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May 24, 2013

RECEIVED
Corporate & Financial Regulation

MAY 28 2013

Pennsylvania
Insurance Department

VIA FEDERAL EXPRESS

Robert L. Pratter
Duane Morris LLP
30 South 17th Street
Philadelphia, PA 19103-4196

Re: Gregory Shepard's Financial Statements

Dear Mr. Pratter,

We received a copy of your letter dated May 20, 2013, to Robert E. Brackbill of the Pennsylvania Department of Insurance regarding the financial statements of our client Gregory Shepard that were filed as Exhibits H-M of Mr. Shepard's Pennsylvania Form A.

Enclosed herewith are redacted copies of such financial statements, as well as redacted copies of Mr. Shepard's financial statements dated as of March 15, 2013, and December 31, 2012.

As stated in our letter to you dated May 8, 2013, Mr. Shepard remains willing to provide unredacted copies of all of the aforementioned financial statements to Donegal, if Donegal and Donegal Mutual Insurance Company enter into the Confidentiality Agreement with Mr. Shepard that was enclosed with such letter.

Very truly yours,

Lathrop & Gage LLP

By: 
J. Victor Peterson

Attachment

Cc: Robert E. Brackbill ✓
Jodi Frantz, Esq.

MR. GREGORY M. SHEPARD

Statement of Financial Condition

March 15, 2013

STRIEGEL KNOBLOCH & COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Dennis K. Knobloch, CPA
James E. Mulligan, CPA
James P. Ingold, CPA
Joel M. White, CPA

Danny L. Kiedaisch, CPA
John J. Bellefete, CPA
Chad E. Rogers, CPA
David A. Klimas, CPA

L. Eugene Striegel, CPA
1935-2011
Martha E. Ingold, CPA
Consultant

INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
7028 Portmarnock Place
Bradenton, Florida

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of March 15, 2013, and the related notes to the financial statement.

Mr. Gregory M. Shepard's Responsibility for the Financial Statement

Mr. Gregory M. Shepard is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Mr. Gregory M. Shepard's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of his internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Mr. Gregory M. Shepard, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of March 15, 2013, in accordance with accounting principles generally accepted in the United States of America.

Striegel Knobloch & Company, L.L.C.

Bloomington, Illinois
March 25, 2013

115 West Jefferson, Suite 200, P.O. Box 3217, Bloomington, Illinois 61702-3217
Ph: (309) 829-4303 Fax: (309) 827-3181 Website: www.skco.net
With offices in Chicago, Pontiac and Pantoull

MR. GREGORY M. SHEPARD

Statement of Financial Condition

March 15, 2013

ASSETS

Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Note 3):
 Farmland
Residences (Note 2)
Personal property (Note 2)

Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
Notes, secured with marketable securities and
 mortgages on real estate, with interest
 ranging from ■■■% to ■■■% with
 monthly payments of interest only
Estimated income taxes on the difference between
 estimated current values of assets and their
 tax basis (Note 4)
Net worth

Total Liabilities and Net Worth



The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

March 15, 2013

Note 1 – Significant Accounting Policies:

The accompanying statement of financial condition includes the assets and liabilities of Mr. Gregory M. Shepard. Some of the other Notes to Statement of Financial Condition contain more specific information regarding the carrying value of certain individual assets. Other significant accounting policies are as follows:

- A) In the determination of net assets, all major assets owned by Mr. Gregory M. Shepard, and all major liabilities are included in the accompanying Statement of Financial Condition.
- B) The asset values are intended to represent the best available information as to the exchange prices under present conditions, assuming a willing buyer and a willing seller.
- C) Minor personal effects and other items which have an immaterial effect on net assets are not included in this report.
- D) The information is based on personal records maintained by Mr. Gregory M. Shepard.

Note 2 – Estimated Current Value Basis:

The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

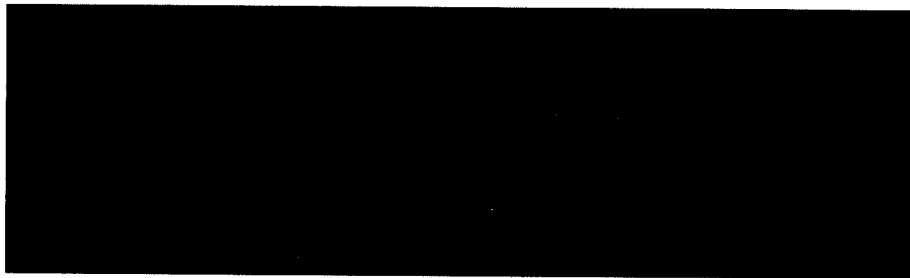
Notes to Statement of Financial Condition - Continued

March 15, 2013

Note 3 – 



Note 4 – 



Note 5 – Subsequent Event:

No other events have occurred subsequent to March 15, 2013, that are required to be disclosed in these financial statements. This evaluation was made as of March 25, 2013, the date these financial statements were available to be issued.

MR. GREGORY M. SHEPARD

Statement of Financial Condition

December 31, 2012

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STRIEGEL KNOBLOCH & COMPANY, L.L.C.

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1935-2011
Martha E. Ingold, CPA
Consultant

INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
7028 Portmarnock Place
Bradenton, Florida

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of December 31, 2012, and the related notes to the financial statement.

Mr. Gregory M. Shepard's Responsibility for the Financial Statement

Mr. Gregory M. Shepard is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Mr. Gregory M. Shepard's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of his internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Mr. Gregory M. Shepard, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

Striegel Knobloch & Company, L.L.C.

Bloomington, Illinois
March 25, 2013

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MR. GREGORY M. SHEPARD

Statement of Financial Condition

December 31, 2012

ASSETS

Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Note 3):
 Farmland
Residences (Note 2)
Personal property (Note 2)

Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
Notes, secured with marketable securities and
mortgages on real estate, with interest
ranging from ■■■% to ■■■% with
monthly payments of interest only
Estimated income taxes on the difference between
estimated current values of assets and their
tax basis (Note 4)
Net worth

Total Liabilities and Net Worth

The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

December 31, 2012

Note 1 – Significant Accounting Policies:

The accompanying statement of financial condition includes the assets and liabilities of Mr. Gregory M. Shepard. Some of the other Notes to Statement of Financial Condition contain more specific information regarding the carrying value of certain individual assets. Other significant accounting policies are as follows:

- A) In the determination of net assets, all major assets owned by Mr. Gregory M. Shepard, and all major liabilities are included in the accompanying Statement of Financial Condition.
- B) The asset values are intended to represent the best available information as to the exchange prices under present conditions, assuming a willing buyer and a willing seller.
- C) Minor personal effects and other items which have an immaterial effect on net assets are not included in this report.
- D) The information is based on personal records maintained by Mr. Gregory M. Shepard.

Note 2 – Estimated Current Value Basis:

The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2012

Note 3 - [REDACTED]

[REDACTED]

Note 4 - [REDACTED]

[REDACTED]

Note 5 - Subsequent Event:

No other events have occurred subsequent to December 31, 2012, that are required to be disclosed in these financial statements. This evaluation was made as of March 25, 2013, the date these financial statements were available to be issued.

MR. GREGORY M. SHEPARD

Statement of Financial Condition

September 15, 2012

STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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1935-2011
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Consultant

INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
7028 Portmarnock Place
Bradenton, Florida

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of September 15, 2012. This financial statement is the responsibility of Mr. Shepard. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the individual, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of September 15, 2012, in conformity with accounting principles generally accepted in the United States of America.



Bloomington, Illinois
September 19, 2012

MR. GREGORY M. SHEPARD

Statement of Financial Condition

September 15, 2012

ASSETS

Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Note 3):
 Farmland
Residences (Note 2)
Personal property (Note 2)

Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
Notes, secured with marketable securities and a
 mortgage on real estate, with interest
 ranging from [REDACTED] % to [REDACTED] % with
 monthly payments of interest only
Estimated income taxes on the difference between
 estimated current values of assets and their
 tax basis (Note 4)
Net worth

Total Liabilities and Net Worth



The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

September 15, 2012

Note 1 – Significant Accounting Policies:

The accompanying statement of financial condition includes the assets and liabilities of Mr. Gregory M. Shepard. Some of the other Notes to Statement of Financial Condition contain more specific information regarding the carrying value of certain individual assets. Other significant accounting policies are as follows:

- A) In the determination of net assets, all major assets owned by Mr. Gregory M. Shepard, and all major liabilities are included in the accompanying Statement of Financial Condition.
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- C) Minor personal effects and other items which have an immaterial effect on net assets are not included in this report.
- D) The information is based on personal records maintained by Mr. Gregory M. Shepard.

Note 2 – Estimated Current Value Basis:

The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

September 15, 2012

Note 3 –

[REDACTED]

Note 4 –

[REDACTED]

Note 5 – Subsequent Event:

No other events have occurred subsequent to September 15, 2012, that are required to be disclosed in these financial statements. This evaluation was made as of September 19, 2012, the date these financial statements were available to be issued.

MR. GREGORY M. SHEPARD

Statement of Financial Condition

December 31, 2011

STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Consultant

INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
7028 Portmarnock Place
Bradenton, Florida

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of December 31, 2011. This financial statement is the responsibility of Mr. Shepard. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the individual, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Striegel Knobloch & Company, LLC

Bloomington, Illinois
September 18, 2012

MR. GREGORY M. SHEPARD

Statement of Financial Condition

December 31, 2011

ASSETS

Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Notes 3 and 4):

████████████████████
Farmland

Residences (Note 2)
Personal property (Note 2)

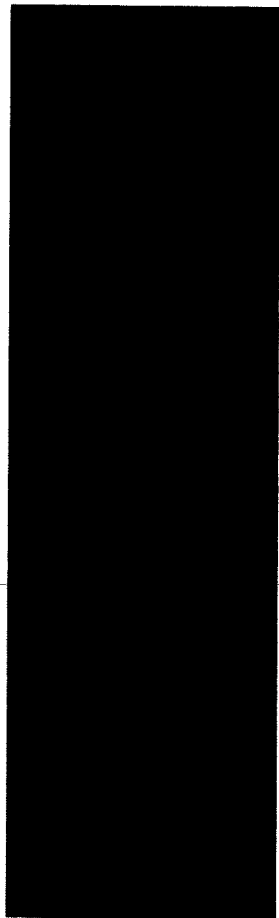
Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
State income tax payable (overpayment)
Notes, secured with marketable securities and a
mortgage on real estate, with interest
ranging from ██████% to ██████% with
monthly payments of interest only
Estimated income taxes on the difference between
estimated current values of assets and their
tax basis (Note 5)

Net worth

Total Liabilities and Net Worth



The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

December 31, 2011

Note 1 – Significant Accounting Policies:

The accompanying statement of financial condition includes the assets and liabilities of Mr. Gregory M. Shepard. Some of the other Notes to Statement of Financial Condition contain more specific information regarding the carrying value of certain individual assets. Other significant accounting policies are as follows:

- A) In the determination of net assets, all major assets owned by Mr. Gregory M. Shepard, and all major liabilities are included in the accompanying Statement of Financial Condition.
- B) The asset values are intended to represent the best available information as to the exchange prices under present conditions, assuming a willing buyer and a willing seller.
- C) Minor personal effects and other items which have an immaterial effect on net assets are not included in this report.
- D) The information is based on personal records maintained by Mr. Gregory M. Shepard.

Note 2 – Estimated Current Value Basis:

The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Investment in a closely held subchapter S corporation	Estimates are based on company market value, as noted in the applicable footnote.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2011

Note 3 -

[REDACTED]

Note 4 -

[REDACTED]

Note 5 -

[REDACTED]

Note 6 -

[REDACTED]

MR. GREGORY M. SHEPARD
Statement of Financial Condition
December 31, 2010

STRIEGEL KNOBLOCH & COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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STRIEGEL KNOBLOCH & COMPANY, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
7028 Portmarnock Place
Bradenton, Florida

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of December 31, 2010. This financial statement is the responsibility of Mr. Shepard. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the individual, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Striegel Knobloch & Company, LLC

Bloomington, Illinois
July 21, 2011



MR. GREGORY M. SHEPARD
Statement of Financial Condition
December 31, 2010

ASSETS

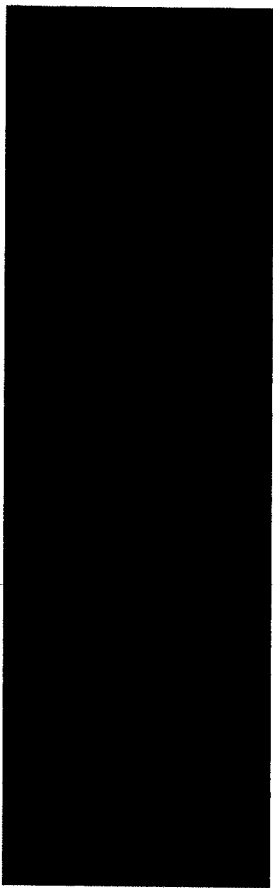
Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Notes 3 and 4):
 
 Farmland
Residences (Note 2)
Personal property (Note 2)

Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
State income tax payable
Notes, secured with marketable securities and a
 mortgage on real estate, with interest
 ranging from % to % with monthly
 payments of interest only
Estimated income taxes on the difference between
 estimated current values of assets and their
 tax basis (Note 5)
Net worth

Total Liabilities and Net Worth



The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

December 31, 2010

Note 1 – Significant Accounting Policies:

The accompanying statement of financial condition includes the assets and liabilities of Mr. Gregory M. Shepard. Some of the other Notes to Statement of Financial Condition contain more specific information regarding the carrying value of certain individual assets. Other significant accounting policies are as follows:

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- C) Minor personal effects and other items which have an immaterial effect on net assets are not included in this report.
- D) The information is based on personal records maintained by Mr. Gregory M. Shepard.

Note 2 – Estimated Current Value Basis:

The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Investment in a closely held subchapter S corporation	Estimates are based on company market value, as noted in the applicable footnote.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2010

Note 3 –

[REDACTED]

Note 4 –

[REDACTED]

Note 5 –

[REDACTED]

Note 6 – Subsequent Event:

No events have occurred subsequent to December 31, 2010, that are required to be disclosed in these financial statements. This evaluation was made as of July 21, 2011, the date these financial statements were available to be issued.

MR. GREGORY M. SHEPARD

Statement of Financial Condition

December 31, 2009

STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Danny L. Kiedalsch, CPA
James P. Ingold, CPA
Joel M. White, CPA

INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
5055 Gulf of Mexico Drive, #414
Longboat Key, FL

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of December 31, 2009. This financial statement is the responsibility of Mr. Shepard. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the individual, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.


Striegel Knobloch & Company, L.L.C.

Bloomington, Illinois
October 18, 2010

MR. GREGORY M. SHEPARD
Statement of Financial Condition
December 31, 2009

ASSETS

Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Notes 3 and 4):


Farmland
Residences (Note 2)
Personal property (Note 2)

Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
State income tax payable
Estimated income taxes on the difference between
estimated current values of assets and their
tax basis (Note 5)
Net worth

Total Liabilities and Net Worth



The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

December 31, 2009

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The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Investment in a closely held subchapter S corporation	Estimates are based on company market value, as noted in the applicable footnote.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2009

Note 3 – [REDACTED]

[REDACTED]

Note 4 – [REDACTED]

[REDACTED]

Note 5 – [REDACTED]

[REDACTED]

Note 6 – Subsequent Event

No events have occurred subsequent to December 31, 2009, that are required to be disclosed in these financial statements. This evaluation was made as of October 18, 2010, the date these financial statements were available to be issued.

MR. GREGORY M. SHEPARD

Statement of Financial Condition

December 31, 2008

STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

L. Eugene Striegel, CPA Dennis K. Knobloch, CPA
Danny L. Kiedaisch, CPA James E. Mulligan, CPA John J. Belletete, CPA
James P. Ingold, CPA Martha E. Ingold, CPA Chad E. Rogers, CPA

INDEPENDENT AUDITORS' REPORT

Mr. Gregory M. Shepard
5055 Gulf of Mexico Drive, #414
Longboat Key, FL

We have audited the accompanying statement of financial condition of Mr. Gregory M. Shepard as of December 31, 2008. This financial statement is the responsibility of Mr. Shepard. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the individual, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Mr. Gregory M. Shepard as of December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Striegel Knobloch & Company, L.L.C.

Bloomington, Illinois
August 27, 2009

MR. GREGORY M. SHEPARD
Statement of Financial Condition
December 31, 2008

ASSETS

Cash and cash equivalents
Marketable securities (Note 2)
Other investments (Notes 3 and 4):



Residences (Note 2)
Personal property (Note 2)

Total Assets

LIABILITIES AND NET WORTH

Federal income tax payable
State income tax payable
Notes, secured with mortgages on real estate, with
interest ranging from [redacted] % to [redacted] % with
monthly payments of principal and interest
Estimated income taxes on the difference between
estimated current values of assets and their
tax basis (Note 5)
Net worth

Total Liabilities and Net Worth



The accompanying notes are an integral part of this statement.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

December 31, 2008

Note 1 – Significant Accounting Policies:

The accompanying statement of financial condition includes the assets and liabilities of Mr. Gregory M. Shepard. Some of the other Notes to Statement of Financial Condition contain more specific information regarding the carrying value of certain individual assets. Other significant accounting policies are as follows:

- A) In the determination of net assets, all major assets owned by Mr. Gregory M. Shepard, and all major liabilities are included in the accompanying Statement of Financial Condition.
- B) The asset values are intended to represent the best available information as to the exchange prices under present conditions, assuming a willing buyer and a willing seller.
- C) Minor personal effects and other items which have an immaterial effect on net assets are not included in this report.
- D) The information is based on personal records maintained by Mr. Gregory M. Shepard.

Note 2 – Estimated Current Value Basis:

The values shown were determined as follows:

Marketable securities	Marketable value as quoted on applicable exchange.
Investments in a closely held corporation and subchapter S corporation	Estimates are based on company market value, as noted in the applicable footnote.
Farmland	Estimates are based on market value, as noted in the applicable footnote.
Residences	Market value based on Mr. Shepard's knowledge of local market conditions, and acquisition of the property.
Personal property	Actual cost or fair market value based on estimated resale value.

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2008

Note 3 – [REDACTED]

[REDACTED]

Note 4 – [REDACTED]

[REDACTED]


MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2008

Note 5 – Estimated Income Taxes:

Estimated income taxes have been provided on the excess of the estimated current values of assets over their tax basis, as if the estimated current values of the assets had been realized on the statement date, using applicable tax laws and regulations. The provision will probably differ from the amounts of income taxes that eventually might be paid because those amounts are determined by the timing and the method of disposal or realization and the tax laws and regulations in effect at the time of disposal or realization.



MR. GREGORY M. SHEPARD
Statement of Financial Condition
December 31, 2007

STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Striegel Knobloch & Company, L.L.C.

Bloomington, Illinois
August 27, 2009

MR. GREGORY M. SHEPARD
Statement of Financial Condition
December 31, 2007

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MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition

December 31, 2007

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MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2007

Note 3 —

[REDACTED]

[REDACTED]

Note 4 —

[REDACTED]

[REDACTED]

MR. GREGORY M. SHEPARD

Notes to Statement of Financial Condition - Continued

December 31, 2007

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