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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In Re:

Chapter 11

THE 1031 TAX GROUP, LLC, *et al.*,

Case No. 07-11448 (MG)

Case No 07-11455 (MG)

Debtors.

Jointly Administered

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STIPULATION OF SETTLEMENT RELATING
TO KASHANI PROOF OF CLAIM

American Guarantee and Liability Insurance Company (“American Guarantee”) by its attorneys the McDonough Law Firm LLP (Eli Cohn, Esq.) and Mohammad Kashani and Frances Cuva (jointly “Kashani”) by Meyner and Landis LLP (William J. Fiore, Esq.) stipulate as follows:

1. Kashani has filed a Proof of Claim (“Claim”) in the IXG and has subsequently assigned all rights, title and interest in a Proof of Claim filed in the IXG matter to American Guarantee. A notice of transfer of such claim to American Guarantee has been filed with the Clerk of the Court on July 14, 2009.

2. Kashani agrees and stipulates that all payments to be made under such Claim in the IXG Bankruptcy shall be paid over to American Guarantee, without any dispute, challenge or objection by Kashani.

3. American Guarantee agrees and stipulates that all payments arising from claims against parties other than IXG are retained by Kashani and any payments on such claims which are made to a claimant outside of IXG bankruptcy shall remain the property of Kashani, without any dispute, challenge or objection by American Guarantee.

4. Included in such retained Kashani claim is any distributions to be made in the California Class Action case (Hunter, et al. v. Okun, et al., USDC ND California Case No. 5:07-2795 JW) which are not paid or to be paid to IXG or 1031 Tax Group claimants under the bankruptcy proceedings, but are to be distributed directly to class action claimants. The distributions to Kashani shall be made directly to Kashani without any challenge, dispute or objection by American Guarantee.

5. In the event Kashani recovers the full amount of its loss as set forth in their Claim (inclusive of the payment of \$260,000 by American Guarantee) and American Guarantee has not recovered \$260,000 in payments through Claim, Kashani shall direct any additional recovery to American Guarantee until it recovers \$260,000. In the event American Guarantee recovers \$260,000 in payments on the Claim and Kashani has not recovered its loss as set forth in the Claim, the American Guarantee shall direct additional payments on the Claim to Kashani until Kashani recovers the loss as set in the Claim.

6. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Stipulation.

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and Liability Insurance Company
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/s/ Eli S. Cohn
Eli Cohn, Esq.

/s/ David B. Grantz
David B. Grantz, Esq.

/s/ William J. Fiore
William J. Fiore, Esq.

SO ORDERED:

Martin Glenn, USBJ

Dated: _____