

May 10, 2007 Investor Meeting

A meeting was held for investors in Trend Management Group, Inc. and Trend Capital, LLC on May 10, 2007 at the Arizona State Capitol. During the meeting a handout was provided to all attendants. The information contained in the handout can be found in the Preliminary Report of Peter S. Davis, Receiver, which was filed with the court on March 9, 2007. Investors can access the Preliminary Report along with other information related to the receivership on the website at www.trendreceivership.com.

I. Introductory Comments

Present at the meeting was Peter S. Davis, the court-appointed Receiver. Mr. Davis is a Certified Public Accountant and a Certified Fraud Examiner. Mr. Davis's legal counsel, Ryan W. Anderson, was also present. Nicole Manos and Sara Beretta from the Receiver's firm, Simon Consulting, LLC, were present. Additionally, Leroy Johnson, Krista Chapman, and Julian Pereira of the Arizona Corporation Commission were present.

The Receiver's responsibility is to locate, secure and eventually liquidate the assets of the Trend Companies in the hope of maximizing recoveries for investor victims. The Receiver's initial task is to determine where the money which was invested in the Trend Companies originated from and then using forensic accounting methods to determine where it went and how it was utilized. The handout provided to the attendee's contained a graphical representation of the flow of the money invested in the Trend Companies. Most of the unknown dollar amounts on the handout have been identified by the Receiver to a reasonable degree of certainty.

II. Receivership Overview

The previous owners of the Trend Companies and the Arizona Corporation Commission agreed that a Receiver over the Trend Companies was needed to locate investor funds and distribute them to the investors. Typically, a receiver is appointed without an agreement by the opposing parties. The Arizona Corporation Commission (ACC) had already done a lot of investigative work when Mr. Davis was appointed which has enabled Mr. Davis to move quickly in this case. However, the Receiver is not confident that all Trend Company investors have been located.

A receivership is similar to a bankruptcy; however, there are a number of advantages to a receivership. Like a bankruptcy, a receivership operates under the theory of "equity" and all investors are to be treated equally. A receivership, like a bankruptcy, seeks to stop third parties from initiating lawsuits against the entities in receivership to allow the receiver to quickly investigate and locate assets for the investors.

Another part of the receiver's responsibilities is to identify and certify each investor's claim and pay the valid claims of the investors. One significant benefit of a receivership is that a receiver stands in the shoes of the companies who have committed the bad acts without being saddled with the legal responsibility for those acts. A receiver can effectively recover more money for the investors because the receiver is not subject to being held accountable for the companies' past frauds.

The receiver is an officer of the court, an agent of the Judge, who in this case is Judge Ruth Hilliard. The Receiver operates under the provisions of a court order which is posted on the Receiver's website. The order outlines the receiver's powers. Sometimes new directives are necessary and petitions will be filed for the Judge's approval. For example, a petition has been filed with the court asking the Judge to demand that US Bank turn over all funds held on behalf of the Trend companies to the receiver. Court orders empower parties as to what to do next. The Receiver must file petitions in order to accept settlements, sell assets, pay fees, etc. You can monitor the case by reviewing the petitions filed by the Receiver.

III. The Trend Investment

The Receiver doesn't believe that Trend was a viable investment, but rather it effectively operated as an investment scheme. Much of the money invested into Trend Capital was "skimmed off" to pay the personal expenses of the owners of the companies and their family members. A complete listing of all recipients of Trend Company funds can be found in the Receiver's Preliminary Report. The Receiver has determined that money came in from the investors and went primarily into Trend Capital. Over \$1 million was paid in commissions to sales agents. Once all the commissions were paid, a portion of the remaining investor money was invested in consumer credit card debt. From the Receiver's investigation, of over \$15 million dollars that was invested into the Trend Companies, approximately 50% was actually invested in Crown Asset Management or similar companies which actually purchased and collected this consumer debt. Of the total monies raised, \$14 million went into Trend Capital, \$8 million went from Trend Capital into Trend Management.

The Receiver has taken control of all of the Trend Companies' bank accounts which held about \$250K at the inception of the Receivership. Since the appointment of the Receiver, Mr. Davis has collected an additional \$1.1 million from the Crown Asset Management investment.

Crown Asset Management is an investment company which purchases, maintains, and manages consumer credit card debt. Crown's business model essentially calls for Crown to pay pennies on the dollar for old credit card debt, car loans, etc. Crown then seeks to collect on this debt. However, banks have already tried and failed to collect on this debt, so the likelihood of collecting is small. Crown typically researches to determine if original debtors own real estate or other assets which they could sue for repayment of their debt. The purchase of debt is a high risk business, there's a significant risk of not collecting any money.

Trend initially sent \$7 million of investor monies to Crown. Trend received payment from its investment and then reinvested it back into Crown. A total of \$17 million went into Crown and \$12 million came back. Trend kept \$2 million of that amount.

Most people invested in the Trend Companies after seeing an advertisement in the newspaper. Others were referred by Easy Street. Many investors had also invested a lot of money in other unrelated investments; all other investments worked well and seemed to be viable investments. Some investors always felt their agents had their best interests in mind and were completely shocked when the Trend investment fell through. An investor in San Diego stated that she invested in Trend through an independent personal financial advisor. A Colorado investor stated that she personally knew Ryan Herndon, Scott Bogue, and Linda Jordan and was referred by them. An Illinois investor stated that he was introduced to Trend by a salesman who came to his door.

A large chunk of the money received by Trend Capital was used to purchase a home which was subsequently sold. The assets gained from the sale of the home were used to buy other things, and some of it ended up in Mexico. We are trying to determine what underlying assets, if any, there are as a result of these transfers of money.

IV. Ongoing Activities

The Receiver has been collecting \$150K to \$300K from Crown on a monthly basis representing collections on Trend debt portfolios. The Receiver is in the process of preparing a detailed valuation of the Trend assets held with Crown asset in an effort to decide whether to sell the debt which is now one to two years old, or reinvest it in an attempt to collect more money. The analysis is in progress but is not yet complete. Once it is complete, it will be made public and filed with the court.

The Receiver will begin to investigate potential recoveries of Trend Companies assets wherever they are located. This may involve the Receiver filing various lawsuits against third parties who may have received money from the Trend Companies.

We are aware that there is a relationship between Trend Capital, Trend Management, and US Bank. Investors are encouraged to provide copies of all documentation in their possession if they have not already done so. We are still evaluating the claims and we don't want to have a detailed discussion regarding claims against US Bank, if any, because we are still conducting the evaluation process.

V. Comments from the Arizona Corporation Commission

Leroy Johnson is the Chief Counsel for Enforcement with the Securities Division of the Arizona Corporation Commission "ACC".

The ACC has sued Scott Bogue, Ryan Herndon, Trend Capital, and Trend Management. This is how the receivership got started. The ACC has a pending case, and it was agreed by all parties that our case would continue. A hearing is coming up in September to determine liability of the parties involved. We may work toward a settlement or we may end up going to a hearing. The ACC by statute has criminal referral power. The Arizona Corporation Commission can turn over accumulated information to the Attorney General's office and work with them to prosecute people who have violated the law.

These meetings are difficult for everyone involved, especially the investors. We know there is an expectation to get your money back and see resolution, but it's a process and it takes time. This receivership is going at light speed compared to some others. Mr. Davis has put together an amazing financial analysis in a relatively short period of time. The court is involved and must approve each step of the process. If investors provide info to the ACC, the ACC will give it to the Receiver and vice versa. The Receiver and the ACC are not working together per se, but are sharing information.

VI. Investor Questions and Answers

Investor question: Is this (the Receivership) going to last five or six years?

→ Hopefully not. The Receiver has received significant help from the ACC in getting started, and we are in a great position to move quickly. We have over \$1.3 million held at Wells Fargo and invested in US treasuries. We intend to collect more money from the Crown investment. We hope to issue the first distribution in 2008. In 3 to 4 months we hope to complete a large part of our analysis and file claims against third parties. We have talked to a number of investors and understand that older investors don't want to wait.

Finally, the Receiver will move to determine how much money each investor invested and how much principle and interest they got back in order to calculate their net claim. The claims process will be facilitated by the Superior Court. If investors agree or disagree with the receiver's calculation, the Judge will make the final decision on the matter.

Investor question: Can we consider this investment a tax loss?

→ The Receiver can not make recommendations on this issue, you must see your own tax professional.

Investor question: What is Crown Asset Management ("Crown")?

→ Crown is a company which purchases consumer debt receivables and attempts to collect on them. The Receiver is currently analyzing the Trend investment with Crown to determine what it is worth today, what it's liquidation value would be, and if returns should be reinvested for potential additional gains.

This analysis is ongoing, but it will be made public once it is complete. The Receiver will then file his recommendations with the court.

Investor question: If someone invested in Trend Capital are they in a lesser position than if they invested in Trend Management?

→ The Receiver hasn't drawn a conclusion on this issue yet and is not prepared to answer.

Investor question: How are the Receiver and his firm, Simon Consulting, paid?

→ The Receiver is paid an hourly rate times the number of hours worked, he is not paid a percentage of money recovered, and he can only be paid from the assets he is able to collect. You can see from Petition No. 1, the actual rates and engagement agreements. The Receiver may decide in the future to hire a lawyer on a contingency fee basis if necessary to seek recoveries.

Investor question: Does the Arizona Corporation Commission get paid for its work? Those are elected positions, so do they get a portion of the recovery as well?

→ The ACC is not paid by the receivership estate for their work. They are public servants and don't get a percentage or portion of monies recovered.

Investor question: Do interest payments received count towards the pro rata share?

→ We will do a net investment analysis. Your principle in will be reduced by dollars you received back in order to calculate your net claim amount. Then the money will be distributed on a pro rata basis.

Investor question: What is the difference between investments in Trend Capital and Trend Management?

→ The Receiver has not yet decided how to differentiate between the investments or if they will be differentiated at all.

Investor question: Are monies paid in commissions recoverable?

→ Perhaps, the Receiver will seek to recover commissions paid to agents who facilitated investments into Trend.

Investor question: What kind of punishment will these people receive?

→ The government's criminal law enforcement division will do their own investigation. The Receiver may be asked to testify to help substantiate their claims, but prosecuting Scott Bogue and Ryan Herndon is not a job of the Receiver.

Investor question: I was approached by Fiserv to invest in Trend. I'm being charged \$250 a year unless I close out my account even though my account shows a zero balance.

→ We have not yet investigated Fiserv or determined how to handle investments made through an IRA account. Please make sure you provide copies of all documents related to your investment, including Fiserv statements and correspondence. Fiserv issued checks from individual investors to Trend so the funds went into Trend. Trend was supposed to pay dividends back into the investors' Fiserv account. When we do the distributions, we may have to issue checks back to Fiserv. We have not had a chance to investigate this issue yet.

Investor question: When will we receive the claim form described in your letter dated February 23, 2007?

→ We hope to distribute the claim form to investors within six months. The claim form may include a calculation of each investor's net investment, or gross dollars in minus dollars paid back. The form should be filled out, signed, and returned back to the receiver. The claim form must be approved by the court before it can be sent to investors. We hope to do the first distribution approximately six months after claim forms are sent out.

Investor question: There has been one lawsuit filed already—were they able to collect?

→ Not yet. We were initially successful in fighting against their claim, but a motion has been filed to reconsider their claim for \$260K.

Investor question: Does US Bank have potential liability?

→ Many investors' checks were made payable to Trend/US Bank. We can't advise you if US Bank is liable with respect to your claims, but we can advise you to talk to a lawyer. We have not yet investigated the entities' claims against US Bank; however, we will look into it as time goes on. US Bank essentially served the role of trustee; investor funds were routed through the bank. US Bank was holding funds on behalf of Trend when the receivership was filed. We filed a petition yesterday to have US Bank turn over approximately \$309K to the Receiver.

Investor question: Has there been any discussion about investors filing a class action lawsuit against US Bank? Essentially, we wouldn't be here today if US Bank didn't give Scott Bogue the green light with that contract. Can we file a class action lawsuit against US Bank?

→ We are not aware of a current class action lawsuit.

Investor question: Has Easy Street been named in the case?

→ Yes, in addition to a couple of other sales people. The ACC is looking at other sales people who were involved. Easy Street settled because the company essentially went out of business as a result of this case. There was a settlement with Easy Street, but we doubt we will see any assets come out of it.

Investor question to Leroy Johnson of the Arizona Corporation Commission: How do we know who is being investigated?

→ We can't answer that. We have to operate under a confidentiality statute. This information is confidential except for those entities and individuals already listed in court documents. Michelle Allen, Krista Chapman, and other members of the ACC are aware of many sales agents, as is the receiver. How to proceed with regards to each one is to be determined.

Investor question to Leroy Johnson of the Arizona Corporation Commission: Shouldn't we be concerned that Ryan Herndon and Linda Jordan are flight risks?

→ Until they are prosecuted criminally, they have a right to travel. At some point in time, whoever needs to be available will be available. It's part of the process.

Investor question: The Receiver indicated Ryan Herndon has assets in Mexico, perhaps real estate or maybe otherwise—how difficult is it to recover assets that are out of the country?

→ Guttilla Murphy Anderson, P.C. has experience in international collections of Receivership assets. This firm specializes in receivership work. We believe the assets in Mexico are real property, and we will do whatever it takes to take possession of those assets. We have had success with similar situations in the past.

Investor question: What about Scott Bogue's giant mansion in North Carolina?

→ We are aware of the home, but we have to trace the dollars and follow the money trail in order to confirm that the home was purchased with investor funds. There are not a lot of hard assets out there because this case has been going on for a while. The parties involved know what they're doing. There are not a lot of hard assets such as expensive cars, etc. that are typically found with these types of receiverships.

Investor question: Have you obtained financial statements of the Herndons? Do they have any assets to cover what was taken?

→ We have looked into their background and assets but are unable to comment at this point.

Investor question to Leroy Johnson of the Arizona Corporation Commission: Are investors invited to the September hearing?

→ Yes, it is a public hearing. Go to the ACC's website at www.azcc.gov and search the hearing dockets under the securities division. You will be able see what has occurred in this case so far. Investors are welcome to attend and many will likely be asked to be witnesses in future hearings.

Investor question: You stated that we can't expect to get back 100% of our investment. What can we expect based on your experience?

→ We are still investigating. Currently the Estate has \$1.3 million and we are expecting more will be recovered.

Investor question: Do we have to pay taxes on the money we get back?

→ You will need to consult an independent tax professional.

Investor question: Since this is going to take a while, what happens if we move?

→ Please contact the Receiver's office with your new address and contact information.

Investor question: What is the estimated value of the Crown investment?

→ We have collected \$1.1 million from Crown so far. We are in touch with Crown on a regular basis and receive payment from them every month on a timely basis. We are in the process of completing a detailed model of the value. We don't want to give a preliminary value that may be inaccurate, but hopefully we will have the model complete within the next month or so.

Investor question: If the amount recovered is less than the total invested, how will it be apportioned to the investors?

→ The amount recovered will be pro rated based on each investor's net investment and allocated according to the percentage recovered. For example, if your investment equals 3% of the total dollars invested, then you will receive 3% of the total amount recovered.

Investor question: Were there any clues that we missed in the beginning to let us know that we shouldn't have invested?

→ We are unsure if there were any clues that could have warned investors of the risk involved in investing in Trend.

Investor question: Are any of the agents or defendants still working under licenses and selling securities?

→ We are unsure of who holds licenses at this point, but Trend securities are no longer being sold. If someone sold you an investment, we encourage you to consult with an attorney to determine if you should file a claim against that individual or entity.

Investor question: Are there any conflicting or complementary receiverships or litigation in any other states?

→ We are not aware of any other receiverships or conflicting litigation.

Investor question: Does the report on the website include all investments?

→ The initial accounting did not include all information. The accounting has since been updated, but we wanted you to see the report that was filed with the court. We did not have access to much of the bank information that we have now. We have to rely on bank records, and many bank subpoenas are still pending. Once the \$2 million of unknown has been identified, we will further update the accounting and post it on the website. At that time, it would be a good idea to check the website and verify that our numbers match with your records. You will also be able to double check this information when you receive your claim forms. As stated earlier, the claim forms will be sent out within the next six months. The claims process must be approved by the court before we can send claim forms to investors. We

have to follow the proper procedures and are subject to the calendar of the court. The calendar of the court and objections filed are both factors that are completely out of our control and can stall the process. Target dates are not written in stone until each step of the process is approved by the court.

Investor question: Will there be any other informational meetings for investors?

→ If this type of feedback is helpful, perhaps we will hold additional meetings.

Investor question: How will preferred investors be paid back?

→ All investors will be treated equally. Typically we will not ask an investor to pay back any principal received, but they may be required to pay back any money received that exceeded their initial investment.

Investor question: Can we find out who the other investors are?

→ We do not provide investor contact information to anyone. Some companies seek out victims of fraud and try to sell them things. Some investors start their own websites or their own groups, but we are not aware of any at this time. There may come a time in the claims process where we will have to give your information to the court in order to have distributions approved. We received a phone call from the son of an investor who stated that his mother was contacted by someone claiming to be from Trend who wanted to meet with her. We recommend that you do not speak with anyone claiming to be from Trend.

Investor question: You stated you can't tell us who the other investors are, but our names are listed on the accounting filed with the court that is posted on the website. Isn't it already public information?

→ Only names are listed, not contact information.

Investor question: If Trend invested \$8 million in Crown and is receiving \$2 million each year, isn't that a good return?

→ Perhaps; however, the collections will decrease with time. The first year of collecting on bad debt can be very profitable; however, the ability to collect on the bad debt decreases as the debt ages. Some of the debt was purchased three to four years ago, while some was purchased as recently as July 2006. Crown operates on a five-year collection cycle. Their strategy is litigation-heavy, but litigation can be time consuming and expensive. They have to pay court filing fees, legal contingency fees, etc.

Investor question: Why haven't we seen any information about the Trend scam on the news?

→ We're not aware of Trend being in the paper recently. We don't contact the press, and we don't know why reporters have not discovered the matter yet.

Investor question: How many states are involved?

→ While we are not sure of the exact number, we have located investors from numerous states throughout the US including Arizona, California, Oregon, Nevada, Florida, Wyoming, and Illinois.

Investor question: Where did the money go that didn't make it into the underlying investment?

→ The flow chart included in the handout details where the money went. Less than half ended up in underlying investment. \$3.4 million went from Trend Capital to Ryan & Lori Herndon, Linda Jordan, and Insight Marketing Group. Ryan Herndon received \$776K, Lori Herndon received \$1.1 million, and \$581K went into their joint accounts. Insight is a company owned by the Herndons, it received \$670K. The money was received by these individuals personally and by the companies they control. We don't know what those companies did, or why investors' money was redirected into those companies. Scott Bogue received \$144K. Herndon and Jordan relatives, including Linda Jordan, received a total of \$213K. A total of \$1.5 million was paid to agents, for commissions, and loans.

Investor question: When did agents receive their commissions?

→ We are still investigating this issue, but we believe the agents were paid commissions after the product was sold to investors. Typically agents who received commissions in similar fraudulent investment schemes are required to pay the commissions back.

Investor question: How many people invested in Trend?

→ There are approximately 350 investors.

Investor question: What is the difference between Trend Capital and Trend Management, and how will that affect how the money is distributed?

→ Ryan Herndon owns Trend Capital, while Trend Management is owned by both Ryan Herndon and Scott Bogue. Trend Management raised \$2.3 million and paid \$2.7 million back to investors. Those investors are often referred to as preferred investors in Trend Management. The Receiver hasn't yet determined how the money will be disbursed to investors.

Investor question: Where are Scott Bogue and Ryan Herndon now, and will they be prosecuted for this?

→ Ryan Herndon is in a Florida rehabilitation clinic for addiction. Scott Bogue has offered to cooperate and we have interviewed him. Our goal is to recover the funds to pay back the investors; it is not the Receiver's role to prosecute the principals of the Trend Companies.

Investor question: At what point did the Receiver cut off access to the Trend companies' accounts?

→ The Receiver took over control of the accounts within days of being appointed Receiver, which was in November 2006. The receivership order was submitted to the banks on the first or second day of the receivership. Funds were then transferred to an account at Wells Fargo and later invested in US treasuries. Because we are holding over \$1 million, the funds are safer in a US treasury bills.

Investor question: The Trend companies were incorporated in Nevada, has this created any issues?

→ No, we haven't had any problems in that regard.

Investor question: Are you aware that Ryan Herndon is also involved in Pathway Management? It's not included in the handout.

→ Yes we are aware of that. We are not prepared to comment on this right now, but we are looking into it.

Investor question: Should everyone here get together and form a class action suit against the principals?

→ That's difficult to answer. Well-organized class action lawsuits can be successful against deep pocketed third parties. However, class action lawsuits are not easy, and you would all be going after the same dollars. The Receiver would be willing to work with class action counsel or independent attorneys representing victims.

Investor question: Who has invested the most money?

→ We can't say who has invested how much at this point, but we can tell you that a lot of money has been invested.