

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

	X	
WILLIAM C. HOPKINS and STEPHEN J. DiLORENZO,	X	Case No. 90-Civ.5869TPG
individually, as limited partners of and in the right of	X	
SUNRISE AUTO PARTNERS, L.P., and as	X	
class representatives,	X	
	X	
Plaintiffs,	X	
	X	
vs.	X	
	X	
JOHN E. BRANHAM, WESTBURY MANAGEMENT,	X	
INC., SMITH BARNEY, HARRIS UPHAM & CO. INC.,	X	
BRANHAM MANAGEMENT CORPORATION, II,	X	
ANTHONY PANEBIANCO, THEODORE	X	
PANEBIANCO, WILLIAM S. GRAY, JR.,	X	
and JOHN DOES 1-10,	X	
	X	
Defendants.	X	
	X	

NOTICE OF PROPOSED CLASS SETTLEMENT

TO: MEMBERS OF THE PLAINTIFF CLASS IN THE ABOVE-ENTITLED ACTION

A lawsuit pending in this Court (CV 90-5869 TPG) (the "Action") involves a claim by plaintiffs William C. Hopkins and Steven J. DiLorenzo, individually, as limited partners of and in the right of Sunrise Auto Partners, L.P., and as Class representatives, that defendants John E. Branham, Westbury Management, Inc., and Smith Barney, Harris Upham & Co. Inc. misrepresented and failed to disclose material facts to the Class in the 1988 offering and sale of limited partnership interest in Sunrise. Plaintiffs later amended their complaint to name Branham Management Corporation, II, Anthony Panebianco and Theodore Panebianco as defendants and to assert that defendants other than Smith Barney violated various duties in connection with the operations of Sunrise including misappropriations of funds from Auto Plaza Nissan, one of the dealerships in which Sunrise had a financial interest.

On April 1, 1993 this Court certified that the Action could be maintained as a class and derivative action pursuant to Rules 23(b)(3) and 23.2 of the Federal Rules of Civil Procedure on behalf of a class to consist of all limited partners of Sunrise Auto Partners, L.P. except John E. Branham, Dealer Management Services, Inc., Bermuda Trust Company, William S. Gray, Westbury Management, Inc., Stuart & Co., Inc., James Webster, Smith Barney, Harris Upham & Co., Inc., Walter Wick, Theodore Panebianco, Anthony Panebianco, Richard Panebianco, Sarafina Panebianco, Thea Panebianco, P.J. Management, Inc., and their respective assignees or successors in interest (the "Class").

In making this certification, the Court determined that William C. Hopkins and Steven J. DiLorenzo would fairly and adequately protect the interests of the Class and that Class Counsel had vigorously represented the interests of the Class.

You were sent a notice dated July 2, 1993 from the Clerk of this Court advising you of the certification of the Class and your rights as a member of the Class.

The purpose of this notice is to advise you of the status of the lawsuit, including a statement of your rights with respect to a proposed settlement of the case.

TERMS OF THE PROPOSED SETTLEMENT

Subject to court approval, the Class and defendants Smith Barney, Harris Upham & Co., Inc. ("Smith Barney"), Westbury Management, Inc. ("WMI") and William S. Gray, Jr. ("Gray") (collectively the "Settling Defendants") have executed a Stipulation of Settlement ("Settlement") which provides that the Action, including all claims that are or could have been asserted therein, will be settled for a total consideration of \$16,250,000, plus an additional payment of between \$0 and \$112,500 as set forth below. Within 14 days after the Court's preliminary approval of the Settlement, Smith Barney will cause the sum of \$16,250,000 to be paid into escrow as its contribution toward the Settlement Fund. If the conditions of the Settlement are met, the Settlement Fund and interest earned thereon will be distributed to the Class after allowance of attorneys' fees and expenses to Class counsel. If the conditions of the Settlement are not met, the Settlement Fund, together with the earnings thereon, will be returned to Smith Barney.

The Settlement is conditioned upon the closing of an agreement to purchase all of the assets and assume all of the liabilities (except liabilities for the transactions contemplated by the Settlement) of Sunrise and its affiliates by a purchaser designated by Gray for \$6,000,000. The assets being acquired include all assets of the Toyota and Mitsubishi dealerships owned by Sunrise and related real estate. Gray will also cause the purchaser to pay to the Settlement Fund an amount equal to one-half of the cash flow, between October 1, 1994 and the purchase date, of Sunrise up to a maximum of \$112,500.

The purchaser will be a newly formed entity to be owned by Gray, certain current employees of Sunrise, and a group of outside investors. It is anticipated that debt financing for the acquisition will be provided by a commercial bank. The acquisition will be subject to certain closing conditions being satisfied, including approval of the transaction by Toyota and Mitsubishi. Under the terms of the partnership agreement of Sunrise, a sale of the dealerships must be approved by a majority in interest of the Limited Partners. Execution of the Proof of Claim constitutes consent to the sale in accordance with the partnership agreement (unless you file an objection to the Settlement as hereinafter provided).

Upon the consummation of the Settlement, all right, title and interest of the Class in the Sunrise Limited Partnership units now owned by the Class will be transferred to a party to be designated by Smith Barney.

The Settling Defendants do not admit any wrongdoing or liability on their part. The proposed Settlement with them is a compromise of disputed claims and does not mean that they or any other person or entity are guilty of the claims made by plaintiffs.

The Settlement is subject to each of the following conditions:

1. Entry of an order by the Court approving the Settlement and dismissing the Action against Smith Barney, WMI and Gray with prejudice and requiring that any future claims relating in any way to this Settlement be made solely in the Action and enjoining any act by any party to the Action inconsistent with consummation of the Settlement (other than an appeal from final judgment approving the Settlement by a party who had timely objected thereto), and preventing any non-settling defendant in the Action from asserting claims for indemnity or contribution against Smith Barney, WMI or Gray; and

2. The closing of a purchase of all of the assets of Sunrise by the purchaser designated by Gray.

The effective date of the Settlement will be the day of the asset purchase closing. The asset purchase closing will take place within 14 days following the entry of the final judgment and orders approving the Settlement as set forth in paragraph 1 above. If no appeal is taken from such a final judgment and orders, the judgment and orders will be final 30 days from the date upon which they are entered, but if an appeal is taken, they will not become final until the judgment is affirmed or the appeal is dismissed.

If judgment and order as described above are entered on December 22, 1994 and no appeal is taken, the asset purchase is required to close on or before February 6, 1994.

DISTRIBUTION OF THE SETTLEMENT FUND

The Settlement Fund of \$16,250,000 plus possible cash flow of up to \$112,500 from the operation of Sunrise, together with interest on the Settlement Fund, will, after reduction for such fees and expenses of the Class counsel as may be allowed by the Court, be distributed to Class members in proportion to the total number of units or fractional units owned by each Class member. The Court has not fixed the amount of fees and expenses to be allowed; however, Class counsel has indicated that the total fees and expenses to be requested will not exceed \$4,275,000.

If an appeal is taken from an Order approving the Settlement or other proceedings are required other than the ordinary administration and distribution of the Settlement Fund, Class counsel has reserved the right to apply for additional fees and expenses.

If Class counsels' total fees and expenses are allowed in the amount specified above, each Class member will receive a payment, after deduction of such attorneys' fees and expenses, of approximately 65% of the amount of his or her net investment. For example, the owner of one unit will receive from the Settlement Fund approximately \$50,000 on a net investment of \$76,585.

PROOF OF CLAIM; RELEASE; ASSIGNMENT AND CONSENT TO SALE

Enclosed with this Notice is a Proof of Claim which must be completed and returned in the prepaid airbill and Federal Express envelope enclosed with this notice so that it is received by December 9, 1994. You must execute and return this claim form in order to receive your share of the Settlement Fund. You should execute and submit this Proof of Claim whether or not you intend to object to the Settlement. If you do not file an objection with the Court, this Proof of Claim will indicate your approval of the Settlement. Whether you object or not, the Settlement will be final and binding on you if it is approved by the Court.

The Proof of Claim includes a release whereby you release Smith Barney, Westbury Management, Inc. and William Gray, their agents, employees, successors and assigns, of all claims arising out of or related in any way to Sunrise Auto Partners, L.P.; in turn, those defendants release you of all claims that they or their agents, employees, successors and assigns may have against you related in any way to Sunrise Auto Partners. The Proof of Claim also contains a provision, and the Settlement provides, for the assignment of your units to a party designated by Smith Barney on the effective date of the Settlement at which time you will become entitled to your share of the Settlement Fund.

In addition, the Proof of Claim contains a provision whereby you consent to the sale of all of the partnership assets in order to carry out the terms of the Settlement as described above unless you file an objection to the Settlement, in which event you will be deemed not to have consented to the sale, or the other terms of the Settlement.

If you approve the proposed Settlement, you do not need to appear at the hearing, but should complete the enclosed Proof of Claim, Release, Assignment and Consent to the sale of partnership assets and return it to the Claims Administrator in the enclosed, prepaid Federal Express envelope so that it is received by December 9, 1994.

Even if you do object to the proposed Settlement, you should nevertheless execute and return the Proof of Claim. Any objection to the proposed Settlement by Class members will be considered by the Court, but only if such objections are filed in writing with the clerk by mail postmarked on or before December 16, 1994 with Proof of Service of a copy of the objection upon (a) the Claims Administrator, Dennis Gilardi, Gilardi & Co., P.O. Box 5100, Larkspur, California 94977-5100; (b) Law Offices of Robert W. Mills, 145 Marina Boulevard, San Rafael, California 94901; (c) William F. Alderman, Orrick, Herrington & Sutcliffe, 400 Sansome Street, San Francisco, California 94111; (d) John Drake, Drake & Moore, 1400 Old Country Road, Suite 202, Westbury, New York 11590. Attendance at the hearing is not necessary; however, Class members wishing to be heard orally in opposition to the proposed Settlement should indicate in their written objection their intention to appear at the hearing.

SETTLEMENT HEARING

A motion will be filed with the Court to approve the Settlement and the application of Plaintiffs' attorneys for allowance of fees and disbursements. This motion and supporting papers will be available for review commencing December 6, 1994 at the offices of the Class counsel:

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LAW OFFICES OF ROBERT W. MILLS

Robert Mills
Attorneys for Plaintiff
145 Marina Boulevard
San Rafael, CA 94901
(415) 456-8826

The court will hold a hearing in Courtroom 1506, United States District Court, Southern District of New York, 40 Centre Street, New York, New York 10007, on December 22, 1994 at 10:00 a.m., to determine whether it should give final approval to the proposed

Settlement, as recommended by both of the Class representatives (William C. Hopkins and Stephen J. DiLorenzo) and all Class counsel (Theodore W. Phillips, Phillips, Greenberg, Strain & Hauser; Max Folkenflik, Folkenflik & McGerity; Robert W. Mills).

Class members who support the proposed Settlement do not need to appear at the hearing, but should complete the enclosed Proof of Claim, and return it to the Claims Administrator in the enclosed prepaid Federal Express envelope so that it is received by December 9, 1994.

FURTHER PROCEEDINGS

If the Settlement is approved by the Court, Class Counsel believe that, unless delayed by appeals or unforeseen events, distributions to Class members may be made by March 1, 1995. You must complete the enclosed Proof of Claim, Release, Assignment and Consent to Sale of Partnership Assets and return it to the Claims Administrator so that it is received no later than December 9, 1994, in order for you to receive your share of the Settlement.

ADDITIONAL INFORMATION

Any questions you have about the matters in this notice should not be directed to the court but may be directed by telephone or letter to: Law Offices of Robert W. Mills, Of Class Counsel, 145 Marina Boulevard, San Rafael, California 94901, Telephone Number (415) 456-8826, or Sunrise Claims Administrator, c/o Gilardi & Company, P.O. Box 5100, Larkspur, California 94977-5100, Telephone Number (415) 461-0410.

You may, of course, seek the advice and guidance of your own attorney if you desire. In order for you to be fully informed, enclosed with this Notice are copies of plaintiffs' Memorandum In Support of Preliminary Approval Of Settlement and of the Stipulation Of Settlement. The pleadings and other records of this Action may be examined and copied at any time during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, 40 Centre Street, New York, New York 10007.

Dated: November 22, 1994

JOSEPH F. CLOIDT
Clerk of the Court
United States District Court
For the Southern District of New York