industry is highly competitive and fragmented. Presently there are an estimated 23,000 franchised automobile dealers and 63,000 independent used vehicle dealers. Although there are a number of large companies in this industry, including Car Max and Auto Nation U.S.A., management believes these operations do not provide significant competition for Car-Mart, Paaco or Smart Choice as they tend to sell higher priced vehicles to consumers with stronger credit histories. Car-Mart, Paaco and Smart Choice compete principally with other independent Buy Here-Pay Here dealers, and to a lesser degree with (i) the used vehicle retail operations of franchised automobile dealerships, (ii) independent used vehicle dealers, and (iii) individual consumers who sell used vehicles in private transactions.

Management believes the principal competitive factors in the sale of its used vehicles include (i) the availability of financing to Sub-Prime Borrowers, (ii) the breadth and quality of vehicle selection, (iii) the availability of popular vehicles, (iv) pricing, (v) the convenience of a dealership's location, (vi) customer service, and (vii) in the case of Paaco, the ability to communicate in Spanish with its Spanish speaking customers. Management believes that its dealerships are competitive in each of these areas.

REGULATION AND LICENSING

The Company's operations are subject to ongoing regulation, supervision, and licensing under various federal, state, and local statutes, ordinances, and regulations pertaining to the sale and financing of vehicles. These laws include the Truth In Lending Act, the Equal Credit Opportunity Act and the Fair Credit Reporting Act of 1970. Among other things, these laws require that the Company obtain and maintain certain licenses and qualifications, limit or prescribe terms of the contracts it originates, require specified disclosures to customers, limit the Company's right to repossess and sell collateral, and prohibit discrimination against customers on the basis of certain characteristics including age, race and gender.

In many cases the Company charges fixed interest rates in excess of traditional finance companies on the contracts originated at its dealerships. The states in which the Company operates impose limits on interest rates the Company can charge on its loans. These limits are generally based on either (i) a specified margin above the federal discount rate, or (ii) the age of the vehicle. Management believes the Company is in compliance in all material respects with all applicable federal, state, and local laws and regulations. However, the adoption of additional laws, changes in the interpretation of existing laws, or the Company's entrance into jurisdictions with more stringent regulatory requirements could have a material adverse effect on the Company's used vehicle sales and finance business.

MORTGAGE LENDING (CONCORDE)

GENERAL

Concorde is in the business of originating, purchasing, servicing and selling prime and sub-prime mortgage loans which are secured primarily by first and second liens on residential properties. These loans are generally sold to institutional investors within 45 days of originating or purchasing the loan.

Concorde primarily focuses on lending to individuals who have impaired or unsubstantiated credit histories and/or unverifiable income. Loans made to these individuals do not qualify for purchase by government-sponsored agencies such as the Fannie Mae or Freddie Mac, and thus are sometimes referred to as non-conforming or sub-prime mortgage loans. Such loans generally provide higher yields than conforming or prime loans. The principal differences between conforming loans and non-conforming loans include the applicable loan-to-value ratios, the credit and income histories of the mortgagors, the documentation required for approval of the mortgagors, the loan purpose, the loan sizes, and the mortgagors' occupancy status with respect to the mortgaged properties. Second mortgage loans are made to borrowers owning single-family homes for the purpose of debt consolidation, home improvements, education and a variety of other purposes. These loans generally provide a higher interest rate yield than first mortgage loans, and are secured by a second lien on the property.

Management believes the sub-prime mortgage loan industry is fragmented and operates inefficiently compared to the conforming loan industry, and as a result, higher interest rate yields are available to sub-prime mortgage lenders even after considering a higher rate of loan defaults. Management also believes the sub-prime mortgage loan industry is less cyclical than the conforming loan industry because the sub-prime mortgage borrower is more "payment" sensitive than "interest rate" sensitive. In addition, the federal tax code's preferential treatment of the interest expense deduction for home mortgage loans makes it financially advantageous for many individuals to convert their credit card and other consumer loans into a mortgage loan.

LOAN ORIGINATIONS AND PURCHASES

Concorde originates mortgage loans through a network of independent mortgage brokers and directly through Internet, telemarketing and direct mail programs. Concorde also purchases mortgage loans from a network of wholesale loan brokers and correspondents, including banks and thrift institutions. Concorde typically pays a premium for loans purchased from correspondents, as well as to mortgage brokers for loans they originate. A summary of Concorde's loan originations and purchases for the fiscal years ended April 30, 2001, 2000 and 1999 is as follows (dollars in millions):

<Table>
<Caption>

	Fiscal 2001		Fiscal 2000		Fiscal 1999	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Direct	$ 44.2	23.1%	$ 28.2	18.7%	$ 38.1	34.1%
Wholesale brokers	140.6	73.7	119.4	78.9	64.5	57.7

Correspondents	6.1	3.2	3.7	2.4	9.1	8.2
	$190.9	100.0%	$151.3	100.0%	$111.7	100.0%

</Table>

Prior to purchasing loans through wholesale loan brokers and correspondents, Concorde reviews the loan packages to determine whether the packages are complete and adhere to Concorde's underwriting guidelines. Depending on the size of the pool of loans purchased, Concorde may engage a third-party underwriter to re-underwrite the loans, verify the borrower's employment status, determine the quality of the appraisal and assign a credit grade. Concorde also analyzes the financial condition of the mortgage broker, which includes a review of the mortgage broker's licenses and financial statements. Upon approval, Concorde requires each mortgage broker to enter into a purchase and sale agreement that contains customary representations and warranties regarding the loans being sold to Concorde.

UNDERWRITING

Concorde's underwriting guidelines are provided to mortgage loan brokers and mortgage bankers so they can create loan applications or bulk purchase packages which meet such guidelines. Upon receipt of a completed loan package from a mortgage loan broker, Concorde's underwriting staff reviews the package, which includes the loan application, a current appraisal of the underlying collateral property, a preliminary title report and a credit report to determine if the proposed loan meets its underwriting guidelines. To assess the credit quality of each loan, Concorde's underwriters consider various factors, including the appraised value of the collateral property, the applicant's debt payment history, credit profile and employment status, and the combined debt service-to-income ratio and loan-to-value ratio upon completion of the proposed mortgage loan. Concorde does not delegate underwriting authority to any broker or correspondent.

Property appraisals for loans originated or purchased by Concorde are conducted by licensed, independent appraisers who are approved by Concorde. Upon receipt of the appraisal, Concorde's underwriting staff reviews the value of the underlying collateral based upon a full review of the appraisal. Concorde selects its appraisers based on professional experience, education, membership in related professional organizations and experience with the appraiser. For wholesale and correspondent loans purchased, Concorde will typically request a second appraisal if the original appraisal was completed by an appraiser who is not acceptable to Concorde.

Prior to funding a loan, Concorde's underwriting staff determines the applicant's creditworthiness and ability to service the loan. Verification of personal financial information, credit history, mortgage or rent history, and employment history is required prior to closing a loan. Concorde has established classifications with respect to its borrowers based upon the credit profile of such borrower and certain other borrower characteristics. Each loan applicant is placed into one of four letter ratings ("A" through "D", with sub-ratings within each

category), depending upon a number of factors including the applicant's credit history and employment status. Terms of loans made by Concorde, as well as the maximum loan-to-value ratio and debt service-to-income ratio, vary depending upon the classification of the borrower. Borrowers with lower credit ratings generally pay higher interest rates and loan origination fees. Upon successful completion of the underwriting process, the closing of the loan is scheduled with an independent closing attorney or title company who is responsible for closing the loan in accordance with Concorde's closing procedures.

LOAN SERVICING AND COLLECTIONS

Servicing involves, among other things, collecting payments, applying such payments of principal and interest to the appropriate loan, ensuring the underlying collateral is properly insured, preparing reports relative to such loans and enforcing the lender's rights with respect to the loans, including recovering delinquent payments, instituting foreclosures and liquidating the underlying collateral. Concorde's servicing portfolio is subject to reduction by normal monthly payments, prepayments, foreclosures and the sale of mortgage loans. In some states in which Concorde operates, prepayment fees may be limited or prohibited by applicable law.

Concorde sends borrowers a monthly billing statement twenty days prior to the monthly payment due date. Although borrowers generally make loan payments within ten to fifteen days after the due date (the "grace period"), if a borrower fails to pay the monthly payment within the grace period, Concorde commences collection efforts by notifying the borrower of the delinquency. If the loan remains unpaid, Concorde will contact the borrower to determine the cause of the delinquency and to obtain a commitment to cure the delinquency at the earliest possible time. As a general matter, if efforts to obtain payment have not been successful, a pre-foreclosure notice will be sent to the borrower generally 30 days after the due date of the next subsequently scheduled installment, providing 30 days notice of the impending foreclosure action. During the 30-day notice period, collection efforts continue. However, if no substantial progress has been made in collecting delinquent payments from the borrower, foreclosure proceedings generally begin.

Loans originated or purchased by Concorde are secured by mortgages, deeds of trust, security deeds or deeds to secure debt, depending upon the prevailing practice in the state in which the property securing the loan is located. Depending on local law, foreclosure is effected by judicial action or nonjudicial sale, and is subject to various notice and filing requirements. Although foreclosure sales are typically public sales, frequently no third-party purchaser bids in excess of the lender's lien. Thus, it is likely the lender will purchase the property from the trustee or referee for an amount equal to the principal amount outstanding under the loan, accrued and unpaid interest and the expenses of foreclosure. Depending upon market conditions and loan-to-value ratios, the ultimate proceeds from the sale of the collateral may not equal Concorde's investment in the property.

LOAN SALES

Concorde sells the majority of the loans it originates and purchases to institutional investors. Loans are sold on a wholesale basis to third party institutions on a limited recourse basis for cash, with servicing rights released approximately 60 days from the date of sale. In most cases, Concorde is required to refund a portion of the premium it received on the sale of a loan, if such loan is prepaid by the borrower within a specified period, generally twelve months. Under certain circumstances, such as fraud or immediate borrower default, Concorde may be required to repurchase the loan.

REGULATION

The operations of Concorde are subject to extensive regulation, supervision and licensing by federal, state and local government authorities. Regulated matters include, without limitation, loan origination (including laws prohibiting lenders from discriminating against applicants on the basis of race, color, sex, age or marital status), credit activities, maximum interest rates and finance and other charges, disclosures to customers, the terms of secured transactions, the collection, repossession and claims-handling procedures utilized by Concorde, multiple qualification and licensing requirements for doing business in various jurisdictions and other trade practices. Concorde's loan origination activities are subject to the laws and regulations in each of the states in which those activities are conducted. Concorde's activities as a lender are also subject to various federal laws including, among others, the Truth in Lending Act ("TILA"), the Real Estate Settlement Procedures Act ("RESPA"), the Equal Credit Opportunity Act of 1974, as amended ("ECOA"), the Home Mortgage Disclosure Act and the Fair Credit Reporting Act of 1970, as amended ("FCRA").

The laws, rules and regulations applicable to Concorde are subject to amendment and change. Changes or amendments to existing law, or new laws could make compliance much more difficult or expensive, restrict Concorde's ability to originate, purchase, broker or sell loans, further limit or restrict the amount of commissions, interest and other charges earned on loans originated or sold by Concorde, or otherwise adversely affect the business or prospects of Concorde.

COMPETITION

Concorde is small compared to many of its competitors and faces intense competition in the business of originating, purchasing and selling mortgage loans. Competition in the industry takes many forms including convenience in obtaining a loan, customer service, marketing and distribution channels, and the amount and terms of the loan. Traditional competitors in the financial services business include other mortgage banking companies, commercial banks, credit unions, thrift institutions, credit card issuers and finance companies. Most of these competitors in the consumer finance industry are substantially larger and have considerably greater financial, technical and marketing resources than Concorde.

IBC RENTALS AND SALES (PRECISION)

GENERAL

Precision is in the business of renting and selling intermediate bulk containers ("IBC's" or "portable tanks") to petroleum related, specialty chemical, industrial and manufacturing concerns. Precision's tanks generally come in two sizes (350 gallon and 550 gallon) and are used primarily to transport and store liquids in bulk. Precision also performs certain tank maintenance, testing, tracking and reconditioning services, and sells spare parts such as valves and lids on both a retail and OEM basis. Precision operates from facilities in Fairhope, Alabama and Lafayette, Louisiana and at April 30, 2001 had approximately 10,200 principally stainless steel tanks in its rental fleet.

OPERATIONS

Precision's portable tanks are manufactured according to its specifications primarily from two contractors, although other manufacturing sources are available. Precision maintains a supply of tanks, valves and lids to meet the sometimes immediate needs of its customers. These lids are typically manufactured by Precision in house with the occasional assistance of certain subcontractors, while valves are manufactured overseas according to Precision's specifications.

Periodically, Precision receives tanks back from customers who are returning them from rental. As necessary, these tanks are cleaned and repaired, and either returned to the rental fleet, or sold as used equipment. Precision also performs testing services on a fee basis for its customers. The U.S. Department of Transportation regulations require that IBC's be tested every 30 months if they are being used to transport regulated materials (flammables, corrosives, methanol) over public roadways. This certification is generally the customer's responsibility to maintain. For some customers Precision performs maintenance services on their tanks. For a fee, Precision will change valves and lids, perform external cleanings and provide reconditioning services. These services are performed at Precision's Lafayette, Louisiana facility as well as on site.

MARKET AND MARKETING

Precision's primary focus is on renting portable tanks. As a secondary focus Precision sells new and used tanks and related spare parts. A large portion of tank rentals and sales come from existing customers and referrals. Precision advertises in nationally distributed periodicals and direct markets extensively. Precision's sales personnel also attend industry trade shows and make sales calls to existing and potential customers. Presently, Precision has about 100 customers in 20 states throughout the United States. Precision's customers are principally in the oil field production and drilling, specialty chemical, water treatment, textile and manufacturing industries.

COMPETITION

Precision competes with other companies specializing in the sale and rental of tanks. Competitive factors in the industry include price, availability, service, product quality and convenience. Precision believes it competes effectively with other tank suppliers. Precision's tanks also compete with 55 gallon carbon steel drums. Precision's 350 and 550 gallon tanks are more expensive than carbon steel drums. However, Precision's tanks offer certain competitive advantages over drums, including their (i) greater durability and ease in storing and dispensing liquids, (ii) longer useful life, and (iii) greater space efficiencies. They also eliminate the disposal costs associated with carbon steel drums.

EMPLOYEES

As of April 30, 2001 the Company, including its consolidated subsidiaries, employed approximately 1,060 persons full time. None of the Company's employees are covered by a collective bargaining agreement and the Company believes that its employee relations are satisfactory.

EXECUTIVE OFFICERS

The executive officers of the Company are as follows:

<Table>
<Caption>

NAME	AGE	POSITION WITH THE COMPANY
<S>	<C>	<C>
Edward R. McMurphy..................................	50	Chairman of the Board, President and Chief Executive Officer

Tilman J. Falgout, III..............................	52	Executive Vice President, General Counsel and Director
Mark D. Slusser.....................................	43	Chief Financial Officer, Vice President Finance and Secretary

</Table>

EDWARD R. MCMURPHY, has served as the Company's Chief Executive Officer since July 1984. Mr. McMurphy has been a director of the Company since its inception in April 1983. From 1979 to June 1986, Mr. McMurphy served as President of Marion Properties, Inc., a real estate development company and former parent of the Company from July 1984 to June 1986.

TILMAN J. FALGOUT, III, has served as Executive Vice President and General Counsel of the Company since March 1995 and as a director of the Company since September 1992. From 1978 through June 1995, Mr. Falgout was a partner in the law firm of Stumpf & Falgout, Houston, Texas.

MARK D. SLUSSER, has served as Chief Financial Officer of the Company since October 1989 and as Secretary since April 1990. From 1981 until joining the Company, Mr. Slusser was employed by Ernst & Young LLP, where he held various positions in the Audit Department including Senior Manager.

ITEM 2. PROPERTIES

As of April 30, 2001 the Company leased substantially all of its facilities, including dealerships, collection facilities that service dealership portfolios, and the Company's corporate offices. These facilities are located principally in the states of Arkansas, Florida, Oklahoma and Texas. The Company's corporate administrative offices are located in approximately 6,000 square feet of leased space in Irving, Texas.

ITEM 3. LEGAL PROCEEDINGS

In March 1999, prior to Crown's ownership interest in Smart Choice, certain shareholders of Smart Choice filed two putative class action lawsuits against Smart Choice and certain of Smart Choice's officers and directors in the United States District Court for the Middle District of Florida (collectively, the "Securities Actions"). The Securities Actions purport to be brought by plaintiffs in their individual capacity and on behalf of the class of persons who purchased or otherwise acquired Smart Choice publicly traded securities between April 15, 1998 and February 26, 1999. These lawsuits were filed following Smart Choice's announcement on February 26, 1999 that a preliminary determination had been reached that the net income it had announced on February 10, 1999 for the fiscal year ended December 31, 1998 was likely overstated in a material, undetermined amount. Each of the complaints assert claims for violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 of the Securities and Exchange Commission as well as a claim for the violation of Section 20(a) of the Exchange Act. The plaintiffs allege that the defendants prepared and issued deceptive and materially false and misleading statements to the public, which caused the plaintiffs to purchase Smart Choice securities at artificially inflated prices. In April 2001 Smart Choice and the plaintiffs representatives executed an agreement whereby Smart Choice will pay $2.5 million in full settlement of the above described actions. All of the $2.5 million settlement amount has been funded by Smart Choice's insurance carrier. The agreement is subject to final approval of the court.

In the ordinary course of business, the Company has become a defendant in various other types of legal proceedings. Although the Company cannot determine at this time the amount of the ultimate exposure from these ordinary course of business lawsuits, if any, management, based on the advice of counsel, does not expect the final outcome of any of these actions, individually or in the aggregate, to have a material adverse effect on the Company's financial position, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders of the Company during the fourth quarter ended April 30, 2001.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is authorized for quotation on the NASDAQ National Market under the NASDAQ symbol CNGR. The following table sets forth, by fiscal quarter, the high and low sale prices reported by NASDAQ for the Company's common stock for the periods indicated.

<Table>
<Caption>

	Fiscal 2001		Fiscal 2000	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
First quarter	$ 5.50	$ 4.75	$ 6.50	$ 4.00
Second quarter	5.50	4.44	5.50	4.00
Third quarter	5.00	3.63	5.50	4.38
Fourth quarter	4.19	3.51	6.00	3.88

</Table>

As of July 26, 2001 there were approximately 1,351 stockholders of record. This number excludes individual stockholders holding stock under nominee security position listings.

Since its inception the Company has paid no dividends on its common stock. The Company currently intends to follow a policy of retaining earnings to finance future growth. Payment of dividends in the future will be determined by the Company's Board of Directors and will depend upon, among other things, the Company's future earnings, operations, capital requirements and surplus, general financial condition, contractual restrictions that may exist, and such other factors as the Board of Directors may deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

The financial data set forth below was derived from the audited consolidated financial statements of the Company and should be read in conjunction with the consolidated financial statements and related notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. (In thousands, except per share amounts.)

<Table>
<Caption>

	Years Ended April 30, 2001	2000	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$342,762	$237,641	$111,286	$ 21,188	$ 2,030
Net income	$ 5,963	$ 14,836	$ 17,508	$ 367	$ 8,860
Earnings per share - diluted	$ .74	$ 1.54	$ 1.68	$ .04	$ .80
Total assets	$302,520	$290,907	$168,135	$ 92,203	$ 38,237
Total debt	$209,388	$191,052	$ 96,187	$ 46,035	
Stockholders' equity	$ 58,932	$ 58,867	$ 53,059	$ 35,051	$ 35,713
Shares outstanding	6,980	8,248	10,097	9,434	10,395

</Table>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's consolidated financial statements appearing elsewhere in this annual report.

OVERVIEW

Crown Group, Inc. ("Crown"), and collectively with its subsidiaries (the "Company"), is primarily in the business of selling and financing used automobiles and trucks principally to consumers with limited or damaged credit histories. In addition, Crown also has investments in other industries. As of April 30, 2001 Crown owned a 95% fully diluted ownership interest in America's Car-Mart, Inc. ("Car-Mart") and 70% of Smart Choice Automotive Group, Inc. ("Smart Choice"). Smart Choice owns 100% of Paaco Automotive Group, Inc. and Premium Auto Acceptance Corporation (collectively, "Paaco"). Each of Car-Mart, Smart Choice and Paaco sell and finance used vehicles. At April 30, 2001 Crown also owned (i) 50% of Precision IBC, Inc. ("Precision"), a firm specializing in the sale and rental of intermediate bulk containers ("IBC's"), (ii) 80% of Concorde Acceptance Corporation ("Concorde"), a prime and sub-prime mortgage lender, and (iii) minority positions in certain other entities that operate in the high technology industry or focus on Internet commerce. The Company is presently focusing on (i) the development and expansion of its automobile businesses, and (ii) maximizing its return on its other businesses and investments.

RESULTS OF OPERATIONS

The Company has made a variety of acquisitions, dispositions and business investments over the last three years (see Note C of the Company's consolidated financial statements appearing elsewhere in this annual report). All acquisitions have been accounted for using the purchase method of accounting. The Company has included the operating results of each majority-owned subsidiary from the respective acquisition date. As a result of the acquisitions, dispositions and business investments made by the Company, operating results for the years ended April 30, 2001, 2000 and 1999 are not entirely comparable. Below is a summary of the number of months each companies' operating results are included in the Company's consolidated results of operations for the years ended April 30, 2001, 2000 and 1999:

<Table>
<Caption>

Entity	Month Crown Acquired or Formed	Month Crown Disposed or Sold	Number of Months Included in Fiscal Years Ended April 30, 2001	2000	1999
Car-Mart	1-99		12 months	12 months	3 1/2 months
Paaco	2-98		12 months	12 months	12 months
Smart Choice	12-99		12 months	5 months	--
Other:					
Concorde	6-97		12 months	12 months	12 months
Precision	2-98	11-00 (50% sold)	6 months	12 months	12 months
Crown El Salvador	2-99	4-01	12 months	12 months	2 months
Home Stay	5-98	12-99	--	7 months	12 months
Atlantic Castings	3-99	4-00	--	12 months	2 months
Casino Magic Neuquen	6-97	10-99	--	5 months	12 months

</Table>

CONSOLIDATED REVIEW

The Company's business segments are categorized principally by legal entity, which is how management organizes the segments for making operating decisions and assessing performance. The segments include (i) Car-Mart, (ii) Paaco, (iii) Smart Choice, and (iv) other. Each of Car-Mart, Paaco and Smart Choice sell and finance used vehicles. "Other" includes corporate operations and Concorde (mortgage loans), and for certain periods, Precision (IBC rentals and sales), Crown El Salvador (gaming), Home Stay (lodging), and the Company's equity investments in Casino Magic Neuquen (gaming) and Atlantic Castings (investment casting). "Other" also includes gains and losses on the sale of securities. Below is a summary of revenue and pretax income by business segment, and a more detailed operating statement by segment, for the years ended April 30, 2001, 2000 and 1999 (in thousands):

<Table>
<Caption>

	Revenues			Pretax Income (Loss)		
	Years Ended April 30,			Years Ended April 30,		
	2001	2000	1999	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Car-Mart	$ 105,706	$ 89,382	$ 27,031	$ 16,375	$ 13,562	$ 3,872
Paaco	122,985	94,708	70,728	7,093	4,318	(2,187)
Smart Choice	98,923	35,856	--	(7,591)	831	--
Other	16,315	19,723	14,346	(5,024)	6,909	24,273
Eliminations	(1,167)	(2,028)	(819)	--	--	--
Consolidated	$ 342,762	$ 237,641	$ 111,286	$ 10,853	$ 25,620	$ 25,958

</Table>

2001 VS. 2000

Revenues increased $105.1 million, or 44.2%, in fiscal 2001 versus fiscal 2000 principally as a result of (i) including Smart Choice in the Company's operating results for twelve months in fiscal 2001 versus five months in fiscal 2000 ($61.0 million), and (ii) higher revenues at Car-Mart ($16.3 million) and Paaco ($28.3 million) primarily as a result of an increase in the average number of dealerships in operation. Pretax income decreased $14.8 million, or 57.6%, in fiscal 2001 versus fiscal 2000 principally as a result of (i) fiscal 2000 including a $10.7 million pretax gain on the sale of Casino Magic Neuquen with no similar gain in fiscal 2001, and (ii) fiscal 2001 including a $7.6 million pretax loss on Smart Choice's operations (largely due to higher credit losses) versus $.8 million of pretax income in fiscal 2000, partially offset by (iii) higher pretax income at Car-Mart ($2.8 million) and Paaco ($2.8 million) in fiscal 2001 compared to fiscal 2000 as a result of (a) sales growth, and (b) lower costs and expenses as a percentage of sales.

2000 VS. 1999

Revenues increased $126.4 million, or 113.5%, in fiscal 2000 versus fiscal 1999 principally as a result of (i) including Smart Choice in the Company's operating results in fiscal 2000 ($35.9 million), (ii) including Car-Mart in the Company's operating results for twelve months in fiscal 2000 versus three and one-half months in fiscal 1999 ($60.0 million), and (iii) higher revenues at Paaco ($24.0 million) primarily as a result of an increase in the average number of dealerships in operation. Pretax income decreased $.3 million, or 1.3%, principally as a result of (i) fiscal 1999 including a $26.4 million pretax gain on the sale of Inktomi Corporation common stock compared to fiscal 2000 including a $10.7 million pretax gain on the sale of Casino Magic Neuquen, largely offset by (ii) including the operating results of Car-Mart for twelve months in fiscal 2000 versus three and one-half months in fiscal 1999 ($8.5 million), (iii) substantially improved operating results at Paaco ($6.5 million), and (iv) including Smart Choice in the Company's consolidated results of operations ($.8 million).

CAR-MART

<Table>
<Caption>

	Year Ended April 30, 2001	Year Ended April 30, 2000	3.5 Months Ended April 30, 1999	% Change 2001 vs 2000	% Change 2000 vs 1999	As a % of Sales and Other 2001	As a % of Sales and Other 2000	As a % of Sales and Other 1999
Revenues:								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sales and other	$ 97,848	$82,916	$25,273	18.0%	NM	100.0%	100.0%	100.0%
Interest income	7,858	6,466	1,758	21.5	NM	8.0	7.8	7.0
Total	105,706	89,382	27,031	18.3	NM	108.0	107.8	107.0
Costs and expenses:								
Cost of sales	53,412	45,383	13,407	17.7	NM	54.6	54.7	53.0
Selling, gen and admin	14,950	12,960	3,494	15.4	NM	15.3	15.6	13.8
Prov for credit loss	17,215	14,104	5,325	22.1	NM	17.6	17.0	21.1
Interest expense	3,613	3,239	892	11.5	NM	3.7	3.9	3.5
Depreciation and amort	141	134	41	5.2	NM	.1	.2	.2
Total	89,331	75,820	23,159	17.8	NM	91.3	91.4	91.6
Pretax income	$ 16,375	$13,562	$ 3,872	20.7	NM	16.7	16.4	15.4

</Table>

NM = Not meaningful

2001 VS. 2000

Revenues increased $16.3 million, or 18.3%, in fiscal 2001 versus fiscal 2000 principally as a result of (i) increasing the average number of regular and satellite stores in operation to 44.6 in fiscal 2001 from 37.9 in fiscal 2000, and (ii) increasing the average sales price per retail vehicle by approximately 5%. Pretax income increased $2.8 million, or 20.7%, in fiscal 2001 versus fiscal 2000 principally as a result of (i) increased revenues (18.3%), and (ii) slightly lower costs and expenses as a percentage of sales and other.

2000 VS. 1999

Revenues increased $62.4 million in fiscal 2001 versus fiscal 2000 principally as a result of (i) fiscal 2000 including twelve months of operating results versus three and one-half months in fiscal 1999 ($60.0 million), and (ii) increasing the average number of regular and satellite stores in operation to 37.9 in fiscal 2000 from 32.3 in fiscal 1999. Pretax income increased $9.7 million in fiscal 2000 compared to fiscal 1999 principally as a result of (i) fiscal 2000 including twelve months of operating results versus three and one-half months in fiscal 1999 ($8.5 million), and (ii) a lower provision for credit loss as a percentage of sales and other (17.0% in fiscal 2000 versus 21.1% in fiscal 1999).

PAACO

<Table>
<Caption>

	Year Ended April 30, 2001	Year Ended April 30, 2000	Year Ended April 30, 1999	% Change 2001 vs 2000	% Change 2000 vs 1999	As a % of Sales and Other 2001	As a % of Sales and Other 2000	As a % of Sales and Other 1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:								
Sales and other	$106,654	$82,674	$61,848	29.0%	33.7%	100.0%	100.0%	100.0%
Interest income	16,331	12,034	8,880	35.7	35.5	15.3	14.6	14.4
Total	122,985	94,708	70,728	29.9	33.9	115.3	114.6	114.4
Costs and expenses:								
Cost of sales	68,700	52,259	41,858	31.5	24.8	64.4	63.2	67.7
Selling, gen and admin	24,887	18,962	15,860	31.2	19.6	23.3	23.0	25.6
Prov for credit loss	14,342	13,113	9,926	9.4	32.1	13.4		

							15.9	16.1
Interest expense	7,246	5,725	4,879	26.6	17.3	6.8	6.9	7.9
Depreciation and amort	717	331	392	116.6	(15.6)	.7	.4	.6
	--------	-------	-------			------	------	------
Total	115,892	90,390	72,915	28.2	24.0	108.6	109.4	117.9
	--------	-------	-------			------	------	------
Pretax income (loss)	$ 7,093	$ 4,318	$(2,187)	64.3	NM	6.7	5.2	(3.5)
	========	=======	=======			======	======	======

</Table>

2001 VS. 2000

Revenues increased $28.3 million, or 29.9%, in fiscal 2001 versus fiscal 2000 principally as a result of (i) increasing the average number of stores in operation to 12.7 in fiscal 2001 from 10.6 in fiscal 2000, and (ii) increasing the average sales price per retail vehicle by approximately 7%. Pretax income increased $2.8 million, or 64.3%, in fiscal 2001 versus fiscal 2000 principally as a result of (i) increased revenues (29.9%), and (ii) a lower provision for credit loss as a percentage of sales and other (13.4% in fiscal 2001 versus 15.9% in fiscal 2000), which is believed to be attributable to (a) selling a higher quality vehicle, and (b) providing a greater level of service.

2000 VS. 1999

Revenues increased $24.0 million, or 33.9%, in fiscal 2000 versus fiscal 1999 principally as a result of (i) increasing the average number of stores in operation to 10.6 in fiscal 2000 from 8.3 in fiscal 1999, and (ii) higher interest income in fiscal 2000 as a result of higher finance receivable balances during fiscal 2000 as compared to fiscal 1999. Pretax income increased to $4.3 million in fiscal 2000 from a pretax loss of $2.2 million in fiscal 1999 principally as a result of (i) lower cost of sales as a percentage of sales and other (63.2% in fiscal 2000 versus 67.7% in fiscal 1999), and (ii) lower selling, general and administrative expenses as a percentage of sales and other (22.9% in fiscal 2000 versus 25.6% in fiscal 1999).

SMART CHOICE

<Table>
<Caption>

	Year Ended April 30, 2001	5 Months Ended April 30, 2000	Year Ended April 30, 1999	% Change 2001 vs 2000	% Change 2000 vs 1999	As a % of Sales and Other 2001	As a % of Sales and Other 2000	As a % of Sales and Other 1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Revenues:								
Sales and other	$ 77,206	$ 26,657	--	NM	--	100.0%	100.0%	--
Interest income	21,717	9,199	--	NM	--	28.1	34.5	--
Total	98,923	35,856	--	NM	--	128.1	134.5	--
Costs and expenses:								
Cost of sales	45,940	15,335	--	NM	--	59.5	57.5	--
Selling, gen and admin	20,119	7,255	--	NM	--	26.0	27.2	--
Prov for credit loss	29,153	8,257	--	NM	--	37.8	31.0	--
Interest expense	10,253	3,743	--	NM	--	13.3	14.1	--
Depreciation and amort	1,049	435	--	NM	--	1.3	1.6	--
Total	106,514	35,025	--	NM	--	137.9	131.4	--
Pretax income (loss)	$ (7,591)	$ 831	--	NM	--	(9.8)	3.1	--

</Table>

2001 VS 2000

Revenues increased $63.1 million in fiscal 2001 versus fiscal 2000 principally as a result of (i) fiscal 2001 including twelve months of operating results versus five months in fiscal 2000 ($61.0 million), and (ii) a higher average retail selling price per vehicle in fiscal 2001 compared to fiscal 2000. Smart Choice reported a pretax loss of $7.6 million in fiscal 2001 versus $.8 million pretax income in fiscal 2000. The $8.4 million decrease is principally the result of (i) the provision for credit loss increasing to 37.8% of sales and other in fiscal 2001 from 31.0% in fiscal 2000 ($5.3 million), (ii) cost of sales increasing to 59.5% of sales and other in fiscal 2001 from 57.5% in fiscal 2000 ($1.5 million), and (iii) a decrease in the average interest rate charged on Smart Choice finance receivables.

<Table>
<Caption>

OTHER

	Year Ended April 30, 2001	Year Ended April 30, 2000	Year Ended April 30, 1999

<S>	<C>	<C>	<C>
Revenues:			
Sales and other	$ 12,878	$ 15,113	$ 10,844
Interest income	3,437	4,610	3,502
Total	16,315	19,723	14,346
Costs and expenses:			
Cost of sales	1,180	2,827	1,865
Selling, gen and admin	14,204	15,204	11,430
Prov for credit loss	508	282	247
Interest expense	2,631	3,201	1,814
Depreciation and amort	2,159	2,668	1,966
El Salvador write-down	800		
Total	21,482	24,182	17,322
Security gains and other	143	11,368	27,249
Pretax income (loss)	$ (5,024)	$ 6,909	$ 24,273

</Table>

2001 VS. 2000

Revenues decreased $3.4 million, or 17.3%, in fiscal 2001 versus fiscal 2000 principally as a result of fiscal 2001 including only six months of Precision's operating results (50% of Precision was sold in November 2000, at which point it has been accounted for on the equity method) versus twelve months in fiscal 2000 ($3.9 million). Other pretax loss was $5.0 million in fiscal 2001 versus pretax income of $6.9 million in fiscal 2000, a decrease of $11.9 million. The decrease was principally the result of (i) fiscal 2000 including a $10.7 million pretax gain on the sale of Casino Magic Neuquen with no similar gain in fiscal 2001, and (ii) equity in earnings of unconsolidated subsidiaries decreasing $.4 million in fiscal 2001 versus fiscal 2000 principally as a result of the sale of Casino Magic Neuquen during fiscal 2000, and (iii) increased losses at Crown El Salvador ($.3 million) and Concorde ($.2 million) in fiscal 2001 compared to fiscal 2000.

2000 VS. 1999

Revenues increased $5.4 million, or 37.5%, in fiscal 2000 versus fiscal 1999 principally as a result of (i) including Crown El Salvador in the Company's operating results for twelve months in fiscal 2000 versus two months in fiscal 1999 ($2.2 million), and (ii) increased revenues at Precision ($1.9 million) and Concorde ($.8 million) in fiscal 2000 versus fiscal 1999 as a result of the general growth in their businesses. Pretax income decreased $17.4 million, or 71.5%, in fiscal 2000 versus fiscal 1999 principally as a result of (i) fiscal 1999 including a $26.4 million pretax gain on the sale of Inktomi Corporation common stock versus fiscal 2000 including a $10.7 million pretax gain on the sale of Casino Magic Neuquen, and (ii) an increased loss at Crown El Salvador ($1.0 million) in fiscal 2000 compared to fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

For fiscal 2001, net cash provided by operating activities amounted to $94.0 million. The principal sources of cash resulted from (i) net income and (ii) certain non-cash expenses (provision for credit losses and depreciation and amortization). Net cash used by investing activities of $118.7 million included (i) a $116.7 million use of cash in finance receivables originations in excess of finance receivables collections, and (ii) a $3.9 million use of cash in the purchase of property and equipment, offset by a $2.1 million source of cash resulting from the sale of 50% of Precision. Net cash provided by financing activities of $17.1 million principally relates to (i) net borrowings from revolving credit facilities ($23.9 million), offset by (ii) purchases of the Company's common stock ($5.1 million) and repayments of other debt ($1.8 million).

CROWN

As of April 30, 2001 Crown's (parent company only) sources of liquidity included (i) $.3 million of cash on hand, (ii) $10.6 million of receivables from its subsidiaries, of which approximately $4.7 million was restricted due to the terms of the credit facilities of its subsidiaries, (iii) $1.8 million of other receivables, net of certain corresponding liabilities, and (iv) the potential issuance of additional debt and/or equity, although Crown had no specific commitments or arrangements to issue such additional debt and/or equity. Crown expects that it will have adequate liquidity to satisfy its capital needs for the foreseeable future.

CAR-MART

Car-Mart's sources of liquidity include cash from operations and its $35.0 million revolving credit facility with a group of banks, of which $29.8 million was outstanding at April 30, 2001. Based upon the collateral on hand at April 30, 2001, Car-Mart could have drawn an additional $5.2 million on its revolving credit facility at such date. Car-Mart's revolving credit facility matures in January 2002. Car-Mart expects that it will be able to renew or refinance its revolving credit facility on or before the scheduled maturity date. Car-Mart believes it will have adequate liquidity to satisfy its capital needs for the foreseeable future.

PAACO

Paaco's sources of liquidity include cash from operations and its $62.0 million revolving credit facility with Finova Capital Corporation ("Finova"), of which $59.0 was outstanding at April 30, 2001. As of April 30, 2001, Smart Choice's revolving credit facility with Finova was in default, and there may be a question as to whether such default is a basis for an event of default under Paaco's revolving credit facility with Finova (see Smart Choice discussion below). Thus, there is an uncertainty as to whether Paaco is eligible to draw any additional monies under its revolving credit facility with Finova. Paaco's revolving credit facility matures in November 2004.

It is unlikely that Finova will increase the size of Paaco's credit facility, or that Paaco could refinance such facility with a new lender since Paaco's advance rate (ie. 70% of eligible receivables) is believed to be above market. Accordingly, for the foreseeable future, Paaco's ability to expand its operations may be limited as a result of a shortage of additional capital. Consequently, Paaco anticipates operating its business at a level consistent with its recent past, and not substantially expanding its operations.

SMART CHOICE

For the fiscal year ended April 30, 2001 Smart Choice (excluding Paaco) reported a net loss of $5.1 million. Smart Choice has a $98 million revolving credit facility with Finova, of which $88.4 million was outstanding as of April 30, 2001. Since December 2000 Smart Choice has been over-advanced on its revolving credit facility, which constitutes an event of default under the facility. As of April 30, 2001 Smart Choice was over-advanced by $6.2 million. In July 2001, pursuant to the terms of its credit facility, the advance rate on eligible finance receivables declined from 85% to [illegible]7%, increasing Smart Choice's over-advance to $18.5 million. Absent funding from an outside source, Smart Choice does not expect it will be able to come into compliance with the current advance rate provisions of its credit facility. As a result of the event of default, Smart Choice is currently not entitled to receive additional advances under its credit facility. Smart Choice is presently operating its business from the cash generated from the collection of its finance receivables and down payments received in connection with the sale of vehicles.

Since January 2001 Smart Choice has been in discussions with Finova with regard to possible solutions to the over-advanced position. There are several possible outcomes that may result from these negotiations, including:

(i) a restructuring of the Smart Choice credit facility which brings Smart Choice back into compliance;

(ii) a sale of substantially all of Smart Choice's assets with the proceeds being used to pay down a portion of its credit facility, and the unpaid portion being absorbed by Finova (forgiveness of debt) and Paaco as the parties may negotiate;

(iii) an agreement among Smart Choice, Paaco and Finova whereby substantially all of the assets and liabilities of Smart Choice are liquidated with the proceeds being used to pay down a portion of Smart Choice's credit facility, and the unpaid portion being absorbed by Finova (forgiveness of debt) and Paaco as the parties may negotiate; or

(iv) Finova's exercise of its rights under the credit facility and acceleration of the maturity of the loan seeking to liquidate or sell the collateral, which action may prompt Smart Choice to take actions to protect the interests of its shareholders, including the filing of a plan of reorganization under federal bankruptcy laws.

Although management is exploring a number of alternatives, including those listed above, the Company cannot predict how or whether Smart Choice's default will be resolved. As of April 30, 2001 Crown's investment in Paaco/Smart Choice was $20.2 million ($17.6 million equity and $2.6 million debt). In addition, Crown guarantees the credit facilities of Smart Choice and Paaco to a maximum combined amount of $5 million.

OTHER

Concorde's sources of liquidity include cash on hand ($1.0 million at April 30, 2001) and its $25.0 million revolving credit facility with a bank, of which $12.9 million was outstanding at April 30, 2001. Concorde is able to borrow a specified percentage of eligible mortgage loans under the facility. Based upon eligible mortgage loans on hand at April 30, 2001, Concorde was fully advanced under its revolving credit facility. Concorde's revolving credit facility matures in September 2001.

At April 30, 2001 Concorde was in violation of the $1.5 million minimum net worth covenant under its revolving credit facility, which violation has not been waived. Concorde is presently in discussions with its lender regarding an amendment to its credit facility. Concorde expects to execute an agreement with its lender to cure the violation, or replace its credit facility with a different lender.

In March 1996 the Company's Board of Directors approved a program, as amended, to repurchase up to 6,000,000 shares of the Company's common stock from time to time in the open market or in private transactions. As of April 30, 2001 the Company had repurchased 5,179,642 shares pursuant to this program. The timing and amount of future share repurchases, if any, will depend on various factors including market conditions, available alternative investments and the Company's financial position.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", which eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 will have a material impact on the Company's financial position or results of operations.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested for impairment annually, and in the event of an impairment indicator. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with earlier adoption permitted. The Company expects the adoption of SFAS 142 will increase annual pretax income by approximately $.7 million. The Company has adopted SFAS 142 effective May 1, 2001.

SEASONALITY

The Company's automobile sales and finance business is seasonal in nature. In such business, the Company's third fiscal quarter (November through January) is historically the slowest period for car and truck sales. Many of the Company's operating expenses such as administrative personnel, rent and insurance are fixed and cannot be reduced during periods of decreased sales. Conversely, the Company's fourth fiscal quarter (February through April) is historically the busiest time for car and truck sales as many of the Company's customers use income tax refunds as a down payment on the purchase of a vehicle. None of the Company's other businesses experience significant seasonal fluctuations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk on its financial instruments from changes in interest rates. The Company does not use financial instruments for trading purposes or to manage interest rate risk. The Company's earnings are impacted by its net interest income, which is the difference between the income earned on interest-bearing assets and the interest paid on interest bearing notes payable. Increases in market interest rates could have an adverse effect on profitability. Financial instruments consist of fixed rate finance receivables and fixed and variable rate notes payable. The Company's finance receivables generally bear interest at fixed rates ranging from 9% to 26%. These finance receivables have scheduled maturities from one to 48 months. Financial instruments also include mortgage loans held for sale. The Company does not experience significant market risk with such mortgage loans as they are generally sold within 45 days of origination or purchase. At April 30, 2001 the majority of the Company's notes payable contained variable interest rates that fluctuate with market rates. Therefore, an increase in market interest rates would decrease the Company's net interest income and profitability.

The table below illustrates the impact which hypothetical changes in market interest rates could have on the Company's pretax earnings. The calculations assume (i) the increase or decrease in market interest rates remain in effect for twelve months, (ii) the amount of variable rate notes payable outstanding during the period decreases in direct proportion to decreases in finance receivables as a result of scheduled payments and anticipated charge-offs, and (iii) there is no change in prepayment rates as a result of the interest rate changes.

Change in Interest Rates	Change in Pretax Earnings (in thousands)
+2%	$ (2,380)
+1%	(1,190)
-1%	1,190
-2%	2,380

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements and accountants' reports are included in Item 8 of this report:

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Stockholders and Board of Directors
Crown Group, Inc.

We have audited the accompanying consolidated balance sheets of Crown Group, Inc., as of April 30, 2001 and 2000, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Crown Group, Inc. as of April 30, 2001 and 2000, and the consolidated results of its operations and its consolidated cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Dallas, Texas
July 16, 2001

REPORT OF INDEPENDENT ACCOUNTANTS

Stockholders and Board of Directors
Crown Group, Inc.

In our opinion, the accompanying consolidated statements of operations, comprehensive income, stockholders' equity and of cash flows present fairly, in all material respects, the results of operations and cash flows of Crown Group, Inc. and its subsidiaries for the year ended April 30, 1999 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Dallas, Texas
August 12, 1999

CONSOLIDATED BALANCE SHEETS CROWN GROUP, INC.

<Table>
<Caption>

April 30, 2001 April

30, 2000

<S> <C> <C>

Assets:		
Cash and cash equivalents	$ 2,193,342	$ 9,843,310
Accounts and other receivables, net	6,642,760	5,489,686
Mortgage loans held for sale, net	16,200,439	14,202,420
Finance receivables, net	211,605,630	183,331,361
Inventory	10,993,585	14,948,365
Prepaid and other assets	1,043,233	1,753,074
Investments	6,670,265	2,503,146
Deferred tax assets, net	21,302,939	13,859,897
Property and equipment, net	17,016,321	27,736,105
Goodwill, net	8,851,602	17,239,955
	$ 302,520,116	$ 290,907,319
Liabilities and stockholders' equity:		
Accounts payable	$ 6,441,606	$ 8,606,983
Accrued liabilities	11,167,421	13,557,228
Income taxes payable	6,127,419	9,599,439
Revolving credit facilities	190,062,226	172,709,224
Other notes payable	19,325,376	18,342,379
Deferred sales tax	4,963,154	4,207,117
Total liabilities	238,087,202	227,022,370
Minority interests	5,500,661	5,017,734
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $.01 per share, 1,000,000 shares authorized; none issued or outstanding		
Common stock, par value $.01 per share, 50,000,000 shares authorized; 6,980,367 issued and outstanding (8,247,762 at April 30, 2000)	69,804	82,478

Additional paid-in capital	[illegible]	28,960,793
Retained earnings	35,786,772	29,823,944
	--------------	--------------
Total stockholders' equity	58,932,253	58,867,215
	--------------	--------------
	$ 302,520,116	$ 290,907,319
	==============	==============

</Table>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS CROWN GROUP, INC.

<Table>
<Caption>

	Years Ended April 30, 2001	2000	1999
<S>	<C>	<C>	<C>
Revenues:			
Sales	$ 282,544,601	$ 195,324,265	$ 89,731,527
Interest income	48,176,228	30,280,976	13,320,513
Gain on sale of mortgage loans	6,725,756	4,992,612	4,406,974
Rental income	1,973,795	4,194,456	2,634,854
Gaming	1,983,023	2,159,517	
Other	1,358,269	689,000	1,192,347
	-------------	-------------	-------------
	342,761,672	237,640,826	111,286,215
	-------------	-------------	-------------
Costs and expenses:			
Cost of sales	169,232,396	115,803,719	57,129,838
Selling, general and administrative	74,159,580	54,381,275	30,784,380
Provision for credit losses	61,217,935	35,756,056	15,498,111
Interest expense	22,575,799	13,879,737	6,766,258
Depreciation and amortization	4,066,020	3,567,687	2,398,901
Write-down of Crown El Salvador	800,000		
	-------------	-------------	-------------
	332,051,730	223,388,474	112,577,488
	-------------	-------------	-------------
Other income:			
Equity in earnings of unconsolidated subsidiaries	137,929	506,775	1,259,734
Gain on sale of securities, net	4,726	10,861,100	25,989,130
	-------------	-------------	-------------
	142,655	11,367,875	27,248,864
	-------------	-------------	-------------
Income before taxes and minority interests	10,852,597	25,620,227	25,957,591

Provision for income taxes	4,757,699	10,105,451	9,000,661
Minority interests	132,070	678,357	(551,480)
Net income	$ 5,962,828	$ 14,836,419	$ 17,508,410
Earnings per share:			
Basic	$ .77	$ 1.61	$ 1.73
Diluted	$ .74	$ 1.54	$ 1.68
Weighted average number of shares outstanding:			
Basic	7,697,239	9,216,184	10,095,614
Diluted	8,015,834	9,621,328	10,400,504

</Table>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME CROWN GROUP, INC.

<Table>
<Caption>

<S>	Years Ended April 30, 2001 <C>	2000 <C>	1999 <C>
Net income	$ 5,962,828	$ 14,836,419	$ 17,508,410
Change in unrealized appreciation of securities, net of tax:			
Unrealized appreciation arising during period			15,017,605
Less realized gain included in net income			(16,948,105)
			(1,930,500)
Comprehensive income	$ 5,962,828	$ 14,836,419	$ 15,577,910

</Table>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS CROWN GROUP, INC.

<Table>
<Caption>

	Years Ended April 30, 2001	2000	1999
<S>	<C>	<C>	<C>
Operating activities:			
Net income	$ 5,962,828	$ 14,836,419	$ 17,508,410
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,066,020	3,567,687	2,398,901
Accretion of purchase discounts	(1,016,237)	(1,435,059)	(1,186,350)
Deferred income taxes	(1,019,778)	(3,557,335)	944,961
Provision for credit losses	61,217,935	35,756,056	15,498,111
Minority interests	132,070	678,357	(551,480)
Write-down of Crown El Salvador	800,000		
Gain on sale of mortgage loans	(6,725,756)	(4,992,612)	(4,406,974)
Gain on sale of assets	(60,884)	(108,378)	(286,225)
Gain on sale of securities	(4,726)	(10,861,100)	(25,989,130)
Equity in earnings of unconsolidated subsidiaries	(137,929)	(506,775)	(1,259,734)
Changes in operating assets and liabilities, net of transactions:			
Accounts and other receivables	620,761	(1,324,225)	3,226,886
Mortgage loans originated or acquired	(172,264,937)	(144,898,739)	(99,206,479)
Mortgage loans sold and principal repayments	175,907,355	146,075,563	107,188,926
Inventory	32,254,660	20,937,112	8,832,626
Prepaid and other assets	274,722	519,080	(1,542,587)
Accounts payable, accrued liabilities and deferred sales tax	(2,569,389)	(251,122)	3,630,783
Income taxes payable	(3,472,020)	5,723,856	2,640,797
Net cash provided by operating activities	93,964,695	60,158,785	27,441,442
Investing activities:			
Finance receivable originations	(261,756,199)	(179,434,289)	(80,431,081)
Finance receivable collections	145,098,386	95,873,645	

			36,252,894
Purchase of property and equipment	(3,885,202)	(7,781,061)	(16,312,815)
Sale of property and equipment	687,810	1,758,774	2,004,520
Purchase of investments and securities	(970,615)	(1,808,805)	(6,643,496)
Sale of securities		16,762,326	34,449,806
Sale of 50% of Precision	2,127,675		
Sale of Crown El Salvador	22,252		
Dividends and note collections from CMN		306,487	2,389,152
Purchase of Paaco, net of cash acquired			(1,031,250)
Purchase of Car-Mart, net of cash acquired			(33,437,087)
Purchase of Smart Choice, net of cash acquired		(866,741)	
Net cash used in investing activities	(118,675,893)	(75,189,664)	(62,759,357)
Financing activities:			
Capital contributions from minority owners			1,088,000
Issuance of common stock	60,937		
Purchase of common stock	(5,124,894)	(5,844,111)	(1,994,323)
Proceeds from revolving credit facilities, net	23,930,687	18,348,103	37,763,597
Proceeds from (repayments of) other debt, net	(1,805,500)	(540,338)	4,889,470
Net cash provided by financing activities	17,061,230	11,963,654	41,746,744
Increase (decrease) in cash and cash equivalents	(7,649,968)	(3,067,225)	6,428,829
Cash and cash equivalents at: Beginning of year	9,843,310	12,910,535	6,481,706
End of year	$ 2,193,342	$ 9,843,310	$ 12,910,535

</Table>

The accompanying notes are an integral part of these consolidated financial statements.

<PAGE> 24

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY CROWN GROUP, INC.

<Table>

<Caption>
For the Three Years Ended April 30, 2001

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Unrealized Appreciation of Securities	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at May 1, 1998	9,433,963	$ 94,340	$ 35,547,369	$ (2,520,885)	$ 1,930,500	$ 35,051,324
Issuance of common stock	958,338	9,583	4,414,390			4,423,973
Purchase of common stock	(492,909)	(4,929)	(1,989,394)			(1,994,323)
Stock options and warrants exercised	197,450	1,974	(1,974)			--
Unrealized appreciation of securities					(1,930,500)	(1,930,500)
Net income				17,508,410		17,508,410
Balance at April 30, 1999	10,096,842	100,968	37,970,391	14,987,525		53,058,884
Stock warrants exercised	2,000	20	(20)			--
Purchase agreement amendment	(670,311)	(6,703)	(3,177,274)			(3,183,977)
Purchase of common stock	(1,180,769)	(11,807)	(5,832,304)			(5,844,111)
Net income				14,836,419		14,836,419
Balance at April 30, 2000	8,247,762	82,478	28,960,793	29,823,944		58,867,215
Issuance of common stock	25,000	250	60,687			60,937
Purchase of common stock	(1,122,225)	(11,222)	(5,113,672)			(5,124,894)
Stock received in Precision sale	(170,170)	(1,702)	(832,131)			(833,833)
Net income				5,962,828		5,962,828
Balance at April 30, 2001	6,980,367	$ 69,804	$ 23,075,677	$ 35,786,772	$ --	$ 58,932,253

</Table>

The accompanying notes are an integral part of these consolidated financial statements.

A - DESCRIPTION OF BUSINESS

Crown Group, Inc. ("Crown"), and collectively with its subsidiaries (the "Company"), is primarily in the business of selling and financing used automobiles and trucks principally to consumers with limited or damaged credit histories. In addition, Crown also has investments in other industries. As of April 30, 2001 Crown owned a 95% fully diluted ownership interest in America's Car-Mart, Inc. ("Car-Mart") and 70% of Smart Choice Automotive Group, Inc. ("Smart Choice"). Smart Choice owns 100% of Paaco Automotive Group, Inc. and Premium Auto Acceptance Corporation (collectively, "Paaco"). Each of Car-Mart, Smart Choice and Paaco sell and finance used vehicles. At April 30, 2001 Crown also owned (i) 50% of Precision IBC, Inc. ("Precision"), a firm specializing in the sale and rental of intermediate bulk containers ("IBC's"), (ii) 80% of Concorde Acceptance Corporation ("Concorde"), a prime and sub-prime mortgage lender, and (iii) minority positions in certain other entities that operate in the high technology industry or focus on Internet commerce. The Company is presently focusing on (i) the development and expansion of its automobile businesses, and (ii) maximizing its return on its other businesses and investments.

As discussed in Note C, the Company completed a number of acquisitions during the three years ended April 30, 2001. Each of these acquisitions has been accounted for using the purchase method of accounting. As a result, the Company's financial statements include the results of operations of the acquired businesses only from the date of acquisition.

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Crown Group, Inc. and all of the subsidiaries it controls (generally greater than 50% ownership). All significant intercompany accounts and transactions have been eliminated. The Company's subsidiaries are included in its consolidated results of operations during the period in which the Company controls such subsidiary.

Equity Method Investments

The Company accounts for subsidiaries in which it does not control (generally 50% owned or less) by the equity method of accounting. On November 1, 2000 the Company sold a 50% interest in Precision, reducing its remaining ownership interest to 50%. As a result, effective November 1, 2000 the Company began accounting for its ownership interest in Precision on the equity method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Concentration of Risk

The Company provides financing in connection with the sale of substantially all of its used vehicles. These sales are made primarily to customers residing in Arkansas, Texas and Florida. Periodically, the Company maintains cash in financial institutions in excess of the amounts insured by the federal government.

Cash Equivalents

The Company considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. Cash equivalents generally consist of interest-bearing money market accounts.

Mortgage Loans Held for Sale

Mortgage loans held for sale are carried at the lower of aggregate cost or market. Market value is determined by current investor yield requirements. The majority of these loans are pledged against the Company's revolving credit facility. The cost of mortgage loans held for sale includes the cost of originating or purchasing the mortgage loans reduced by (i) deferred loan origination fees, and (ii) an allowance for loan losses of $577,972 and $515,900 at April 30, 2001 and 2000, respectively. While management believes the allowance for loan losses included in the financial statements to be adequate, such estimate may be more or less than the amount ultimately charged off. The adequacy of the allowance for loan losses is periodically reviewed by management with any changes reflected in current operations.

Finance Receivables and Allowance for Credit Losses

The Company originates installment contracts from the sale of used vehicles at its dealerships. Finance receivables consist of contractually scheduled payments from installment contracts net of unearned finance charges and an allowance for credit losses. Unearned finance charges represent the balance of interest income remaining from the capitalization of the total interest to be earned over the original term of the related installment contract.

The Company maintains an allowance for credit losses at a level it considers sufficient to cover anticipated losses in the collection of its finance receivables. The allowance for credit losses is based upon a periodic analysis of the portfolio, economic conditions and trends, historical credit loss experience, and collateral values. Since the loss reserve is based upon a number of factors, most of which are subject to change over time (i.e. economic conditions), it is reasonably possible that a change in such factors may cause the allowance for credit

losses to increase or decrease by a material amount in the near term. The allowance for credit losses is periodically reviewed by management with any changes reflected in current operations.

Inventory

Inventory is valued at the lower of cost or market on a specific identification basis. Inventory includes used vehicles and related parts. Repossessed vehicles are recorded at the lower of cost or market, which approximates wholesale value. Vehicle reconditioning costs are capitalized as a component of inventory. The cost of used vehicles sold is determined using the specific identification method.

Investments

Investments at April 30, 2001 consisted of an equity investment (Precision), and investments carried at cost. Investments carried at cost consist of (i) a 7% ownership interest in Monarch Venture Partners' Fund I, L.P. ("Monarch"), a private venture capital fund focusing on the investment in Internet related or emerging technology companies, and (ii) an 8% ownership interest in Mariah Vision(3), Inc., a software developer specializing in three-dimensional graphic design.

Property and Equipment

Property and equipment are stated at cost. Expenditures for additions, renewals and improvements are capitalized. Costs of repairs and maintenance are expensed as incurred. Depreciation is computed principally using the straight-line method over the following estimated useful lives:

<Table>

<S>	<C>
Furniture, fixtures and equipment	3 to 10 years
Leasehold improvements	5 to 7 years
Rental equipment	12 years
Buildings	39 years

</Table>

Goodwill

Goodwill represents the excess of the Company's cost over the fair value of net identifiable assets acquired in its purchases of Smart Choice, Paaco and Precision. Goodwill is amortized on a straight-line basis over periods ranging from 15 to 25 years. At April 30, 2001 and 2000 accumulated amortization of goodwill amounted to $2,252,932 and $1,864,933, respectively.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income Taxes

Income taxes are accounted for under the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply in the years in which these temporary differences are expected to be recovered or settled.

Revenue Recognition

Interest income on finance receivables is recognized using the interest method. Revenue from the sale of used vehicles is recognized when the sales contract is signed and the customer has taken possession of the vehicle.

Advertising Costs

Advertising costs are expensed as incurred by the Company and include radio, television, print media, Internet and direct mail marketing costs. Advertising costs amounted to $5,537,764, $3,172,860 and $1,752,000 for the years ended April 30, 2001, 2000 and 1999, respectively.

Stock Option Plan

The Company accounts for its stock option plan in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the average number of common shares outstanding during the period. Diluted earnings per share takes into consideration the potentially dilutive effect of common stock equivalents, such as outstanding stock options, which if exercised or converted into common stock would then share in the earnings of the Company.

Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", which eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion

of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 will have a material impact on the Company's financial position or results of operations.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested for impairment annually, and in the event of an impairment indicator. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with earlier adoption permitted. The Company expects the adoption of SFAS 142 will increase annual pretax income by approximately $.7 million. The Company has adopted SFAS 142 effective May 1, 2001.

Reclassifications

Certain prior year amounts in the accompanying financial statements have been reclassified to conform to the fiscal 2001 presentation.

C - ACQUISITIONS AND DISPOSITIONS

Smart Choice Purchase

On December 1, 1999, Crown acquired a 70% voting and economic interest in Smart Choice directly from Smart Choice. The purchase price ("Purchase Price") consisted of (i) $3.0 million in cash, (ii) the conversion of $4.5 million of Smart Choice debt, which Crown had contemporaneously acquired from a third party for approximately $2.3 million in cash, and (iii) the contribution of Crown's 85% interest in Paaco. In consideration for the Purchase Price Crown received

1,371,581.47 shares of Smart Choice Series E Convertible Preferred Stock which was subsequently converted into 6,857,907 shares of Smart Choice common stock, or 70% of the total outstanding shares.

Contemporaneously with Crown's purchase of a 70% interest in Smart Choice, approximately $15.0 million of Smart Choice's outstanding debt and preferred stock was converted into shares of common stock representing a 20.7% interest in Smart Choice. In addition, the Paaco minority shareholders converted their 15% interest in Paaco into shares of Smart Choice Series E Convertible Preferred Stock which was subsequently converted into 489,851 shares of Smart Choice common stock, or 5% of the total outstanding shares. Paaco is now a wholly-owned subsidiary of Smart Choice. Excluding Paaco, Smart Choice operates "buy-here pay-here" used car dealerships in central Florida.

Car-Mart Purchase

On January 15, 1999 the Company acquired 100% of the outstanding common stock of Fleeman Holding Company, including its wholly-owned subsidiary Car-Mart, for $41.35 million. The purchase price consisted of $33.85 million in cash and the issuance of promissory notes aggregating $7.5 million (the "Notes"). The Notes bear interest at 8.5% per annum payable quarterly, with the principal due in five years. Approximately $24 million of the cash portion of the purchase price was obtained pursuant to a revolving credit facility with a major banking institution. The remaining $9.85 million was funded from cash on hand.

Car-Mart was founded in 1981 and operates "buy-here pay-here" used car dealerships located in niche markets throughout Arkansas, Oklahoma, Texas, Missouri, Kansas, Kentucky and Indiana. Car-Mart underwrites, finances and services retail installment contracts generated at its dealerships.

Precision Purchase and Sale

On February 3, 1998 the Company acquired 80% of the common stock of Precision IBC, Incorporated ("Original Precision") for a purchase price of approximately $2.4 million in cash. On March 5, 1998 the Company acquired 80% of the common stock of M&S Tank Rentals, Inc. ("M&S") for a purchase price of $1.65 million in cash. Original Precision and M&S were subsequently merged together into a newly formed corporation, Precision IBC, Inc. ("Precision"). Effective May 1, 1998 the Company acquired the remaining 20% interest in Precision it did not previously own by issuing 288,027 shares of the Company's common stock. All references to Precision include the former entities of Original Precision and M&S. Precision is in the business of renting, selling, testing and servicing principally stainless steel IBC's to customers primarily in the petroleum and chemical industries.

Effective November 1, 2000 the Company sold a 50% interest in Precision to the President of Precision, for total consideration of approximately $3.1 million. The consideration consisted of approximately $2.2 million in cash and 170,170 shares of Crown common stock. In connection with the transaction, the Company recorded a gain of $4,726 which is included in gain on sale of securities in the consolidated statement of operations.

Casino Magic Neuquen Purchase and Sale

On June 2, 1997 the Company acquired 49% of the capital stock of Casino Magic Neuquen ("CMN"), as well as interests in certain other assets and contracts related to CMN, for a purchase price of $7 million in cash. CMN owns and operates casinos in the cities of Neuquen and San Martin de los Andes in the Province of Neuquen, Argentina.

Effective October 1, 1999 the Company sold its 49% interest in CMN and related assets for $16.5 million cash resulting in a gain before income taxes of $10.7 million. The gain is included in gain on sale of securities in the consolidated statement of operations. The operating results of CMN for the five months ended September 30, 1999 and year ended April 30, 1999 are as follows (in thousands):

<Table>
<Caption>

<S>	Five Months Ended September 30, 1999 <C>	Year Ended April 30, 1999 <C>
Revenues	$ 9,929	$ 21,388
Costs and expenses	6,732	13,850
Lawsuit settlement and costs		917
Interest, fees and rentals to shareholders		1,057
Provision for income taxes	1,135	2,121
Net income	$ 2,062	$ 3,443

</Table>

Home Stay Formation and Sale

In May 1998 the Company, along with a minority interest holder, formed Home Stay Lodges I, Ltd. ("Home Stay"). Home Stay is in the business of constructing and operating extended-stay lodging facilities. Effective December 2, 1999 Crown sold its 80% interest in Home Stay to Efficiency Lodge, Inc. for approximately $850,000, of which approximately $210,000 was paid in cash and the balance is payable over five years with interest at an annual rate of prime plus 1%. The gain of approximately $.1 million is included in gain on sale of securities in the consolidated statement of operations.

Each of the above acquisitions have been accounted for using the purchase method of accounting with existing assets and liabilities being recorded at fair value. Goodwill resulting from the transactions is being amortized on a straight-line basis over periods ranging from 15 to 25 years. The activities of Smart Choice, Car-Mart, Precision and CMN have been included in the Company's consolidated results of operations (whether by consolidating or accounting for on the equity method) since their respective dates of acquisition. The activities of CMN and Home Stay have been excluded from the Company's consolidated results of operations from their respective dates of disposition.

Pro Forma Financial Information

The following unaudited pro forma condensed consolidated statement of operations of the Company for the year ended April 30, 2000 was prepared as if the acquisition of Smart Choice had occurred on May 1, 1999 (in thousands, except per share amount). The operating results of the Company's 80% interest in Home Stay and 49% interest in Casino Magic Neuquen prior to their disposition during the fiscal year ended April 30, 2000 were not material, and accordingly no adjustment has been made in the pro forma statement of operations to reflect such dispositions at an earlier date. The operating results of Precision, prior to the Company's sale of a 50% interest therein, during the fiscal year ended April 30, 2001 were not material, and accordingly no pro forma statement of operations has been provided for such year. The adjustments to the historical financial statements principally consist of (i) eliminating interest income on the cash used in the acquisition, (ii) eliminating interest expense and preferred stock dividends pertaining to certain Smart Choice debt and preferred stock that was converted into Smart Choice common stock, (iii) amortizing goodwill created in the Smart Choice acquisition, (iv) adjusting interest income resulting from purchase accounting entries, (v) eliminating Smart Choice's discontinued operations and write-off of historical goodwill, and (vi) adjusting income tax expense to reflect the above described adjustments.

	Year Ended April 30, 2000
Revenues	$ 284,424
Net income	3,404
Earnings per share - diluted	$ .35

The unaudited pro forma results of operations are not necessarily indicative of future results or the results that would have occurred had the acquisition taken place on the date indicated.

D - SALE OF SECURITIES AND INTERESTS IN AFFILIATES

Effective November 1, 2000 the Company sold a 50% interest in Precision to the President of Precision, for total consideration of approximately $3.1 million. The consideration consisted of approximately $2.2 million in cash and 170,170 shares of Crown common stock. In connection with the transaction, the Company recorded a gain of $4,726 which is included in gain on sale of securities in the consolidated statement of operations.

In February 1998 the Company purchased 444,444 shares of Inktomi Corporation common stock in a private transaction for $1.1 million. In June 1998 Inktomi, an Internet related concern, completed its initial public offering. During fiscal 1999 the Company sold all of its Inktomi common stock which resulted in a gain of approximately $26.4 million.

Below is a summary of gains and losses on the sale of securities:

	Years Ended April 30,		
	2001	2000	1999
Gain on sale of Inktomi common stock			$ 26,377,290
Gain on sale of CMN		$ 10,737,832	
Gain on sale of Home Stay		123,268	
Gain on sale of 50% of Precision	$ 4,726		
Loss on sale of other equity securities, net			(388,160)
	$ 4,726	$ 10,861,100	$ 25,989,130

</Table>

E - FINANCE RECEIVABLES

The Company originates installment sale contracts from the sale of used vehicles at its dealerships. These installment sale contracts typically include interest rates ranging from 10% to 26% per annum and provide for payments over periods ranging from 12 to 48 months. The components of finance receivables as of April 30, 2001 and 2000 are as follows:

<Table>
<Caption>

	April 30, 2001	April 30, 2000
<S>	<C>	<C>
Finance receivables	$ 300,228,162	$ 267,389,412
Unearned finance charges	(36,965,956)	(38,659,786)
Allowance for credit losses	(51,058,077)	(43,783,529)
Purchase discounts	(598,499)	(1,614,736)
	$ 211,605,630	$ 183,331,361

</Table>

In accordance with APB Opinion No. 16, as of the dates the Company acquired interests in Car-Mart and Smart Choice, the Company valued Car-Mart's and Smart Choice's finance receivables portfolios at fair value and determined that purchase discounts of $864,165 and $2,046,964, respectively, were appropriate. These discounts are being amortized into interest income over the life of the related finance receivables portfolios that existed on the dates of purchase using the interest method.

Changes in the finance receivables allowance for credit losses for the years ended April 30, 2001, 2000 and 1999 are as follows:

<Table>
<Caption>

	Years Ended April 30, 2001	2000	1999
<S>	<C>	<C>	<C>
Balance at beginning of year	$ 43,783,529	$ 17,045,063	$ 4,727,679
Acquisition of Car-Mart			8,726,309
Acquisition of Smart Choice		23,568,788	
Provision for credit losses	60,709,680	35,473,716	15,251,225
Net charge offs	(53,435,132)	(32,304,038)	(11,660,150)
Balance at end of year	$ 51,058,077	$ 43,783,529	$ 17,045,063

</Table>

In addition to the finance receivables allowance for credit losses, the Company also has an allowance for credit losses on mortgage loans held for sale ($577,972 and $515,900) and accounts receivable ($27,256 and $27,256) as of April 30, 2001 and 2000, respectively.

F - INVESTMENTS

A summary of investments as of April 30, 2001 and 2000 is as follows:

<Table>
<Caption>

	April 30, 2001	April 30, 2000
<S>	<C>	<C>
Precision IBC, Inc.	$3,196,505	
Monarch Venture Partners' Fund I, L.P.	1,823,760	$1,503,146
Mariah Vision 3, Inc.	1,650,000	1,000,000
	$6,670,265	$2,503,146

</Table>

G - PROPERTY AND EQUIPMENT

A summary of property and equipment as of April 30, 2001 and 2000 is as follows:

<Table>
<Caption>

	April 30, 2001	April 30, 2000
<S>	<C>	<C>
Land and buildings	$ 7,461,891	$ 8,310,614
Rental equipment		9,937,557
Furniture, fixtures and equipment	10,007,553	10,144,565
Leasehold improvements	3,914,807	3,292,660
Less accumulated depreciation and amortization	(4,367,930)	(3,949,291)
	$ 17,016,321	$ 27,736,105

</Table>

For the years ended April 30, 2001, 2000 and 1999 depreciation and amortization of property and equipment amounted to $3,115,924, $2,406,657 and $1,616,762, respectively.

H - ACCRUED LIABILITIES

A summary of accrued liabilities as of April 30, 2001 and 2000 is as follows:

<Table>
<Caption>

	April 30, 2001	April 30, 2000
<S>	<C>	<C>
Compensation	$ 3,493,256	$ 5,095,415
Interest	1,363,372	1,415,244
Reserves	1,279,563	1,679,089
Service contracts	955,062	1,394,439
Other	4,076,168	3,973,041
	$11,167,421	$13,557,228

</Table>

I - DEBT

A summary of debt as of April 30, 2001 and 2000 is as follows:

<Table>
<Caption>

Revolving Credit Facilities

Borrower	Lender	Facility Amount	Interest Rate	Maturity	Balance at April 30, 2001	2000
Smart Choice	Finova	$ 98 million	Prime + 2.25%	Nov 2004	$ 88,394,135	$ 77,533,325
Paaco	Finova	$ 62 million	Prime + 2.00%	Nov 2004	59,047,810	52,833,680
Car-Mart	Bank of America	$ 35 million	Prime + .88%	Jan 2002	29,767,688	27,502,614
Concorde	Wash. Mutual	$ 25 million	Libor + 2.00%	Sep 2001	12,852,593	9,839,067
Precision	Wells Fargo	$ 8 million	Prime	Dec 2001	5,000,538	
					$ 190,062,226	$ 172,709,224

</Table>

<Table>
<Caption>

Other Notes Payable

Borrower	Lender	Facility Amount	Interest Rate	Maturity	Balance at April 30, 2001	2000
Crown	Car-Mart sellers	N/A	8.50%	Jan 2004	$ 7,500,000	$ 7,500,000
Crown	Bank of America	N/A	8.00%	Sep 2001	2,316,000	2,316,000
Crown	Regions Bank	N/A	Prime + .5%	May 2001	2,000,000	
Precision	South Trust Bank	N/A	7.35%	Jan 2014	647,743	
Paaco	Chase Texas	N/A	8.50%	May 2003	792,815	869,616
Paaco	Heller Financial	N/A	Prime + 2.25%	Dec 2015	586,836	603,084
Smart Choice	Huntington	N/A	Prime + .75%	Jul 2001		

					1,932,373	2,090,171
Smart Choice	High Capital	N/A	10.0%	Nov 2001	725,000	1,000,000
Various	Various	N/A	Various	Various	3,472,352	3,315,765
					$ 19,325,376	$ 18,342,379

</Table>

The Company's revolving credit facilities are primarily collateralized by finance receivables, inventory and mortgage loans. Other notes payable are primarily collateralized by equipment and real estate. Interest is payable monthly or quarterly on all of the Company's debt. The loan agreements relating to certain of the above described debt contain various reporting and performance covenants including (i) maintenance of certain financial ratios and tests, (ii) limitations on borrowings from other sources, (iii) restrictions on certain operating activities, and (iv) restrictions on the payment of dividends. At April 30, 2001 substantially all of the Company's $47.3 million equity investment in its consolidated subsidiaries was restricted due to covenants in each of such subsidiaries' revolving credit facilities which prohibit certain distributions from such subsidiary to Crown. The amount available to be drawn under each of the Company's revolving credit facilities is a function of the underlying collateral assets. Generally, the Company is able to borrow a specified percentage of the face value of eligible finance receivables in the case of Car-Mart, Smart Choice and Paaco, and eligible mortgage loans in the case of Concorde.

At April 30, 2001 Concorde was in violation of its $1.5 million minimum net worth covenant under its revolving credit facility, which violation has not been waived. Concorde is presently in discussions with its lender regarding an amendment to its credit facility. Concorde expects to execute an agreement with its lender to cure the violation, or replace its credit facility with a different lender. In addition, at April 30, 2001 Smart Choice was in violation, and, as a result of Smart Choice's violation, Paaco may be in violation, of certain terms of their revolving credit facilities with Finova (see Note J).

A summary of future minimum principal payments required under the aforementioned debt as of April 30, 2001, assuming no acceleration of the maturity date of Smart Choice's and/or Paaco's credit facilities with Finova, is as follows:

<Table>
<Caption>

Years Ending April 30,	Amount
2002	$ 51,900,740
2003	726,023
2004	8,496,449
2005	147,685,987
2006	88,722
Thereafter	489,681
	$ 209,387,602

</Table>

J - SMART CHOICE DEFAULT ON FINOVA CREDIT FACILITY

Each of Paaco and Smart Choice have revolving credit facilities with Finova Capital Corporation ("Finova"). Since December 2000 Smart Choice has been over-advanced on its revolving credit facility, which constitutes an event of default under the facility. As of April 30, 2001 Smart Choice was over-advanced by $6.2 million. In July 2001, pursuant to the credit facility, the advance rate on eligible finance receivables declined from 85% to 77%, increasing Smart Choice's over-advance to $18.5 million. Absent funding from an outside source, Smart Choice does not expect it will be able to come into compliance with the current advance rate provisions of the Finova revolving credit facility. There is uncertainty as to whether Smart Choice's event of default is the basis for an event of default under Paaco's revolving credit facility with Finova. In any event, Paaco is a wholly-owned subsidiary of Smart Choice, and ultimately Paaco could be affected by the default of Smart Choice under its Finova credit facility.

Since January 2001 Smart Choice has been in discussions with Finova with regard to possible solutions to the over-advanced position. There are several possible outcomes that may result from these negotiations, including:

(i) a restructuring of the Smart Choice credit facility which brings Smart Choice back into compliance;

(ii) a sale of substantially all of Smart Choice's assets with the proceeds being used to pay down a portion of its credit facility, and the unpaid portion being absorbed by Finova (forgiveness of debt) and Paaco as the parties may negotiate;

(iii) an agreement among Smart Choice, Paaco and Finova whereby substantially all of the assets and liabilities of Smart Choice are liquidated with the proceeds being used to pay down a portion of Smart Choice's credit facility, and the unpaid portion being absorbed by Finova (forgiveness of debt) and Paaco as the parties may negotiate; or

(iv) Finova's exercise of its rights under the credit facility and acceleration of the maturity of the loan seeking to liquidate or sell the collateral, which action may prompt Smart Choice to take actions to protect the interests of its shareholders, including the filing of a plan of reorganization under federal bankruptcy laws.

Although management is exploring a number of alternatives, including those listed above, the Company cannot predict how or whether Smart Choice's default will be resolved. As of April 30, 2001 Crown's investment in Paaco/Smart Choice was $20.2 million ($17.6 million equity and $2.6 million debt). In addition, Crown guarantees the credit facilities of Smart Choice and Paaco to a maximum combined amount of $5 million.

K - INCOME TAXES

The Company files a consolidated federal income tax return with its 80% or more owned subsidiaries. Smart Choice and Precision each file separate tax returns. The provision (benefit) for income taxes for the fiscal years ended April 30, 2001, 2000 and 1999 was as follows:

<Table>
<Caption>

	Years Ended April 30, 2001	2000	1999
<S>	<C>	<C>	

<C>

Provision (benefit) for income taxes			
Current	$ 5,777,477	$ 13,662,786	$ 9,945,622
Deferred	(1,019,778)	(3,557,335)	(944,961)
	$ 4,757,699	$ 10,105,451	$ 9,000,661

</Table>

The provision for income taxes is different from the amount computed by applying the statutory federal income tax rate to income before income taxes for the following reasons:

<Table>
<Caption>

<S>	Years Ended April 30, 2001 <C>	2000 <C>	1999 <C>
Tax provision at statutory rate	$ 3,698,409	$ 8,967,079	$ 9,085,157
State taxes, net of federal benefit	952,369	1,298,632	
Equity in earnings of unconsolidated subsidiaries	(46,896)	(177,371)	(440,907)
Goodwill amortization	288,080	325,081	273,749
Other, net	(134,263)	(307,970)	82,662
	$ 4,757,699	$ 10,105,451	$ 9,000,661

</Table>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of April 30, 2001 and 2000 were as follows:

<Table>
<Caption>

<S>	April 30, 2001 <C>	2000 <C>
Deferred tax assets:		
Allowance for credit losses	$ 18,336,076	$ 16,160,246
Finance receivables purchase discounts	161,352	588,687
Reserves	1,191,943	1,007,725
Net operating loss	4,535,311	4,986,478

Other	698,756	1,171,215
Less valuation allowance		(3,905,081)
Total	24,923,438	20,009,270
Deferred tax liabilities:		
Finance receivables	1,957,032	2,410,844
Tax over book depreciation	1,147,211	2,721,659
Other	516,256	1,016,870
Total	3,620,499	6,149,373
Deferred tax assets, net	$ 21,302,939	$ 13,859,897

</Table>

In fiscal 2001, 2000 and 1999 the Company utilized approximately $4.2 million, $3.1 million and $2.1 million, respectively, of net operating loss carryforwards in determining its federal income tax provision. At April 30, 2001 Smart Choice had a net operating loss carryforward of approximately $4.5 million available to offset future Smart Choice taxable income. The net operating loss carryforward expires in 2014 and its utilization is subject to certain limitations. In fiscal 2001 the Company determined that it was more likely than not that all of Smart Choice's net operating loss carryforwards were realizable. As a result, during fiscal 2001 the valuation allowance was reversed and goodwill was reduced by approximately $3.9 million.

L - CAPITAL STOCK

Effective May 1, 1998 the Company issued 375,000 and 288,027 shares of its common stock in the purchases of an additional 12% interest in Paaco and an additional 20% interest in Precision, respectively. In June 1998 the Company issued 169,941 shares of its common stock to Nomura Holding America, Inc. ("Nomura") in connection with Nomura's full exercise of a warrant to purchase 508,414 shares of the Company's common stock. Nomura exercised the warrant pursuant to its "cashless exercise" feature. Effective February 1, 1999 the Company issued 257,811 shares of its common stock as partial consideration in the purchase of an additional 15% interest in Paaco. Also effective February 1, 1999 the Company issued 37,500 shares of its common stock in satisfaction of a liability in connection with the May 1, 1998 purchase of an additional 12% interest in Paaco.

In July 1999, upon discovering certain accounting errors and irregularities at Paaco, the Company and the shareholders from whom the Company purchased an interest in Paaco amended and restated the three prior purchase agreements such that the Company received approximately $4 million in consideration and an additional 5% interest in Paaco. A portion of the consideration received consisted of 670,311 shares of the Company's common stock valued at $3.2 million. The total value of the consideration received in this transaction ($4.5 million) was recorded as a reduction of goodwill in July 1999.

In March 1996 the Company's Board of Directors approved a program, as amended, to repurchase up to 6,000,000 shares of the Company's common stock from time to time in the open market or in private transactions. At April 30, 2001 the Company had repurchased 5,179,642 shares pursuant to this program. The timing and amount of future share repurchases, if any, will depend on various factors including market conditions, available alternative investments and the Company's financial position.

The Company is authorized to issue up to one million shares of $.01 par value preferred stock in one or more series having such respective terms, rights and preferences as are designated by the Board of Directors. No preferred stock has been issued.

M - COMPREHENSIVE INCOME INFORMATION

Supplemental comprehensive income disclosures for the years ended April 30, 2001, 2000 and 1999 are as follows:

	Years Ended April 30, 2001	2000	1999
Gross unrealized appreciation of securities arising during period	$ --	$ --	$23,104,008
Provision for income taxes			8,086,403
Unrealized appreciation of securities arising during period, net of tax	$ --	$ --	$15,017,605

Changes to unrealized appreciation of securities on a net of tax basis for the years ended April 30, 2001, 2000 and 1999 are as follows:

	Years Ended April 30, 2001	2000	1999
Balance at beginning of period	$ --	$ --	$ 1,930,500
Unrealized appreciation of securities arising during period			15,017,605
Less realized gain included in net income			(16,948,105)
Balance at end of period	$ --	$ --	$ --

N - EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended April 30, 2001, 2000 and 1999 were computed as follows:

<Table>
<Caption>

<S>	<C> 2001	<C> 2000	<C> 1999
	Years Ended April 30,		
Net income	$ 5,962,828	$14,836,419	$17,508,410
Average shares outstanding - basic	7,697,239	9,216,184	10,095,614
Dilutive options	318,595	405,144	288,469
Dilutive warrants			16,421
Average shares outstanding - diluted	8,015,834	9,621,328	10,400,504
Earnings per share:			
Basic	$ .77	$ 1.61	$ 1.73
Diluted	$ .74	$ 1.54	$ 1.68
Antidilutive securities not included:			
Options	445,000	432,500	420,000
Warrants	--	--	391,198

</Table>

O - STOCK OPTIONS

Since inception, the shareholders of the Company have approved three stock option plans including the 1986 Incentive Stock Option Plan ("1986 Plan"), the 1991 Non-Qualified Stock Option Plan ("1991 Plan") and the 1997 Stock Option Plan ("1997 Plan"). While previously granted options remain outstanding, no additional option grants may be made under the 1986 and 1991 Plans. The 1997 Plan sets aside 1,000,000 shares of the Company's common stock to be granted to employees, directors and certain advisors of the Company at a price not less than the fair market value of the stock on the date of grant. At April 30, 2001 and 2000 there were 157,500 and 170,000 shares of common stock available for grant under the 1997 Plan, respectively. Options granted under the Company's stock option Plans expire in the years 2002 through 2010.

The following is an aggregate summary of the activity in the Company's stock option plans from April 30, 1998 to April 30, 2001:

<Table>
<Caption>

	Number of Shares	Exercise Price per Share	Proceeds on Exercise	Weighted Average Exercise Price per Share

<S>	<C>	<C>	<C>	<C>
Outstanding at April 30, 1998	757,500	$0.41 to $7.38	$ 2,405,156	$ 3.18
Granted	717,500	$3.13 to $5.50	3,197,031	$ 4.46
Exercised	(25,000)	$1.55	(38,672)	$ 1.55
Canceled	(5,000)	$3.31	(16,563)	$ 3.31
	---------		-----------	
Outstanding at April 30, 1999	1,445,000	$0.41 to $7.38	5,546,952	$ 3.84
Granted	32,500	$4.38 to $5.81	160,156	$ 4.93
	---------		-----------	
Outstanding at April 30, 2000	1,477,500	$0.41 to $7.38	5,707,108	$ 3.86
Granted	12,500	$5.00	62,500	$ 5.00
Exercised	(25,000)	$2.44	(60,937)	$ 2.44
Canceled	(5,000)	$ .66	(3,281)	$ .66
	----------		-----------	
Outstanding at April 30, 2001	1,460,000		$ 5,705,390	
	==========		===========	

</Table>

A summary of stock options outstanding as of April 30, 2001 is as follows:

<Table>
<Caption>

Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
<S>	<C>	<C>	<C>
$0.41 to $1.41	82,500	2.07	$ 1.32
$2.44 to $4.38	932,500	5.36	$ 3.31
$5.00 to $7.38	445,000	7.36	$ 5.64

$0.41 to $7.38	1,460,000	5.78	$ 3.91
	=========		

</Table>

All of the above options were exercisable at April 30, 2001, with the exception of options to purchase 140,000 shares at $5.50 per share. Such shares become exercisable in 2001 through 2002 and expire in 2008.

The Company applies the provisions of APB Opinion No. 25 in accounting for the issuance of stock options and, accordingly, no compensation cost has been recognized in the consolidated financial statements. The estimated weighted average fair value of options granted was $1.50 per share for each of the fiscal years ended April 30, 2001, 2000 and 1999. Had the Company determined compensation cost on the date of grant based upon the fair value of its stock options under SFAS No. 123, the Company's pro forma income and earnings per share would be as follows using certain valuation techniques with the assumptions detailed below:

<Table>
<Caption>

<S>	Years Ended April 30, 2001 <C>	2000 <C>	1999 <C>
Pro forma net income	$ 5,950,453	$ 14,804,732	$ 16,808,848
Pro forma earnings per share:			
Basic	$ .77	$ 1.61	$ 1.66
Diluted	$ .74	$ 1.54	$ 1.62
Assumptions:			
Dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	5.5%	6.0%	6.5%
Expected volatility	50.0%	50.0%	52.5%
Expected life	5 years	5 years	5 years

</Table>

P - LEASES

The Company leases used car sales and reconditioning facilities, payment centers, office facilities and equipment under various operating leases. As of April 30, 2001 the aggregate rentals due under such non-cancelable operating leases with remaining lease terms in excess of one year were as follows:

<Table>
<Caption>

<S>	Years Ending April 30,	Amount <C>
	2002	$ 5,881,256
	2003	4,757,642
	2004	3,832,428
	2005	2,891,431
	2006	1,007,375
	Thereafter	270,051
		$ 18,640,183

</Table>

For the years ended April 30, 2001, 2000 and 1999 rent expense for all operating leases amounted to approximately $6,366,000, $4,066,000 and $2,077,000, respectively.

Q - RELATED PARTY TRANSACTIONS

During fiscal 2001 and 2000, the Company paid an outside director $81,140 and $30,000, respectively, as a fee in connection with certain consulting services related to its used car sales and finance businesses.

During fiscal 2000 and 1999, in exchange for a fee, Paaco sold approximately $1,212,000 and $2,558,000, respectively, of 90-day service contracts to its customers on behalf of Medallia de Oro LLC ("Medallia"), a company owned by the then minority shareholders of Paaco. In addition, Paaco sends the majority of its vehicle trade-ins to an auction company that is partially owned by its former minority shareholders.

During fiscal 1999 certain family members of a former minority shareholder of Paaco loaned money to Paaco at interest rates ranging from 15% to 18%. At April

30, 1999 all of such loans had been repaid.

R - FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below summarizes information about the fair value of financial instruments included in the Company's financial statements at April 30, 2001 and 2000:

	April 30, 2001		April 30, 2000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 2,193,342	$ 2,193,342	$ 9,843,310	$ 9,843,310
Mortgage loans held for sale	16,200,439	16,848,457	14,202,420	14,770,517
Finance receivables, net	211,605,630	190,445,067	183,331,361	174,164,793
Revolving credit facilities	190,062,226	190,062,226	172,709,224	172,709,224
Other notes payable	19,325,376	19,325,376	18,342,379	18,342,379

Because no market exists for certain of the Company's financial instruments, fair value estimates are based on judgments and estimates regarding yield expectations of investors, credit risk, normal costs of administration of mortgage loans and finance receivables and other risk characteristics, including interest rate and prepayment risk. These estimates are subjective in nature and involve uncertainties and matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The methodology and assumptions utilized to estimate the fair value of the Company's financial instruments are as follows:

Financial Instrument	Valuation Methodology
Cash and cash equivalents	The carrying amount is considered to be a reasonable estimate of fair value.
Mortgage loans held for sale	The fair value was estimated based on recent sales.
Finance receivables, net	The fair value was estimated based on management's knowledge of sales of other finance receivables portfolios within the sub-prime auto industry.
Revolving credit facilities	The fair value approximates carrying value due to the variable interest

rates charged on the borrowings.

Other notes payable	The fair value approximates carrying value as the interest rates charged on such debt approximates market.

</Table>

S - COMMITMENTS AND CONTINGENCIES

Mortgage Loan Sales

In connection with the Company's sale of mortgage loans in the ordinary course of business, in certain circumstances such loan sales involve limited recourse to the Company for up to the first twelve months following the sale. Generally, the events which could give rise to these recourse provisions involve the prepayment or foreclosure of a loan, and violations of customary representations and warranties. If the recourse provisions are triggered the Company may be required to refund all or part of the premium received on the sale of such loan, and in some cases the Company may be required to repurchase the loan. The Company estimates the potential exposure related to such recourse provisions and accrues amounts against such potential losses where required.

Severance Agreements

The Company has entered into severance agreements with its three executive officers which provide for payments to the executives in the event of their termination after a change in control, as defined, of the Company. The agreements provide, among other things, for a compensation payment equal to 2.99 times the annual compensation paid to the executive, as well as accelerated vesting of any unvested options under the Company's stock option plans, in the event of such executive's termination in connection with a change in control.

Car-Mart Stock Options

In connection with the Company's acquisition of Car-Mart in January 1999, Car-Mart issued options to certain employees to purchase an aggregate 10% interest in Car-Mart. Such options become exercisable over a period of approximately five years and are subject to meeting certain annual earnings targets. The earnings targets are established each year by Car-Mart's Board of Directors. Pursuant to such option plan, as of April 30, 2001 Car-Mart employees had purchased, or had the right to purchase, an aggregate 5% interest in Car-Mart at a nominal cost. Options to purchase the remaining 5% interest become exercisable upon meeting the earnings targets for the fiscal years ended April 30, 2002 and 2003. In connection with such stock options becoming exercisable, the Company recorded compensation expense of $673,680, $421,095 and $47,952 for the fiscal years ended April 30, 2001, 2000 and 1999, respectively.

Smart Choice Class Action Lawsuit

In March 1999, prior to Crown's ownership interest in Smart Choice, certain shareholders of Smart Choice filed two putative class action lawsuits against Smart Choice and certain of Smart Choice's officers and directors in the United States District Court for the Middle District of Florida (collectively, the "Securities Actions"). The Securities Actions purport to be brought by plaintiffs in their individual capacity and on behalf of the class of persons who purchased or otherwise acquired Smart Choice publicly traded securities between April 15, 1998 and February 26, 1999. These lawsuits were filed following Smart Choice's announcement on February 26, 1999 that a preliminary determination had been reached that the net income it had announced on February 10, 1999 for the fiscal year ended December 31, 1998 was likely overstated in a material, undetermined amount. Each of the complaints assert claims for violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 of the Securities and Exchange Commission as well as a claim for the violation of Section 20(a) of the Exchange Act. The plaintiffs allege that the defendants prepared and issued deceptive and materially false and misleading statements to the public, which caused the plaintiffs to purchase Smart Choice securities at artificially inflated prices. In April 2001 Smart Choice and the plaintiffs' representatives executed an agreement whereby Smart Choice will pay $2.5 million in full settlement of the above described actions. All of the $2.5 million settlement amount has been funded by Smart Choice's insurance carrier. The agreement is subject to final approval of the court.

Other Litigation

In the ordinary course of business, the Company has become a defendant in various other types of legal proceedings. Although the Company cannot determine at this time the amount of the ultimate exposure from these ordinary course of business lawsuits, if any, management, based on the advice of counsel, does not expect the final outcome of any of these actions, individually or in the aggregate, to have a material adverse effect on the Company's financial position, results of operations or cash flows.

T - SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures for the fiscal years ended April 30, 2001, 2000 and 1999 are as follows:

<Table>
<Caption>

	Years Ended April 30,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Interest paid	$ 22,389,880	$ 12,635,936	$ 6,637,102
Income taxes paid, net	9,740,571	8,058,829	5,632,986
Inventory acquired in repossession	28,690,101	21,029,205	12,570,596
Notes issued in the purchase of property and equipment	1,475,915	2,170,610	
Value of securities received in sale of 50% of Precision	833,833		
Note received in sale of Crown El Salvador	554,213		
Paaco purchase agreement amendment (Note L)		4,452,597	
Issuance of notes in Car-Mart acquisition			7,500,000
Value of stock issued in acquisitions			4,423,973

</Table>

In connection with the Company's purchase of Smart Choice in fiscal 2000 and Car-Mart in fiscal 1999, assumed liabilities were as follows:

<Table>
<Caption>

	Smart Choice	Car-Mart
<S>	<C>	<C>
Fair value of assets acquired	$ 103,166,990	$ 44,592,839
Cash paid for capital stock and costs	(5,338,838)	(34,514,029)
Notes issued for capital stock		(7,500,000)
Minority interests	(2,987,000)	

Liabilities assumed	$ 94,841,152	$ 2,578,810

</Table>

U - BUSINESS SEGMENTS

Operating results and other financial data are presented for the principal business segments of the Company for the years ended April 30, 2001, 2000 and 1999. These segments are categorized principally by legal entity, which is how management organizes the segments for making operating decisions and assessing performance. The segments include (i) Car-Mart, (ii) Paaco, (iii) Smart Choice, and (iv) other. Each of Car-Mart, Paaco and Smart Choice sell and finance used vehicles. Other includes corporate operations, Concorde (mortgage loans), Precision (container rental and sales), and for certain periods Crown El Salvador (gaming), Home Stay (lodging) and the Company's equity investments in Precision (for periods after October 31, 2000), Casino Magic Neuquen and Atlantic Castings. The Company's business segment data for the years ended April 30, 2001, 2000 and 1999 is as follows (in thousands):

<Table>
<Caption>

	Year Ended April 30, 2001					
	Car-Mart	Paaco	S. Choice	Other	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:						
Sales and other	$ 97,848	$ 106,654	$ 77,206	$ 12,878		$ 294,586
Interest income	7,858	16,331	21,717	3,437	$ (1,167)	48,176
Total	105,706	122,985	98,923	16,315	(1,167)	342,762
Costs and expenses:						
Cost of sales	53,412	68,700	45,940	1,180		169,232
Selling, gen. and admin.	14,950	24,887	20,119	14,204		74,160
Prov. for credit losses	17,215	14,342	29,153	508		61,218
Interest expense	3,613	7,246	10,253	2,631	(1,167)	22,576
Depreciation and amort.	141	717	1,049	2,159		4,066
El Salvador write-down				800		800
Total	89,331	115,892	106,514	21,482	(1,167)	

						332,052
Security gains and other				143		143
Income (loss) before taxes and minority interests	$ 16,375	$ 7,093	$ (7,591)	$ (5,024)	$ --	$ 10,853
Capital expenditures	$ 636	$ 2,219	$ 975	$ 1,531	$ --	$ 5,361
Total assets	$ 72,890	$ 91,562	$ 100,059	$ 90,897	$ (52,888)	$ 302,520

</Table>

<Table>
<Caption>

<S>	Year Ended April 30, 2000 Car-Mart <C>	Paaco <C>	S. Choice <C>	Other <C>	Eliminations <C>	Consolidated <C>
Revenues:						
Sales and other	$ 82,916	$ 82,674	$ 26,657	$ 15,113		$ 207,360
Interest income	6,466	12,034	9,199	4,610	$ (2,028)	30,281
Total	89,382	94,708	35,856	19,723	(2,028)	237,641
Costs and expenses:						
Cost of sales	45,383	52,259	15,335	2,827		115,804
Selling, gen. and admin.	12,960	18,962	7,255	15,204		54,381
Prov. for credit losses	14,104	13,113	8,257	282		35,756
Interest expense	3,239	5,725	3,743	3,201	(2,028)	13,880
Depreciation and amort.	134	331	435	2,668		3,568
Total	75,820	90,390	35,025	24,182	(2,028)	223,389

Security gains and other				11,368		11,368
Income before taxes and minority interests	$ 13,562	$ 4,318	$ 831	$ 6,909	$ --	$ 25,620
Capital expenditures	$ 169	$ 1,652	$ 983	$ 7,148	$ --	$ 9,952
Total assets	$ 58,976	$ 87,648	$ 99,191	$ 112,476	$ (67,384)	$ 290,907

</Table>

<Table>
<Caption>

	Year Ended April 30, 1999					
	Car-Mart	Paaco	S. Choice	Other	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:						
Sales and other	$ 25,273	$ 61,848	$ --	$ 10,844		$ 97,965
Interest income	1,758	8,880		3,502	$ (819)	13,321
Total	27,031	70,728	--	14,346	(819)	111,286
Costs and expenses:						
Cost of sales	13,407	41,858		1,865		57,130
Selling, gen. and admin.	3,494	15,860		11,430		30,784
Prov. for credit losses	5,325	9,926		247		15,498
Interest expense	892	4,879		1,814	(819)	6,766
Depreciation and amort.	41	392		1,966		2,399

Total	23,159	72,915	--	17,322	(819)	112,577
Security gains and other				27,249		27,249
Income (loss) before taxes and minority interests	$ 3,872	$ (2,187)	$ --	$ 24,273	$ --	$ 25,958
Capital expenditures	$ --	$ 897	$ --	$ 15,416	$ --	$ 16,313
Total assets	$ 47,229	$ 59,556	$ --	$ 103,993	$ (42,643)	$ 168,135

</Table>

V - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

A summary of the Company's quarterly results of operations for the years ended April 30, 2001 and 2000 is as follows (in thousands):

<Table>
<Caption>

	Year Ended April 30, 2001				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues	$ 82,451	$ 89,564	$ 80,115	$ 90,632	$ 342,762
Net income	2,767	1,550	996	650	5,963
Basic EPS	.34	.20	.13	.09	.77
Diluted EPS	.32	.19	.13	.09	.74

</Table>

<Table>
<Caption>

	Year Ended April 30, 2000				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total

<C>

Revenues (a)	$ 48,556	$ 45,530	$ 58,721	$ 84,834	$ 237,641
Net income (b)	2,578	7,606	1,480	3,172	14,836
Basic EPS (b)	.26	.79	.17	.38	1.61
Diluted EPS (b)	.25	.76	.16	.36	1.54

</Table>

a - During the third quarter in the year ended April 30, 2000, the Company acquired Smart Choice which caused revenues to increase in the third and fourth quarter of such year.

b - During the second quarter in the year ended April 30, 2000, the Company sold its 49% interest in Casino Magic Neuquen resulting in a significant gain during such period (see Note C).

<PAGE> 41

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On October 20, 1999, the Company's Audit Committee unanimously approved the dismissal of PricewaterhouseCoopers LLP ("PwC") as the Company's independent accountants, and engaged Grant Thornton LLP as the Company's new independent accountants. The Company's Audit Committee cited cost considerations as a principal reason for the change.

PwC's report on the financial statements of the Company for fiscal 1999 and 1998 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles.

During the two most recent fiscal years and the subsequent interim period preceding the dismissal of PwC, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in connection with its report.

No event listed in Paragraphs (A) through (D) of Item 304 a(1)(v) of Regulation S-K occurred within the Company's two most recent fiscal years and the subsequent interim period preceding the dismissal of PwC except as follows:

> During the course of its fiscal 1999 year end closing process, the Company discovered certain accounting errors and irregularities at its Paaco Automotive Group, Inc. and Premium Auto Acceptance Corporation subsidiaries (collectively "Paaco"). As a result of such discovery PwC (i) expanded their fiscal 1999 audit procedures at Paaco and (ii) advised the Company that a material weakness existed in Paaco's financial reporting and accounting processes. The Company has restructured Paaco's management organization and has taken certain steps to ensure the integrity of Paaco's accounting and reporting procedures. Daniel Chu, former President of Paaco, resigned in July 1999.
>
> The Audit Committee of the Board of Directors of the Company met with PwC and discussed the subject matter of the audit procedures and advice of PwC with respect to Paaco, and the Company authorized PwC to respond fully to the inquiries of the Company's successor accountant concerning the subject matter of PwC's audit procedures and advice regarding Paaco.

During the two most recent fiscal years and subsequent interim period preceding the engagement of Grant Thornton LLP, the Company did not consult with Grant Thornton LLP on (i) the application of accounting principles to a specified transaction, (ii) the type of audit opinion that might be rendered on the Company's financial statements, or (iii) any matter that was either the subject of a disagreement or a reportable event.

PwC provided the Company with a letter indicating its agreement with the foregoing statements.

PART III

Except as to information with respect to executive officers which is contained in a separate heading under Item 1 to this Form 10-K, the information required by Part III of Form 10-K is, pursuant to General Instruction G(3) of Form 10-K, incorporated by reference from the Company's definitive proxy statement to be filed pursuant to Regulation 14A for the Company's Annual Meeting of Stockholders to be held in 2001. The Company will, within 120 days of the end of its fiscal year, file with the Securities and Exchange Commission a definitive proxy statement pursuant to Regulation 14A.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning directors and executive officers of the registrant is set forth in the Proxy Statement to be delivered to stockholders in connection with the Company's Annual Meeting of Stockholders to be held in 2001 (the "Proxy Statement") under the headings "Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934," which information is incorporated herein by reference. The name, age and position of each executive officer of the Company is set forth under the heading "Executive Officers" in Item 1 of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning executive compensation is set forth in the 2001 Proxy Statement under the heading "Executive Compensation," which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information concerning security ownership of certain beneficial owners and management is set forth in the 2001 Proxy Statement under the heading "Security Ownership of Certain Beneficial Owners and Management," which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information concerning certain relationships and related transactions is set forth in the 2001 Proxy Statement under the heading "Certain Transactions," which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1). FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

The following financial statements and accountants' reports are included in Item 8 of this report:

Reports of Independent Accountants

Consolidated Balance Sheets as of April 30, 2001 and 2000

Consolidated Statements of Operations for the fiscal years ended April 30, 2001, 2000 and 1999

Consolidated Statements of Comprehensive Income for the fiscal years ended April 30, 2001, 2000, and 1999

Consolidated Statements of Cash Flows for the fiscal years ended April 30, 2001, 2000 and 1999

Consolidated Statements of Stockholders' Equity for the fiscal years ended April 30, 2001, 2000 and 1999

Notes to Consolidated Financial Statements

(a)(2). FINANCIAL STATEMENT SCHEDULES

Schedule I - Condensed Financial Information of Crown Group, Inc. (Parent Company Only)

The other financial statement schedules are omitted since the required information is not present, or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements and notes thereto.

(a)(3). EXHIBITS

<Table>
<Caption>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<S>	<C>
2.1	Stock Purchase Agreement dated as of December 1, 1998 by and among Bill Fleeman Revocable Trust, Fleeman Charitable Remainder Annuity Trust and certain other trusts and individuals, and Crown Group, Inc.(13)
2.2	Stock Purchase Agreement dated as of December 1, 1999 by and between Smart Choice Automotive Group, Inc. and Crown Group, Inc.(15)
3.1	Articles of Incorporation of the Company (formerly SKAI, Inc.).(3)
3.1.1	Articles of Merger of the Company and SKAI, Inc. filed with the Secretary of State of the State of Alabama on September 29, 1989.(3)
3.1.2	Articles of Merger of the Company and SKAI, Inc. filed with the Secretary of State of the

State of
Texas on October 10, 1989.(3)

3.1.3 Articles of Amendment filed with the Secretary of State of the State of Texas on October 7, 1993.(8)

3.1.4 Articles of Amendment filed with the Secretary of State of the State of Texas on October 5, 1994.(8)

3.1.5 Articles of Amendment filed with the Secretary of State of the State of Texas on October 2, 1997.(12)

3.2 By-Laws dated August 24, 1989.(4)

4.1 Specimen stock certificate.(9)

4.2 Loan and Security Agreement by and among Paaco Automotive Group, Inc. and Premium Auto Acceptance Corporation (collectively, "Paaco") and Finova Capital Corporation ("Finova") including the Eighth Amended and Restated Schedule to Loan and Security Agreement and the Eighth Amended and Restated Promissory Note.(12)

4.2.1 First Amended and Restated Loan and Security Agreement by and among Finova and Paaco including the Schedule to First Amended and Restated Loan and Security Agreement and the Twelfth Amended and Restated Promissory Note.(14)
</Table>

<PAGE> 44

<Table>

<S> <C>
4.2.2 First Amended and Restated Schedule to First Amended and Restated Loan and Security Agreement dated November 18, 1999 by and between Finova and Paaco.(15)

4.3 Loan and Security Agreement dated January 15, 1999 by and among BankAmerica Business Credit, Inc. and America's Car-Mart, Inc.(13)

4.4 Second Amended and Restated Loan and Security Agreement dated November 9, 1998 by and between Florida Finance Group, Inc., Liberty Finance Company, Smart Choice Receivables Holding Company and First Choice Auto Finance, Inc. (collectively, the "Smart Choice Subsidiaries") and Finova.(15)

4.4.1 First Amended and Restated Schedule to Second Amended and Restated Loan and Security Agreement dated November 18, 1999 by and between the Smart Choice Subsidiaries and Finova.(15)

10.1 1986 Incentive Stock Option Plan.(2)

10.1.1 Amendment to 1986 Incentive Stock Option Plan adopted September 27, 1990.(5)

10.2 1991 Non-Qualified Stock Option Plan.(6)

10.3 1997 Stock Option Plan.(11)

10.4 Form of Indemnification Agreement between the Company and Edward R. McMurphy, Mark D. Slusser, T.J. Falgout, III, David J. Douglas, J. David Simmons, Gerald L. Adams, Robert J. Kehl, Gerard M. Jacobs and Michael B. Cloud.(7)

10.5 Form of Severance Agreement dated July 2, 1996 between the Company and Edward R. McMurphy, T.J. Falgout, III and Mark D. Slusser.(10)

21.1 Subsidiaries of Crown Group, Inc.(1)

23.1 Consent of Independent Certified Public Accountants (Grant Thornton LLP).(1)

23.1.1 Consent of Independent Accountants (PricewaterhouseCoopers LLP).(1)

23.2 Report of Independent Accountants on Financial Statement Schedule (Grant Thornton LLP).(1)

23.2.1 Report of Independent Accountants on Financial Statement Schedule (PricewaterhouseCoopers LLP).(1)

24.1 Power of Attorney of Edward R. McMurphy.(1)

24.2 Power of Attorney of Tilman J. Falgout, III.(1)

24.3 Power of Attorney of David J. Douglas.(1)

24.4 Power of Attorney of J. David Simmons.(1)

24.5 Power of Attorney of Gerald L. Adams.(1)

24.6 Power of Attorney of Gerard M. Jacobs. (1)

24.7 Power of Attorney of Robert J. Kehl.(1)
</Table>

----

(1) Filed herewith.

(2) Previously filed as an Exhibit to the Company's Registration Statement on Form 10, as amended, (No. 0-14939) and incorporated herein by reference.

(3) Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 1989 and incorporated herein by reference.

(4) Previously filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended April 30, 1990 and incorporated herein by reference.

(5) Previously filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended April 30, 1991 and incorporated herein by reference.

(6) Previously filed as an Exhibit to the Company's Annual Report on Form

10-K for the year ended April 30, 1992 and incorporated herein by reference.

(7) Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 1993 and incorporated herein by reference.

(8) Previously filed as an Exhibit to the Company's Registration Statement on Form S-1, as amended, initially filed with the Securities and Exchange Commission on May 31, 1994 (No. 33-79484) and incorporated herein by reference.

(9) Previously filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended April 30, 1994 and incorporated herein by reference.

(10) Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 1997 and incorporated herein by reference.

(11) Previously filed as an Exhibit to the Company's Registration Statement on Form S-8, as amended, initially filed with the Securities and Exchange Commission on October 20, 1997 (No. 333-38475) and incorporated herein by reference.

(12) Previously filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended April 30, 1998 and incorporated herein by reference.

(13) Previously filed as an Exhibit to the Company's Current Report on Form 8-K dated January 15, 1999 and incorporated herein by reference.

(14) Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 1999 and incorporated herein by reference.

(15) Previously filed as an Exhibit to the Company's Current Report on Form 8-K dated December 1, 1999 and incorporated herein by reference.

(b) REPORTS ON FORM 8-K

During the fiscal quarter ended April 30, 2001 the Company did not file any reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CROWN GROUP, INC.

Dated: August 7, 2001 By: /s/ Edward R. McMurphy

Edward R. McMurphy
President and Chief Executive Officer
(principal executive officer)

Dated: August 7, 2001 By: /s/ Mark D. Slusser

Mark D. Slusser
Vice President Finance and Chief
Financial Officer (principal financial
and accounting officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

<Table>
<Caption>

Signature	Title	Date
<S>	<C>	<C>
* Edward R. McMurphy	Chairman of the Board, President and Chief Executive Officer	August 7, 2001
* Tilman J. Falgout, III	Executive Vice President, General Counsel and Director	August 7, 2001
* David J. Douglas	Director	August 7, 2001
* John David Simmons	Director	August 7, 2001
* Gerald L. Adams	Director	August 7, 2001
* Gerard M. Jacobs	Director	August 7, 2001
* Robert J. Kehl	Director	August 7, 2001

* By/s/ Mark D. Slusser

Mark D. Slusser
As Attorney-in-Fact
Pursuant to Powers of
Attorney filed herewith
</Table>

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF CROWN GROUP, INC. (PARENT COMPANY ONLY)

CONDENSED BALANCE SHEETS

<Table>
<Caption>

	April 30, 2001	April 30, 2000
<S>	<C>	<C>
Assets:		
Cash and cash equivalents	$ 252,773	$ 5,803,702
Investments	6,670,265	2,503,146
Receivables from subsidiaries	10,611,644	19,556,771
Investment in subsidiaries	40,555,756	36,709,601
Goodwill, net	6,767,585	7,283,551
Other	6,973,699	5,195,313
	$71,831,722	$77,052,084
Liabilities and stockholders' equity:		
Accounts payable and accrued liabilities	$ 838,750	$ 1,761,012
Income taxes payable	230,204	6,463,863
Debt	11,830,515	9,816,000
Deferred tax liability	143,994	
Total liabilities	12,899,469	18,184,869
Stockholders' equity	58,932,253	58,867,215
	$71,831,722	$77,052,084

</Table>

CONDENSED STATEMENTS OF OPERATIONS

<Table>
<Caption>

	Years Ended April 30, 2001	2000	1999

<S> <C> <C> <C>

Revenues:			
Interest income	$ 392,436	$ 638,687	$ 1,038,645
Interest income from subsidiaries	1,166,973	2,028,413	818,831
Interest, fees and rentals from CMN			694,146
Other	67,729		239,346
	1,627,138	2,667,100	2,790,968
Costs and expenses:			
Selling, general and administrative	3,783,915	4,677,799	4,916,797
Interest expense	877,245	788,375	211,210
Depreciation and amortization	861,704	833,405	1,079,564
	5,522,864	6,299,579	6,207,571
Other income:			
Equity in earnings of unconsolidated subsidiaries	137,929	506,775	1,259,734
Equity in earnings of consolidated subsidiaries	7,838,572	9,600,315	1,696,385
Gain on sale of securities, net	4,726	10,861,100	25,989,130
	7,981,227	20,968,190	28,945,249
Income before income taxes	4,085,501	17,335,711	25,528,646
Provision (benefit) for income taxes	(1,877,327)	2,499,292	8,020,236
Net income	$ 5,962,828	$ 14,836,419	$ 17,508,410

</Table>

The accompanying notes are an integral part of this condensed financial information.

SCHEDULE I (CONTINUED)
CROWN GROUP, INC. (PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF CASH FLOWS

<Table>
<Caption>

	Years Ended April 30,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Operating activities:			
Net income	$ 5,962,828	$ 14,836,419	

			$ 17,508,410
Adjustments to reconcile net income to net cash used by operating activities:			
Depreciation and amortization	861,704	833,405	1,079,564
Accretion of purchase discount	(103,370)	(376,074)	(825,198)
Deferred income taxes	530,526	(682,656)	778,307
(Gain) loss on sale of assets	2,503	11,188	(136,196)
Gain on sale of securities	(4,726)	(10,861,100)	(25,989,130)
Equity in earnings of unconsolidated subsidiaries	(137,929)	(506,775)	(1,259,734)
Equity in earnings of consolidated subsidiaries	(7,838,572)	(9,600,315)	(1,696,385)
Changes in assets and liabilities, net of transactions:			
Other	737,932	(1,190,001)	756,298
Accounts payable and accrued liabilities	(1,301,079)	454,842	398,515
Income taxes payable	(6,233,659)	3,162,180	3,238,210
Net cash used by operating activities	(7,523,842)	(3,918,887)	(6,147,339)
Investing activities:			
Purchase of property and equipment	(51,660)	(291,426)	(3,475,908)
Sale of property and equipment			1,043,711
Purchase of investments and securities	(970,615)	(1,808,805)	(6,643,496)
Sale of securities		16,762,325	34,449,806
Advances to subsidiaries	(242,918)	(18,306,514)	(2,213,221)
Repayments from subsidiaries	6,042,596	11,582,682	5,350,000
Sale of 50% of Precision	2,229,467		
Sale of Crown El Salvador	30,000		
Dividends and note collections from CMN		306,487	2,389,152
Investment in unconsolidated entities			(1,000,341)
Formation of Crown El Salvador			(1,207,000)
Formation of Home Stay			(640,000)
Purchase of Car-Mart			(10,005,863)
Purchase of Paaco			(3,431,250)
Purchase of Precision and M&S			(2,000)
Purchase of Smart Choice		(5,338,838)	
Net cash provided by investing activities	7,036,870	2,905,911	14,613,590

Financing activities:			
Issuance of stock	60,937		
Issuance of debt			1,158,000
Purchase of common stock	(5,124,894)	(5,844,111)	(1,994,323)
Net cash used by financing activities	(5,063,957)	(5,844,111)	(836,323)
Increase (decrease) in cash and cash equivalents	(5,550,929)	(6,857,087)	7,629,928
Cash and cash equivalents at: Beginning of year	5,803,702	12,660,789	5,030,861
End of year	$ 252,773	$ 5,803,702	$ 12,660,789

</TABLE>

The accompanying notes are an integral part of this condensed financial information.

<PAGE> 49

SCHEDULE I (CONTINUED)
CROWN GROUP, INC. (PARENT COMPANY ONLY)
NOTES TO CONDENSED FINANCIAL STATEMENTS

A - GUARANTEES

Crown Group, Inc. ("Crown") has made the following guarantees with respect to its subsidiaries:

<Table>
<Caption>

Debtor	Facility Amount	Amount Drawn at April 30, 2001	Maximum Guarantee
Paaco/Smart Choice	$ 160,000,000	$ 147,441,945	$ 5,000,000
Car-Mart	35,000,000	29,767,688	10,000,000
Concorde	25,000,000	12,852,593	5,000,000

</Table>

B - ELIMINATION OF BALANCES AND TRANSACTIONS WITH SUBSIDIARIES

As of April 30, 2001 and 2000 the following balances were eliminated in the consolidated financial statements of Crown.

<Table>
<Caption>

	April 30, 2001	April 30, 2000
<S>	<C>	<C>
Receivables from subsidiaries	$ 10,611,644	$ 19,556,771
Investments in subsidiaries	40,555,756	36,709,601

</Table>

For the years ended April 30, 2001, 2000 and 1999 interest income in the amounts of $1,166,973, $2,028,413 and $818,831, respectively, was eliminated in the consolidated financial statements of Crown.

C - DEBT

A summary of debt as of April 30, 2001 and 2000 is as follows:

<Table>
<Caption>

Lender	Interest Rate	Maturity	Primary Collateral	Balance at April 30, 2001	2000
<S>	<C>	<C>	<C>	<C>	<C>
Car-Mart sellers	8.50%	Jan 2004	Unsecured	$ 7,500,000	$ 7,500,000
Bank of America	8.00%	Sep 2001	Equipment	2,316,000	2,316,000
Regions Bank	Prime + .5%	May 2001	Land	2,000,000	
IOS	17.27%	Apr 2006	Equipment	14,515	
				$ 11,830,515	$ 9,816,000

</Table>

A summary of future minimum principal payments required under the aforementioned debt as of April 30, 2001 is as follows:

<Table>
<Caption>

Years Ending April 30,	Amount
<S>	<C>
2002	$ 4,318,159
2003	2,563
2004	7,503,042
2005	3,611
2006	3,140
	$ 11,830,515

</Table>

D - RECLASSIFICATIONS

Certain prior year amounts in the accompanying financial statements have been reclassified to conform to the fiscal 2001 presentation.

<PAGE> 50

EXHIBIT INDEX

<Table>
<Caption>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<S>	<C>
21.1	Subsidiaries of Crown Group, Inc.
23.1	Consent of Independent Certified Public Accountants (Grant Thornton LLP).
23.1.1	Consent of Independent Accountants (PricewaterhouseCoopers LLP).
23.2	Report of Independent Accountants on Financial Statement Schedule (Grant Thornton LLP).
23.2.1	Report of Independent Accountants on Financial Statement Schedule (PricewaterhouseCoopers LLP).
24.1	Power of Attorney of Edward R. McMurphy.
24.2	Power of Attorney of Tilman J. Falgout, III.
24.3	Power of Attorney of David J. Douglas.
24.4	Power of Attorney of J. David Simmons.
24.5	Power of Attorney of Gerald L. Adams.
24.6	Power of Attorney of Gerard M. Jacobs.
24.7	Power of Attorney of Robert J. Kehl.

</Table>

</TEXT>
</DOCUMENT>

Exhibit 3

A Tricolor dealership lots in Mesa, Ariz. In early September, the company closed its 65 lots across six states and filed for liquidation under Chapter 7 of the U.S. bankruptcy code. (ASH PONDERS/BLOOMBERG)

EXCLUSIVE

U.S. Banks Missed Warning Signs on Tricolor. Now, Their Losses Are Adding Up.

Tricolor became a major used-car auto dealer before its sudden liquidation last month. Big U.S. banks appear to have overlooked warning signs surrounding its quick growth.

By Jacob Adelman Follow

Oct 06, 2025, 11:10 am EDT

In June, Daniel Chu seemed securely in the driver's seat. The Dallas-based auto business he had co-founded 18 years earlier was growing steadily and had just cleared a new financial milestone.

Chu's Tricolor Auto Group had recently opened a 258,000-square-foot maintenance center outside Phoenix to repair and recondition the used vehicles it sold to its core market of Spanish-speaking immigrants. The facility—its second, after one in Texas—was to anchor a western-state expansion.

Rating firms had just graded Tricolor's latest round of securities backed by its auto loans, pushing the total volume of its rated bonds past $2 billion. S&P Global Ratings gave the biggest slice of the security an AA rating, its second-highest ranking.

Previous baskets of Tricolor auto loans were bought by Wall Street giants JPMorgan Chase, Pimco, and AllianceBernstein. Among Tricolor's backers was BlackRock, the world's largest asset manager, which had cast the chain's focus on the Hispanic community as consistent with its social-investing goals. JPMorgan and Barclays had provided the company with a line of credit.

"We have conviction that our differentiated approach enables us to deliver consistent, predictable and positive outcomes," Chu said in a June 11 statement announcing the Barclays-led securitization.

Less than three months later, his auto empire lay in shambles. On Sept. 5, Tricolor abruptly closed its 65 lots across six states before filing for liquidation under Chapter 7 of the U.S. bankruptcy code. S&P put its auto-loan-backed securities on watch for downgrades before suspending its ratings entirely, and some of the company's lenders have flagged their exposure in regulatory filings.

As Tricolor benefited from Wall Street's largess, U.S. banks and ratings firms appear to have missed or overlooked warning signs. So too may have the U.S. government, which awarded Tricolor a special U.S. Treasury certification in 2019.

In 2022, *Barron's* found Tricolor was selling cars well above market averages while touting its designation from the U.S. Treasury as a Community Development Financial Institution—a government seal of approval for social lenders.

Tricolor was also repeatedly cited by state motor-vehicle and financial regulators, *Barron's* found, for lapses that included delayed title transfers, improper use of temporary license plates, and selling cars for which the company didn't hold title.

Fifth Third Bank recently disclosed it faced up to $200 million in losses tied to what it said was alleged fraudulent activity at a commercial borrower, which a person familiar with the matter identified as Tricolor. Fifth Third hasn't disclosed any details of the alleged fraud.

"When you have a fraud, it's ultimately a client selection issue," Fifth Third CEO Timothy Spence said at a Sept. 10 banking conference. "We're not in the business of doing business with people who commit fraud."

One of Tricolor's co-founders, Texas businessman Ken Weaver, had served prison time for selling stolen cars, then failed to disclose that history when seeking to run a Texas utility that racked up customer complaints under his watch, according to local news reports.

In a 2022 interview, Chu told *Barron's* he forced Weaver out after learning of his past. *Barron's* was unable to locate Weaver for comment.

Chu's own record includes allegations of financial mismanagement and self dealing.

Before co-founding Tricolor, Chu resigned from his role as president at another used-car company after accounting irregularities surfaced, according to a regulatory filing with the Securities and Exchange Commission. Chu said he wasn't involved with the firm's accounting.

Chu was also sued by partners in a tech business for allegedly giving away their stake in the venture to settle a personal debt, a transaction for which Chu later disclaimed responsibility.

JP Morgan, Barclays, Fifth Third, BlackRock, Pimco, AllianceBernstein, S&P, and the Treasury's Community Development Financial Institution Fund either declined to comment about Tricolor's history and Chu's background or didn't respond to requests.

Chu didn't respond to requests for comment and has made no public remarks in the weeks since Tricolor's apparent collapse, but *Barron's* spoke to him over multiple conversations lasting several hours for its 2022 report.

At the time, Chu said Tricolor sold cars at lower margins than competing dealership chains, spending generously on presale repairs and reconditioning. Citations from state motor-vehicle and financial regulators were largely due to missteps by outside vendors Tricolor works with, he said. Chu said he believed himself to have been exonerated in the claim by the tech-company investors and had committed no wrongdoing.

"My life as an entrepreneur hasn't been this easy path," he said. "There have been a lot of unscripted, unconventional turns."

Chu, 61, grew up in Dallas, where he attended the St. Mark's School of Texas, an elite boys' prep academy. He earned a degree in electrical engineering from Washington University in St. Louis, then studied athletic administration at the University of Miami before becoming head basketball coach at the University of the South in Sewanee, Tenn.

Chu told *Barron's* that his coaching career ended when he joined a family friend to launch Paaco, a Dallas used-car chain that, like Tricolor, catered to Hispanic buyers.

The Associated Press reported at the time that he had been fired from the coaching job for violations involving payouts to student athletes, which led to the University of the South athletics program being placed on probation. Chu didn't respond to questions about this account.

His time at Paaco, where he was president, likewise ended amid controversy. A year after the chain's 1998 sale to the Crown Group, a publicly traded holding company whose businesses are now part of America's Car-Mart, Crown disclosed "accounting errors and irregularities" at Paaco. Crown said it "has taken certain steps to ensure the integrity of Paaco's accounting and reporting procedures" and announced Chu's retirement.

Chu told *Barron's* that he had no role in the firm's accounting during the period in question and viewed the episode as an opportunity to step away. "Frankly," he said, "I was ready to get out of the business at that point anyway."

After Paaco, Chu drew partners into a tech venture that eventually sold for $161 million. Those partners later sued Chu, according to a 2012 court filing, alleging that he diverted their stake to settle a personal debt. In courtroom testimony reviewed by *Barron's*, he appeared to acknowledge having made the transfer.

A lawyer for the investor group told *Barron's* that Chu was dropped as a defendant in exchange for that testimony. Chu said he was cleared because the transfer was directed by others.

By the mid-2000s, Chu was back in the used-car business as co-president of Ole Auto Group, another Texas chain that catered to Hispanic buyers.

His tenure at Ole coincided with a financial scandal involving Philadelphia mob associates who conspired to seize control of the auto seller's parent, FirstPlus Financial, and siphon off its assets, according to reporting by The Wall Street Journal and other outlets. The conspirators later received decadeslong prison sentences for racketeering and fraud.

Chu was dismissed from Ole soon after the mob takeover. He sued FirstPlus's new leadership in an effort to regain his job but abandoned the case after Weaver, the Texas businessman, invited him to start a new business aimed at the same low-income, Spanish-speaking market, he said. Weaver founded the company in August 2007, with Chu becoming CEO soon after.

Chu said he had been unaware of Weaver's criminal background, which was exposed by the Dallas Morning News in 2009. Weaver had served prison sentences for crimes including stealing and reselling cars, the paper reported. Weaver omitted that information in his subsequent state application to operate an electric-utility provider for low-income Texans called Freedom Power, which was later cited for consumer protection violations.

Chu said in 2022 that he immediately pushed Weaver out of Tricolor, by recruiting an outside investor to buy out his stake.

In late 2020 and early 2021, Tricolor added several high-profile names to its board: Antonio Garza, former U.S. ambassador to Mexico under George W. Bush; Kathryn Petralia, co-founder of financial-technology firm Kabbage, now part of American Express; and Beth Brooke, a former Ernst & Young executive and Treasury official in the Clinton administration who also sits on the board of the New York Times.

Garza, Peralta, and Brooke didn't respond to messages seeking comment.

Chu, meanwhile, in 2022 joined the board of Louisiana's Origin Bank, which has made $30 million in loan commitments to the auto chain, records show.

The bank also extended at least $17.4 million in mortgage loans to Chu for properties in Dallas County's Highland Park, the Hollywood Hills, and the Four Seasons Residences at the Surf Club in Surfside, near Miami, according to property records.

Chu resigned from Origin's board on the day Tricolor filed for bankruptcy.

An Origin spokesperson said the bank "fully complies with all laws and regulations regarding lending."

Chu told *Barron's* in 2022 that he launched Tricolor after seeing the challenges Hispanic immigrants faced in buying cars. Tricolor was also pursuing a social mission, he said, helping low-income customers get to work and build credit histories.

He cast the company as a do-good version of the controversial used-car sales format known as "buy here, pay here." Such businesses offer in-house financing to customers who don't have the savings, income, or credit scores to qualify for conventional loans.

In 2019, Tricolor was certified as a Community Development Financial Institution under the U.S. Treasury based on its lending to a target market of low-income Hispanic borrowers.

The program promotes lending in disadvantaged communities by granting CDFI status to qualifying lenders. Most certified entities are nonprofit lenders, community banks, or credit unions, though some for-profit banks and investment firms have also been approved.

Despite the special status, Tricolor used some of the tactics practiced by traditional "buy here, pay here" lenders, such as selling used cars at steep markups, then cycling those vehicles back into their inventories if borrowers defaulted, *Barron's* reported in 2022.

Barron's found that Tricolor had also been the target of more fines and violation notices from state motor vehicle and financial regulators than big, national used-car companies that sell far more vehicles. Some Tricolor customers said in interviews and state complaint filings that they encountered mechanical troubles with recently bought cars that the company couldn't or wouldn't fix.

Tricolor had also agreed to pay $83,000 in 2015 to the Federal Trade Commission to settle charges that its loan servicing arm lacked procedures to ensure accurate reporting to credit bureaus and failed to conduct required investigations of borrower complaints.

Chu said the credit-reporting lapses occurred under Tricolor's then-private equity owners and caused no direct harm to customers.

Tricolor's CDFI label became a big part of its appeal to Wall Street in an era of sustainable investment initiatives. BlackRock, for one, cited the social-lending designation in its decision to invest in the company through its Impact Opportunities Fund in May 2022.

The fund was created to raise $1 billion for businesses and projects owned, led by, or serving members of minority groups. BlackRock directed some $90 million to Tricolor.

Write to Jacob Adelman at jacob.adelman@barrons.com

Exhibit 4

DANIEL T. CHU
4208 BEVERLY DRIVE
DALLAS TX 75205

September 6, 2025

VIA EMAIL

Mr. Drake Mills
Chairman, President and CEO
Origin Bancorp
P.O. Box 2525
Ruston LA 71273

Drake-

Regretfully, please accept this as my letter of resignation, effective immediately.

It has been a true honor to work with you as a member of the Origin Bank Board of Directors.

Thank you.

Sincerely,

Daniel Chu

Exhibit 5

Origin Bank
Member FDIC

SWAP TRANSACTION CONFIRMATION

To:	Chu Family Investments, LLC (”Counterparty”)
Attention:	Daniel Chu
Phone:	214-534-3600
Email:	dchu@tricolor.com
From:	Origin Bank (“ORIGIN”)
Attention:	Will Lankford
Phone:	318-232-7466
Email:	wlankford@origin.bank
Reference:	DPI710513
Unique Transaction Identifier (UTI):	D8RBTOL3JO2Q6IEO0F34710513
Unique Product Identifier (UPI):	QZB9H4QSD2CG
Date:	August 29, 2025

Dear Sir / Madam,

The purpose of this letter (this "Confirmation") is to confirm the terms and conditions of the transaction ("Transaction") entered into between Origin Bank and Chu Family Investments, LLC.

The definitions and provisions contained in the 2021 ISDA Interest Rate Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. The terms of the particular Transaction to which the Confirmation relates are as follows:

Transaction Type:	Interest Rate Swap
Currency for Payments:	U.S. Dollars
Notional Amount:	For a Calculation Period, the amount set forth opposite that Calculation Period on Attachment I hereto
<u>Term:</u>	
Trade Date:	August 29, 2025
Effective Date:	August 29, 2025

Termination Date:	September 1, 2030

<u>Fixed Amounts:</u>

Fixed Rate Payer:	Counterparty
Period End Dates:	Monthly on the 1st of the month, commencing October 1st, 2025 through and including the Termination Date, subject to No Adjustment
Payment Dates:	Monthly on the 1st of the month, commencing October 1st, 2025 through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Business Day Convention:	Modified Following
Business Day:	New York
Fixed Rate :	6.82000%
Fixed Rate Day Count Fraction:	ACT/360

<u>Floating Amounts:</u>

Floating Rate Payer:	ORIGIN
Period End Dates:	Monthly on the 1st of the month, commencing October 1st, 2025 through and including the Termination Date, subject to No Adjustment
Payment Dates:	Monthly on the 1st of the month, commencing October 1st, 2025 through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Business Day Convention:	Modified Following
Business Day:	New York
Floating Rate for initial Calculation Period:	4.31599%
Floating Rate Option:	USD-SOFR CME Term
Designated Maturity:	1 Month
Spread:	3.15000%
Floating Rate Day Count Fraction:	ACT/360
Floating Rate determined:	Two U.S. Government Securities Business Day(s) prior to each Reset Date
Reset Dates:	The first day of each Calculation Period
Averaging:	Not Applicable
Compounding:	Not Applicable

2. The additional provisions of this Confirmation are as follows:

Calculation Agent:	ORIGIN
Payments to ORIGIN:	Standard Settlement Instructions
Payments to Counterparty:	Standard Settlement Instructions

Eligibility:

Each party represents that it is an "eligible contract participant" within the meaning of the Commodity Exchange Act (7 U.S.C. § 1 et seq), as amended.

Documentation:

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement between ORIGIN and Counterparty dated as of August 22, 2025, as amended and supplemented from time to time (the "ISDA Master Agreement"). All provisions contained or incorporated by reference in the ISDA Master Agreement will govern this Confirmation except as expressly modified herein. Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this confirmation and returning it to us.

Very truly yours,

Origin Bank

By:______________________________

Name: Will Lankford

Title: Treasurer, SVP

Accepted and Confirmed as of date first written above:

Chu Family Investments, LLC

By ______________________________

Name: Daniel Chu

Title: Manager

ATTACHMENT I

Amortization Schedule for DPI710513

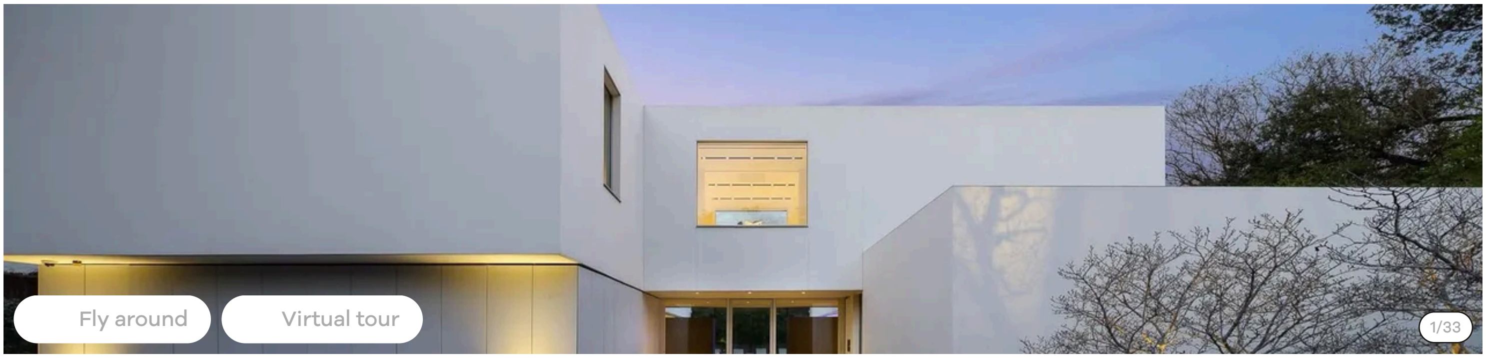
Calculation Period (from and including to, but excluding) Start Date	End Date	USD Notional Amount	USD Notional Adjustment (at end of period)
29-Aug-25	01-Oct-25	$2,120,000.00	$7,066.67
01-Oct-25	01-Nov-25	$2,112,933.33	$7,066.67
01-Nov-25	01-Dec-25	$2,105,866.66	$7,066.67
01-Dec-25	01-Jan-26	$2,098,799.99	$7,066.67
01-Jan-26	01-Feb-26	$2,091,733.32	$7,066.67
01-Feb-26	01-Mar-26	$2,084,666.65	$7,066.67
01-Mar-26	01-Apr-26	$2,077,599.98	$7,066.67
01-Apr-26	01-May-26	$2,070,533.31	$7,066.67
01-May-26	01-Jun-26	$2,063,466.64	$7,066.67
01-Jun-26	01-Jul-26	$2,056,399.97	$7,066.67
01-Jul-26	01-Aug-26	$2,049,333.30	$7,066.67
01-Aug-26	01-Sep-26	$2,042,266.63	$7,066.67
01-Sep-26	01-Oct-26	$2,035,199.96	$7,066.67
01-Oct-26	01-Nov-26	$2,028,133.29	$7,066.67
01-Nov-26	01-Dec-26	$2,021,066.62	$7,066.67
01-Dec-26	01-Jan-27	$2,013,999.95	$7,066.67
01-Jan-27	01-Feb-27	$2,006,933.28	$7,066.67
01-Feb-27	01-Mar-27	$1,999,866.61	$7,066.67
01-Mar-27	01-Apr-27	$1,992,799.94	$7,066.67
01-Apr-27	01-May-27	$1,985,733.27	$7,066.67
01-May-27	01-Jun-27	$1,978,666.60	$7,066.67
01-Jun-27	01-Jul-27	$1,971,599.93	$7,066.67
01-Jul-27	01-Aug-27	$1,964,533.26	$7,066.67
01-Aug-27	01-Sep-27	$1,957,466.59	$7,066.67
01-Sep-27	01-Oct-27	$1,950,399.92	$7,066.67
01-Oct-27	01-Nov-27	$1,943,333.25	$7,066.67
01-Nov-27	01-Dec-27	$1,936,266.58	$7,066.67
01-Dec-27	01-Jan-28	$1,929,199.91	$7,066.67
01-Jan-28	01-Feb-28	$1,922,133.24	$7,066.67
01-Feb-28	01-Mar-28	$1,915,066.57	$7,066.67
01-Mar-28	01-Apr-28	$1,907,999.90	$7,066.67
01-Apr-28	01-May-28	$1,900,933.23	$7,066.67
01-May-28	01-Jun-28	$1,893,866.56	$7,066.67
01-Jun-28	01-Jul-28	$1,886,799.89	$7,066.67
01-Jul-28	01-Aug-28	$1,879,733.22	$7,066.67
01-Aug-28	01-Sep-28	$1,872,666.55	$7,066.67
01-Sep-28	01-Oct-28	$1,865,599.88	$7,066.67
01-Oct-28	01-Nov-28	$1,858,533.21	$7,066.67

01-Nov-28	01-Dec-28	$1,851,466.54	$7,066.67
01-Dec-28	01-Jan-29	$1,844,399.87	$7,066.67
01-Jan-29	01-Feb-29	$1,837,333.20	$7,066.67
01-Feb-29	01-Mar-29	$1,830,266.53	$7,066.67
01-Mar-29	01-Apr-29	$1,823,199.86	$7,066.67
01-Apr-29	01-May-29	$1,816,133.19	$7,066.67
01-May-29	01-Jun-29	$1,809,066.52	$7,066.67
01-Jun-29	01-Jul-29	$1,801,999.85	$7,066.67
01-Jul-29	01-Aug-29	$1,794,933.18	$7,066.67
01-Aug-29	01-Sep-29	$1,787,866.51	$7,066.67
01-Sep-29	01-Oct-29	$1,780,799.84	$7,066.67
01-Oct-29	01-Nov-29	$1,773,733.17	$7,066.67
01-Nov-29	01-Dec-29	$1,766,666.50	$7,066.67
01-Dec-29	01-Jan-30	$1,759,599.83	$7,066.67
01-Jan-30	01-Feb-30	$1,752,533.16	$7,066.67
01-Feb-30	01-Mar-30	$1,745,466.49	$7,066.67
01-Mar-30	01-Apr-30	$1,738,399.82	$7,066.67
01-Apr-30	01-May-30	$1,731,333.15	$7,066.67
01-May-30	01-Jun-30	$1,724,266.48	$7,066.67
01-Jun-30	01-Jul-30	$1,717,199.81	$7,066.67
01-Jul-30	01-Aug-30	$1,710,133.14	$7,066.67
01-Aug-30	01-Sep-30	$1,703,066.47	$1,703,066.47

Exhibit 6

Back | Highland Park, TX

Listed by Alex Perry with ALLIE BETH ALLMAN & ASSOCIATES



House for sale

$8,990,000

4 bed **4.5** bath **6,544** sqft **0.31** acre lot

4208 Beverly Dr, Highland Park, TX 75205

View on map

Est.$59,609/mo

Get pre-approved

Add a commute

Swimming pool | Library | Game room | Den or office | Hardwood floors | Community security features

Single family
Property type

90 days
On Realtor.com

$1,374
Price per sqft

2 Cars
Garage

2023
Year built

Compare my home

745 views | **18** saves

Realtor.com checked: A few minutes ago
Listing last updated: Nov 7, 2025 at 4:18 AM (EST)
Source: NTREIS, MLS #21054376

Open houses

Property details

Property history

+$8,990,000
Since last sold in 2019

$86,604
2024 taxes

8 sales
Since 1990

2 years old
Built in 2023

Price history

Date	Event	Price	Price/sqft
Today			
Nov 7, 2025	Price decreased NTREIS	$8,990,000 -$1,000,000	$1,374/sqft
Oct 2, 2025	Price decreased NTREIS	$9,990,000 -$1,000,000	$1,527/sqft
Sep 9, 2025	Listed NTREIS	$10,990,000	$1,679/sqft
Aug 9, 2025 172 days after listed	Listing removed NTREIS	Not disclosed	-
Feb 18, 2025	Listed NTREIS	$10,995,000	$1,680/sqft
2019			
Feb 19, 2019 279 days after listed	Sold NTREIS	Not disclosed	-

Show more

Tax history

Year	Taxes	Total assessment		Land		Additions
2024	$86,604	$5,384,010	=	$3,865,410	+	$1,518,600
2023	$76,280	$4,599,440	=	$3,332,250	+	$1,267,190
2022	$73,671	$3,924,040	=	$2,665,800	+	$1,258,240
2021	$49,040	$2,479,990	=	$1,799,420	+	$680,570
2020	$36,379	$1,799,420	=	$1,799,420	+	-

Show more

The price and tax history data displayed is obtained from public records and/or MLS feeds from the local jurisdiction. Contact your REALTOR® directly in order to obtain the most up-to-date information available.

Monthly payment

Home value

Neighborhood & schools

Environmental risk

Veterans & military benefits

Sponsored by Veterans United. NMLS #1907

Connect with a lender

More about this property

Full name required

Email required

Phone required

How can an agent help?

I am interested in 4208 Beverly Dr.

☐ I've served in the U.S. military

Email agent

By proceeding, you consent to receive calls and texts at the number you provided, including marketing by autodialer and prerecorded and artificial voice, and email, from realtor.com and others about your inquiry and other home-related matters, but not as a condition of any purchase. More...

	Listed by Alex Perry Brokered by ALLIE BETH ALLMAN & ASSOCIATES (214) 521-7355
Broker location:	DALLAS, TX
Data source:	NTREIS
Source's property ID:	21054376
Data source Copyright:	©2025 North Texas Real Estate Information Systems, Inc. All rights reserved.

Exhibit 7

From:	Daniel Chu[/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3E4B1BEB200E4F86B70BC5D47B10FB1A-DANIEL CHU]
Sent:	Tue 9/16/2025 2:24:14 PM (UTC)
To:	Tait Johnson[tait@sharpelaw.com]
Cc:	Chuck Sharpe[chuck@sharpelaw.com]; aloewinsohn@mckoolsmith.com[aloewinsohn@mckoolsmith.com]
Subject:	Re: Sharpe Law Group - Chu Entity Structure

Please use tricolorchu@gmail.com

Daniel Chu
Founder & CEO | Tricolor Holdings
dchu@tricolor.com | www.tricolor.com

6021 Connection Drive, 4th Floor
Irving, TX 75039

E: 10101
O: 424.290.2200
F: 424.290.2700
M: 214.534.3600

From: Tait Johnson <tait@sharpelaw.com>
Date: Tuesday, September 16, 2025 at 10:18 AM
To: Daniel Chu <dchu@tricolor.com>
Cc: Chuck Sharpe <chuck@sharpelaw.com>, aloewinsohn@mckoolsmith.com <aloewinsohn@mckoolsmith.com>
Subject: RE: Sharpe Law Group - Chu Entity Structure

You don't often get email from tait@sharpelaw.com. Learn why this is important

Hi Daniel – Please send me a few entity names to check with the state and the name of your friend in Miami who will serve as Distribution Advisor for the self-settled trusts. Please let us know if you have any questions.

Best,
Tait

TAIT C. JOHNSON, TBLS-BCP
Board Certified Paralegal - Estate Planning & Probate Law

6688 N. Central Expressway | Suite 450 | Dallas, Texas 75206
Direct: 214.217.0563 | Main: 214.742.6065 | Fax: 214.271.4197
tait@sharpelaw.com | sharpelaw.com

SHARPE LAW GROUP
ESTATE PLANNING
ASSET PROTECTION
PROBATE LAW

From: Tait Johnson
Sent: Monday, September 15, 2025 3:14 PM
To: 'Daniel Chu' <dchu@tricolor.com>
Cc: Chuck Sharpe <chuck@sharpelaw.com>; 'aloewinsohn@mckoolsmith.com' <aloewinsohn@mckoolsmith.com>
Subject: Sharpe Law Group - Chu Entity Structure

Daniel,

Attached is a flow chart illustrating the structure of the plan we discussed during our meeting. It involves the creation of a few trusts and an FLP (discussed below). As a reminder, you can't transfer S-Corp stock to the FLP, so if any of the properties are owned in an LLC that is taxed as an S-Corp, please let us know.

Below is the information about a family limited partnership ("FLP") we discussed. Please let us know if you have any questions.

Structure
An FLP, as the name suggests, is a partnership and is made up of two types of partners: *general partners* and *limited partners*. The general partner owns minimal interest, if any, and is responsible for exclusive management, operation and control of the business and affairs of the FLP. As the managing partner of the FLP, the *general partner* is the only partner exposed to liability. Therefore, it is common to use a protected entity to serve as the general partner (i.e., an LLC). By utilizing such an entity, clients maintain management of the FLP, but under the veil and protection of the LLC. The *limited partners* have few rights to participate in the regular management of the FLP but maintain the right to receive the pro rata portion of any distributions made to partners.

Limited Liability Company:
The LLC will act as the general partner of the limited partnership. The general partner is the partner who ***controls*** the partnership and is exposed to the liabilities of the partnership. Again, it is common to use a protected entity as the general partner rather than an individual to provide another wall of protection. The information we need to create the LLC is as follows:

1. Name: Can be anything, but the most common names include the word "management" somewhere so that it is easy to differentiate the general partner (the management company) versus the limited partnership (which actually holds the assets). i.e., ________________ Management, LLC. However, it doesn't *need* to contain "management" (though it must include "LLC"). **If you can provide us with 2 or 3 name choices, we can check for their availability with the State of Texas.**

2. Managers: These are the people who ***control*** the LLC. Presumably, you will be the Manager.

3. Members: These are the people who ***own*** the LLC. We suggest creating a gift trust for your younger children to be the member of this LLC.

4. Business Address: What address do you want to use as the business address for the LLC? The entity will receive some annual information and forms from the state.

5. Registered Agent and Address: To whom service, mail, etc. is sent (presumably you). The Registered Address cannot be a P.O. Box. This is generally the same as the business address.

Family Limited Partnership:
The FLP is the entity that will actually ***own*** the investment assets. The information we need to create the FLP is as follows:

1. Name: Again, can be anything, but most commonly includes words such as "investments," "holdings," etc. - i.e., _______________ Holdings, Ltd. But again, the FLP does not need to contain those words (though it must include "Ltd." or "LP" or the like). **If you can provide us with 2 or 3 name choices, we can check for their availability with the State of Texas.**

2. Limited Partner(s): Similar to a shareholder of a corporation, these are the people who ***own*** the limited partnership interests in the FLP. Limited partners have minimal control and have no right to direct distributions or control management of the FLP assets (as this is controlled by the LLC). We discussed two self-settled trusts for your and Constance's benefit will be the limited partners.

3. Business Address: See above.

4. Registered Agent: see above.

This is an incredibly condensed explanation of the function and structure of an FLP. However, as you can see, there is actually not a lot of information we need from you to begin. Please let me know if you have any questions.

Best,
Tait

TAIT C. JOHNSON, TBLS-BCP
Board Certified Paralegal - Estate Planning & Probate Law

6688 N. Central Expressway | Suite 450 | Dallas, Texas 75206
Direct: 214.217.0563 | Main: 214.742.6065 | Fax: 214.271.4197
tait@sharpelaw.com | sharpelaw.com

SHARPE LAW GROUP
ESTATE PLANNING
ASSET PROTECTION
PROBATE LAW

Exhibit 8

From:	Daniel Chu[/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3E4B1BEB200E4F86B70BC5D47B10FB1A-DANIEL CHU]
Sent:	Wed 9/17/2025 8:35:46 AM (UTC)
To:	tricolorchu@gmail.com[tricolorchu@gmail.com]
Subject:	Florida Homestead Law Guide - Alper Law

https://www.alperlaw.com/florida-asset-protection/florida-homestead-law/

Daniel Chu
Founder & CEO | Tricolor Holdings
dchu@tricolor.com | www.tricolor.com

6021 Connection Drive, 4th Floor
Irving, TX 75039

E: 10101
O: 424.290.2200
F: 424.290.2700
M: 214.534.3600

Exhibit 9

From:	Daniel Chu[/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3E4B1BEB200E4F86B70BC5D47B10FB1A-DANIEL CHU]
Sent:	Wed 9/24/2025 4:21:31 PM (UTC)
To:	Daniel Chu[tricolorchu@gmail.com]
Subject:	FW: White Elephant/Chu - termination matter
Attachment:	06. Purchase Agreement Termination Agreement - White Elephant - Unit 3 (HH 9.24.25)(35785050.5).docx

Daniel Chu
Founder & CEO | Tricolor Holdings
dchu@tricolor.com | www.tricolor.com

6021 Connection Drive, 4th Floor
Irving, TX 75039

E: 10101
O: 424.290.2200
F: 424.290.2700
M: 214.534.3600

From: Chris LaCroix <clacroix@garfieldhecht.com>
Date: Wednesday, September 24, 2025 at 12:13 PM
To: Daniel Chu <dchu@tricolor.com>
Subject: FW: White Elephant/Chu - termination matter

CAUTION: EXTERNAL SENDER
Do not click links or open attachments unless you trust the sender and know the content is safe.

Just arrived. I will review shortly

From: Justin Nyberg <JJNyberg@hollandhart.com>
Sent: Wednesday, September 24, 2025 9:58 AM
To: Chris LaCroix <clacroix@garfieldhecht.com>
Cc: Sullivan, Timothy <TSullivan@GOULSTONSTORRS.com>
Subject: RE: White Elephant/Chu - termination matter

Hi Chris,

I have attached a copy of the termination agreement for your review. Please let me know if you have any comments. Otherwise, we will circulate for signature.

Thanks,

Justin Nyberg
Partner, Holland & Hart LLP

jjnyberg@hollandhart.com | **T:** (970) 429-3862 | **M:** (970) 987-2901

From: Chris LaCroix <clacroix@garfieldhecht.com>
Sent: Tuesday, September 23, 2025 11:17 AM
To: Justin Nyberg <JJNyberg@hollandhart.com>
Cc: Sullivan, Timothy <TSullivan@GOULSTONSTORRS.com>
Subject: RE: White Elephant/Chu - termination matter

External Email

Justin – Daniel accepts the revised proposal. Daniel and I appreciate your client's willingness to cooperate on this. Please write it up. Thanks,

Chris LaCroix
Shareholder
Garfield & Hecht, P.C.
Aspen | Avon | Carbondale | Denver | Glenwood Springs| Telluride

625 East Hyman Avenue, Suite 201
Aspen, Colorado 81611
Phone: (970) 925-1936 x204
Direct: (970) 920-5804
Cell: (970) 379-0474

Facsimile: (970) 925-3008
Email: clacroix@garfieldhecht.com
Webpage: www.garfieldhecht.com

From: Chris LaCroix
Sent: Tuesday, September 23, 2025 10:48 AM
To: 'Justin Nyberg' <JJNyberg@hollandhart.com>
Cc: Sullivan, Timothy <TSullivan@GOULSTONSTORRS.com>
Subject: RE: White Elephant/Chu - termination matter

Justin – Thanks for the follow up. I did not receive the email you sent earlier until just now. It arrived 3 minutes after the email below. I will communicate with Daniel and get back to you.

Chris LaCroix
Shareholder
Garfield & Hecht, P.C.
Aspen | Avon | Carbondale | Denver | Glenwood Springs| Telluride

625 East Hyman Avenue, Suite 201
Aspen, Colorado 81611
Phone: (970) 925-1936 x204
Direct: (970) 920-5804
Cell: (970) 379-0474
Facsimile: (970) 925-3008
Email: clacroix@garfieldhecht.com
Webpage: www.garfieldhecht.com

From: Justin Nyberg <JJNyberg@hollandhart.com>
Sent: Tuesday, September 23, 2025 10:34 AM
To: Chris LaCroix <clacroix@garfieldhecht.com>
Cc: Sullivan, Timothy <TSullivan@GOULSTONSTORRS.com>
Subject: FW: White Elephant/Chu - termination matter

Chris,

In an abundance of caution, I'm reforwarding my email below in case the 20MB PSA attachment caused email delivery issues. We look forward to your response today.

Justin Nyberg
Partner, Holland & Hart LLP

jjnyberg@hollandhart.com | **T:** (970) 429-3862 | **M:** (970) 987-2901

From: Justin Nyberg
Sent: Tuesday, September 23, 2025 7:28 AM
To: Chris LaCroix <clacroix@garfieldhecht.com>
Cc: Timothy Sullivan <TSullivan@GOULSTONSTORRS.com>
Subject: White Elephant/Chu - termination matter

Hi Chris,

Assuming all of the furnishing, fixtures, drapery, equipment that Daniel ordered stays with the property, and assuming we can get an agreement from him today, White Elephant is willing to allow Daniel to terminate and retain all but $1.75M of the earnest money deposit in order to put this to bed.

Please let us know your client's position by the end of the day.

To the extent it is helpful, the non-assignment, no-flip language I mentioned during yesterday's call is found in Section 18 of the PSA and Section 11.7.10 of the form of declaration (pdf page 129).

I'll be reachable by cell today. Feel free to call with any questions.

Thanks,

Holland & Hart

Justin Nyberg

Partner

HOLLAND & HART LLP

600 E Main Street, Suite 104,
Aspen, CO 81611

jjnyberg@hollandhart.com |
T: (970) 429-3862 |
M: (970) 987-2901

vCard

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (this "**Agreement**") made as of September 24, 2025 (the "**Effective Date**"), is made and entered into by and between WHITE ELEPHANT ASPEN RESIDENCES INC., a Delaware corporation ("**Seller**"), and DANIEL CHU, an individual ("**Buyer**").

RECITALS

A. Buyer and Seller are parties to that Purchase and Sale Agreement for White Elephant Aspen Chalets Unit No. 3 and Joint Escrow Instructions dated February 18, 2025, as amended from time to time (together, the "**Purchase Agreement**"), for the purchase of an airspace condominium unit (the "**Unit**") within the project known as "White Elephant Aspen Chalets" which is a residential condominium development being constructed by Seller within the City of Aspen, Colorado.

B. Buyer's Termination Deadline, as defined in the second paragraph of the Purchase Agreement, expired on March 13, 2025.

C. Seller and Buyer have now agreed to terminate the Purchase Agreement based on the terms and conditions set forth below.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Defined Terms. All capitalized terms used but not defined in this Agreement will have the meanings set forth for such terms in the Purchase Agreement.

2. Termination of Purchase Agreement. As of the Effective Date (the "**Termination Date**"): (a) the Purchase Agreement is hereby terminated; and (b) Buyer and Seller shall have no further rights or obligations under the Purchase Agreement, except those that expressly survive expiration or early termination of the Purchase Agreement or as otherwise expressly provided in this Agreement.

3. Earnest Money Release. Notwithstanding anything to the contrary in the Purchase Agreement, Seller shall be entitled to retain One Million Seven Hundred Fifty Thousand Dollars ($1,750,000) of the Earnest Money Deposit plus the amount of any interest that has accrued on the Earnest Money Deposit (such sum being the "**Retained Amount**") being held by the Title Company in escrow pursuant to the terms of the Purchase Agreement. The parties hereby direct the Title Company to pay the Retained Amount to Seller pursuant to the terms of this Agreement. Following payment of the Retained Amount to Seller, the parties direct the Title Company to return the remaining amount of the Earnest Money Deposit to Buyer.

4. Surrender. Buyer acquired certain furniture, furnishings, fixtures, and equipment ordered for, located on, installed in, or used in connection with the Unit (the

"**FF&E**"). Buyer agrees to surrender all of the FF&E and the FF&E shall be the property of Seller. On the Effective Date, Buyer will execute a bill of sale in the form attached hereto as Exhibit A conveying the FF&E to Seller. To the extent not already within Seller's possession, Buyer will take any and all actions necessary to deliver possession of the FF&E to Seller.

5. Mutual Releases. As of the Termination Date, Seller, on the one hand, and Buyer, on the other hand, both hereby release, remise and forever discharge each other and each other's respective owners, members, managers, shareholders, officers, directors, employees, agents, partners, limited partners, attorneys, successors and assigns of and from any and all claims, actions, causes of action in law or in equity, demands, rights, defenses, liabilities and damages, whether as of this date known or unknown, asserted or unasserted, of whatsoever kind or character (collectively, "**Claims**"), which Seller, on the one hand, and Buyer, on the other hand, now have or may claim to have in the future, arising from or based in whole or in part upon any act, omission, event, transaction, matter or thing involved, alleged or referred to, or arising directly or indirectly from or in connection with the Purchase Agreement. The release set forth in this Section 5 shall not release any Claims arising solely from actions or omissions occurring after the Termination Date relating to Seller's and Buyer's respective obligations under this Agreement.

6. Representations and Warranties.

(a) Buyer. Buyer hereby represents and warrants to Seller as follows:

(i) Buyer is fully authorized and empowered to enter into this Agreement which, upon execution by all parties hereto, shall be binding and enforceable upon Buyer in accordance with the terms of this Agreement.

(ii) No consent, approval, authorization or other order of, or registration, declaration or filing with, any governmental authority or third party is required by or with respect to Buyer in connection with the execution, delivery and performance of this Agreement. The execution of this Agreement will not violate any law, rule, regulation, judgment, order, permit, writ, injunction or decree of any court, commission, bureau or agency to which Buyer is subject or by which it or any of Buyer's property is bound, or constitute a breach or default under any agreement or other obligation to which Buyer is a party or Buyer or Buyer's property is otherwise bound.

(iii) Buyer has not assigned or otherwise conveyed any of Buyer' right, title or interest in, under or to the Purchase Agreement or the Unit.

(b) Seller. Seller hereby represents and warrants to Buyer as follows:

(i) Seller is fully authorized and empowered to enter into this Agreement which, upon execution by all parties hereto, shall be binding and enforceable upon Seller in accordance with the terms of this Agreement.

(ii) No consent, approval, authorization or other order of, or registration, declaration or filing with, any governmental authority or third party is required by or with respect to Seller in connection with the execution, delivery and performance of this Agreement. The execution of this Agreement will not violate any law, rule, regulation, judgment, order, permit, writ, injunction or decree of any court, commission, bureau or agency to which Seller is subject or by which it or any of Seller's property is bound, or constitute a breach or default under any agreement or other obligation to which Seller is a party or Seller or Seller's property is otherwise bound.

7. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado.

8. Interpretation. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

9. Severability. If any provision hereof is, for any reason and to any extent, invalid or unenforceable, then neither this Agreement, nor the application of the provision to other persons, entities or circumstances, nor any other document referred to herein, shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

10. Headings. The paragraph headings which appear in some of the sections of this Agreement are for purposes of convenience and reference and are not in any sense to be construed as modifying the sections in which they appear.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns. If any party fails to perform any or all of its obligations under this Agreement, this Agreement will nonetheless remain binding.

12. Attorneys' Fees. If litigation is commenced on the basis of a cause of action arising under or related to this Agreement, then the prevailing party or parties in such litigation, as specifically determined by the dispute-resolution authority, will be awarded its attorneys' fees and other costs and expenses actually incurred in connection with such litigation.

13. Execution. This Agreement may be executed in one or more counterparts and all such counterparts, when taken together, will constitute a single instrument. Facsimiles of executed copies of this Agreement may be delivered by telecopy, email, DocuSign or other electronic means, and such delivery of facsimile copies will be as binding on the delivering party as actual delivery of originals.

[Signatures appear on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

SELLER:

WHITE ELEPHANT ASPEN RESIDENCES INC.,
a Delaware corporation

By: ______________________________
Name: Douglass E. Karp
Title: President

BUYER:

____
DANIEL CHU, an individual

Exhibit A

Bill of Sale

DANIEL CHU, an individual ("**Buyer**"), for good and valuable considerations, receipt and sufficiency of which are hereby acknowledged, does hereby convey, sell, assign, transfer and set over to WHITE ELEPHANT ASPEN RESIDENCES INC., a Delaware corporation ("**Seller**"), all of its right, title and interest, if any, in and to the FF&E located on and used in connection with the Unit.

Capitalized terms used herein shall have the meanings given to them in that certain Termination and Release Agreement by and between Buyer and Seller of even date herewith.

IN WITNESS WHEREOF, Buyer has caused this Bill of Sale to be signed this 24th day of September, 2025.

BUYER:

By:__________________________________
DANIEL CHU, an individual

Exhibit 10

October 8, 2025

VIA EMAIL

Claims Department
Travelers Bond & Specialty Insurance Claim
Policy No. 106848518
P.O. Box 2989
Hartford, CT 06104-2989
BSIclaims@travelers.com

CNA Insurance
Policy No. 794111969
P.O. Box 8317
Chicago, IL 60680-8317
SpecialtyProNewLoss@cna.com

Old Republic Professional Liability, Inc.
Policy No. ORPRO 13 103527
Attention: Claims Department
191 North Wacker Drive, Suite 1000
Chicago, Illinois 60606
ClaimNotice@oldrepublicpro.com

Re: Notice of Circumstances
Tricolor Holdings, LLC, et al., Case No. 25-33487

Dear Insurer:

I am the duly appointed Chapter 7 Trustee (the "Trustee") in the bankruptcy cases of *Tricolor Holdings, LLC, et al.* pending in the United States Bankruptcy Court for the Northern District of Texas (Case No. 25-33487 (MVL)). In accordance with the notice and reporting provisions of the above-captioned policies, and any and all other applicable provisions and coverage parts, I provide notice of potential Claims[1] which could give rise to future Claims as follows.[2]

On September 10, 2025, Tricolor Holdings, LLC and certain of its affiliates (collectively, "Tricolor") filed for bankruptcy under chapter 7 of title 11 of the United States Code, listing between $1 billion and $10 billion in both assets and liabilities and naming over 25,000 creditors. The timing of the bankruptcy filing closely followed a disclosure by Fifth Third Bank that it had unearthed alleged fraudulent activity tied to a $200 million asset-backed loan to Tricolor, and that Fifth Third Bank would write down the bulk of its $200 million loan.

[1] Capitalized terms not defined in this letter are used as defined in the Travelers Primary Policy.
[2] This notice letter incorporates by reference the substance of all of Tricolor's and any other Insureds' notifications and enclosures that have been or may be submitted to the Insurers in connection with the matters referenced herein.

The U.S. Department of Justice has issued subpoenas to Tricolor and Alvarez & Marsal in connection with an official criminal investigation of a suspected felony. The subpoenas indicate that the United States Attorney's Office for the Southern District of New York is investigating possible securities fraud, among other things.

We also understand that Tricolor received a document preservation notice from the United States Securities and Exchange Commission issued in connection with a formal investigation.

The above inquiries call for Tricolor to produce documents relating to, among other things, all of Tricolor's lending facilities and/or warehousing arrangements, any securitizations of any auto loans originated by Tricolor, and all offerings and/or sales of equity in Tricolor.

The current government investigations of Tricolor—and particularly its former directors and officers, as described above—as well as recent public disclosures, media reports, and legal filings indicate various bases for potential Claims that the Trustee could bring against certain directors and officers. Additionally, Claims could materialize from the following circumstances:

- Fraudulent conduct in connection with warehouse lending arrangements.
- Alleged double pledging of collateral and misrepresentations to lenders, including Fifth Third Bank, JP Morgan Chase, and Barclays. The double pledged loan receivables were sold to trusts that serve as collateral for certain lenders and warehouse facilities.
- Irregularities in financial reporting, internal controls, and asset management.
- Review by Tricolor's warehouse facility lenders and securitization counterparties of the collateral pledged by Tricolor in connection with lending facilities and securitizations.
- Potential losses in the value of the asset-backed securities issued in connection with Tricolor's auto loans.
- Potential violations of fiduciary duties owed to creditors, shareholders, or other stakeholders.
- Operational failures resulting from the loss or mismanagement of customer vehicles, loans, and records.
- Board-level failure to detect, disclose or mitigate material misstatements or misrepresentations in Tricolor's operations and funding structures.
- Tricolor's bankruptcy proceedings, including adversary proceedings and/or avoidance actions. The Wrongful Acts of any directors and officers uncovered as part of the ongoing government investigations may give rise to Claims that may be brought by the Trustee for the benefit of Tricolor's bankruptcy estates.

Theories of liability the Trustee may bring against Tricolor's directors and officers may include, but are not limited to, fraud, embezzlement, fraudulent transfer, control person liability, negligence or gross negligence, gross mismanagement or corporate waste, unlawful dividend, violation of applicable state corporate governance statutes, and breach of fiduciary duty, among others.

The Trustee hereby provides notice for such potential suits and other claims that may arise in the future relating in whole or in part to the above-referenced circumstances. Directors and officers who could be named in potential suits or other claims include, but are not limited to: Daniel Chu (Chief Executive Officer and Chairman), Jerry Kollar (Chief Financial Officer), David Goodgame (Chief Operating Officer), Katie Kollar (Vice President of Compliance), Reed Crow (Vice President of Accounting), Andy Mata (Senior Vice President of Loan Servicing), Alex Velasquez (Vice President of Credit Operations), Nick Pizzola (Former Vice President of Finance), Nitin Dahiya (Director, Blackrock), Derrick Weatherspoon (Director, Blackrock), Christian Donahue (Director, Blackrock), Dick Anderson (Director, Unitholder), Kathryn Petralia (Director, Independent), and Stan Erwin (Director, Unitholder).

Kindly acknowledge your receipt of this first notice. Please provide a claim number along with the contact information of the claims professional assigned to handle this matter.

Please do not hesitate to contact us with any questions or comments that you may have. We look forward to working with you toward a satisfactory resolution.

Sincerely,

/s/ Anne Burns, Trustee
Anne Elizabeth Burns

Cc: Mac Olson (Mac_Olson@ajg.com)