

**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

MICHAEL D. JUDY	)	C.A. No. 4662-CC
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
PREFERRED COMMUNICATION	)	
SYSTEMS, INC., a Delaware corporation,	)	
	)	
Defendant.	)	

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MICHAEL D. JUDY	)	C.A. No. 4720-CC
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
PREFERRED COMMUNICATION	)	
SYSTEMS, INC., a Delaware corporation,	)	
	)	
Defendant.	)	

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MICHAEL D. JUDY	)	C.A. No. 4721-CC
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
PREFERRED COMMUNICATION	)	
SYSTEMS, INC., and CHARLES M. AUSTIN,	)	
	)	
Defendants.	)	

**AFFIDAVIT OF MICHAEL D. JUDY**

I, Michael D. Judy, being first duly sworn according to law, do depose and say:

1. I am the stockholder of record of at least 16,666 shares of Class A Common Stock (“Class A Common Stock”) of Preferred Acquisitions, Inc. (the “Company”). I first became a stockholder of the Company on or about February 10, 1999.

2. Since my original purchase of about 8,333 shares of Class A Common Stock in February 1999 (which, as a result of a two-for-one stock split, now amount to 16,666

shares of Class A Common Stock), I have made the following purchases of capital stock in the Company:

<b>Date</b>	<b>Amount Invested</b>	<b>Shares Purchased<sup>1</sup></b>
April 12, 1999	\$10,199.19	3,333 shares of Series A Preferred Stock
October 2, 2007	30,000.00	4,000 shares of Series B Preferred Stock
February 7, 2008	40.00	4,000 shares of Class B Common Stock
June 19, 2008	20,000.00	21,000 shares of Class A Common Stock
June 27, 2008	1,550.00	5,000 shares of Class A Common Stock <sup>2</sup>
August 12, 2008	9,000.00	35,000 shares of Class A Common Stock <sup>3</sup>

3. True and correct copies of the stock certificates issued by the Company evidencing my ownership of shares of capital stock of the Company are attached hereto as Exhibit A. I have stock certificates for all shares that I have purchased from the Company, except shares that I own as a result of a two-for-one stock split of Class A Common Stock.

4. I am the President of Preferred Spectrum Investments, LLC (“PSI”), a group of 17 stockholders of the Company formed in 2009. Among other things, PSI was formed with the goal of protecting the member stockholders’ respective investments in the Company and preserving the interests of the Company generally. PSI has sought to intervene in the action

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<sup>1</sup> The stock purchases made on June 19, 2008, June 27, 2008, and August 12, 2008 were purchases from other stockholders of the Company and not stock purchases directly from the Company itself.

<sup>2</sup> The stock certificate evidencing this purchase of 5,000 shares of Class A Common Stock has a typographical error. The face of the certificate indicates in one place that it represents 5,000 shares, and in another place indicates that it represents 21,000 shares.

<sup>3</sup> Of these 35,000 shares of Class A Common Stock purchased on August 12, 2008, 25,000 shares were issued pursuant to a stock certificate indicating that they were shares of Class B Common Stock. By email dated August 12, 2008, however, Charles M. Austin, the purported President of the Company indicated that the 25,000 shares of Class B Common Stock issued pursuant to the stock certificate would be exchanged for an equal number of Class A Common Stock. To date, I have never received a corrected stock certificate. Austin’s email is attached as Exhibit A along with my stock certificates.

before the Federal Communications Commission (the “FCC”) styled *In the Matter of Pendleton C. Waugh, et al.*, E.B. Docket No. 07-14 (the “FCC Hearing”). PSI’s counsel in the FCC Hearing is the law firm of Wilkinson Barker Knauer LLP, which firm does not represent Pendleton C. Waugh.

5. On May 17, 2008 and September 1, 2008, I sent letters to Charles M. Austin, the purported chairman of the board of directors and president of the Company, requesting that Austin convene an annual meeting of stockholders of the Company. True and correct copies of these letters are attached hereto as Exhibits B and C, respectively. Austin never responded to these letters, and has never convened, nor, to my knowledge, provided notice of an annual meeting of stockholders of the Company.

6. On November 11, 2008, I sent a letter to Mr. Lance Hardenburg of Hallett & Perrin, P.C., counsel to the Company, requesting the inspection of various books and records of the Company. A true and correct copy of that letter is attached hereto as Exhibit D. Reed Runnels of Hallett & Perrin, P.C., responded to my letter indicating that, as outside counsel to the Company, he did not have the authority to release the requested books and records. A true and correct copy of Mr. Runnels’ letter is attached hereto as Exhibit E.

7. On November 6, 2008, I made a verbal request to Austin to inspect certain books and records of the Company. In response to my request, Austin indicated that he would “see what he could do” and promised to “work on it.” To date, Austin has never allowed me to inspect the requested books and records.

8. In addition to my efforts to have Austin convene an annual meeting of stockholders, various stockholders of the Company have sent letters to Austin requesting that he convene an annual meeting of stockholders of the Company. True and correct copies of certain

of these letters are attached hereto as Exhibit F. To my knowledge, Austin has not convened or noticed any annual meeting of stockholders in response to these letters.

9. Attached hereto as Exhibit G is a true and correct copy of the opinion (the "Opinion"), dated October 24, 2005, prepared by Kagan Media Appraisals, as to the fair market value of the Company's portfolios of SMR licenses located in the 800-900 MHz SMR bands in Puerto Rico, the U.S. Virgin Islands, and two regions within the continental United States, as described in the Opinion.

10. To my knowledge, Austin has made no monetary investment in the Company, despite his purported ownership of 75% of the common stock of the Company.

Michael D. Judy  
Michael D. Judy  
Date: 9/9/09

SWORN AND SUBSCRIBED  
before me this 9<sup>th</sup> day of September, 2009.

[Signature]  
Notary Public  
My commission expires: April 10, 2013

### CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], not Notary)

\_\_\_\_\_  
Signature of Document Signer No. 1

\_\_\_\_\_  
Signature of Document Signer No. 2 (if any)

State of California  
County of Fresno

Subscribed and sworn to (or affirmed) before me on this  
9 day of September, 2009 by  
Date Month Year  
(1) Michael D. Judy,  
Name of Signer

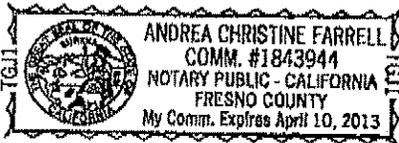
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.)

(and

(2) \_\_\_\_\_  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature [Signature]  
Signature of Notary Public



Place Notary Seal Above

#### OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

#### Further Description of Any Attached Document

Title or Type of Document: Affidavit of Michael Judy

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signor(s) Other Than Named Above: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER #1
Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here

**CERTIFICATE OF SERVICE**

I hereby certify that on September 9, 2009, a copy of the within document was served upon the following in the manner indicated:

**BY E-MAIL & FIRST CLASS MAIL**

Charles M. Austin  
7545 Cortina Avenue  
Atascadero, CA 93422

**BY FIRST CLASS MAIL**

Preferred Communication Systems, Inc.  
P.O. Box 153164  
Irving, TX 75015-3164

*/s/ Peter J. Walsh, Jr.*

Peter J. Walsh, Jr. (#2437)