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6 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

7 IN AND FOR THE COUNTY OF MARICOPA

8 ARIZONA CORPORATION
9 COMMISSION,

10 Plaintiff,

11 v.

12 TREND MANAGEMENT GROUP,
13 INC.; TREND CAPITAL, L.L.C.,

14 Defendants.

Cause No. CV 2006-016822

PETITION NO. 37

PETITION FOR ORDER APPROVING
TREND INVESTOR CLAIMS OF
ARMANDO AND GISELLE NAVAS AND
PATRICIA THOMAS AND ORDER
APPROVING INTERIM DISTRIBUTION
TO ARMANDO AND GISELLE NAVAS
AND PATRICIA THOMAS

(Assigned to Judge A. Craig Blakey, II)

15
16 Peter S. Davis, the court appointed Receiver, respectfully petitions the Court to
17 approve the investor claims of Armando and Giselle Navas ("Navases") and Patricia J.
18 Thomas ("Thomas") and approve an interim distribution of Trend Receivership Assets to the
19 Navases and Thomas.
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1 **I. BACKGROUND**

2 1. On November 28, 2007, the Court entered its *Order Establishing Procedures*
3 *for the Adjudication of Claims Re: Petition No. 18* (“Claims Order”). The Claims Order,
4 among other things, set a claims bar date of January 31, 2008, and the procedures by which
5 claims could be made and adjudicated in the Trend Receivership.

6 2. On January 31, 2008, the Receiver had obtained claims from 307 of the known
7 372 Trend investors and four claims from general unsecured creditors.

8 3. On March 15, 2008, the Receiver filed with the Court and served upon all
9 claimants a copy of his *Receiver’s Claim Report* (“Receiver’s Report”). Pursuant to the
10 Claims Order, all claimants had thirty (30) days (or April 15, 2008) to advise the Receiver of
11 any objections to the Receiver’s Report.

12 4. On or before April 15, 2008, the Receiver received a single objection to his
13 Receiver’s Report filed by the Navases. In lieu of litigation regarding the Navases claim and
14 in consideration of an appeal relating to the Navases claim, The Navases and the Receiver
15 stipulated and agreed to stay any adjudication of the Navases claim until after the Court of
16 Appeals has ruled on the pending appeal between the parties. The stipulation provided that
17 the Trend claims process would not be stayed pending the resolution of the Navases claim.

18 5. On May 14, 2008, the Receiver filed his *Receiver’s Response to Objections to*
19 *the Receiver’s Claims Report* (“Receiver’s Response”). While the Receiver’s Response
20 identifies that no formal objections¹ were filed with the Receiver, three late filed investor
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¹ Except the Navases objection, previously discussed.

1 claims were received by the Receiver after the claims bar date. As detailed in the Receiver's
2 Response, the Receiver recommended that the Court approve the late filed investor claims.

3 6. On May 14, 2008, the Receiver lodged his *Proposed Order Re: Petition No. 18;*
4 *Order Approving Claim Amounts in Trend Receivership* which outlined the amounts that the
5 Receiver recommends should be determined to be each claimants approved claim to the
6 Trend Receivership Assets.

7 7. On May 20, 2008, the Receiver filed his Petition No. 32, *Petition for Order*
8 *Approving Interim Distribution of Trend Receivership Assets*. In his petition, the Receiver
9 sought to approve payments of an interim distribution of \$3,935,138.67 to the Trend Investors
10 and general unsecured creditors.

11 8. On June 9, 2008, the Court approved an interim distribution of to the approved
12 claimants in Trend.

13 9. Between the June 9, 2008 and July 9, 2008, the Receiver solicited and obtained
14 releases from the Trend investors and has mailed over 270 interim distribution checks to the
15 investor/victims in Trend.²

16 **II. INVESTOR CLAIM OF ARMANDO AND GISELLE NAVAS**

17 10. The Navases filed a timely proof of claim with the Receiver in the amount of
18 \$177,353.52 with a notation "plus interest at 10 percent until paid". The Navases claim was
19 based upon a garnishment judgment against Trend Management obtained prior to the
20

21 ² A small number of investors failed to respond to the Receiver's request to release investor claims against Crown Asset Management as required by Order re: Petition No. 18. Currently, the Receiver is actively contacting with these investors to obtain their releases in order to deliver interim distribution payments to these investors.

1 appointment of the Receiver. The garnishment judgment against Trend Management was
2 obtained subsequent to a default judgment obtained by the Navases against Trend Capital.

3 11. Before the Trend claims process was initiated, the Navases took the position
4 that the garnishment judgment provided them a secured claim in the assets of the Trend
5 Receivership in the amount of \$157,210.84, plus post-judgment interest at the rate of 10
6 percent.

7 12. On June 14, 2007, the Honorable Ruth Hilliard entered an order lifting the
8 Receivership Stay and enforcing the Navases garnishment judgment against the Receiver and
9 adding post-judgment interest to the original default judgment. The Receiver filed a Notice
10 of Appeal from this order. The matter was briefed and oral argument occurred on April 22,
11 2008 before the Arizona Court of Appeals. In a written decision on May 27, 2008, the
12 Arizona Court of Appeals concluded that the Navases did not have a perfected lien on which
13 to base their claim for priority treatment. The Arizona Court of Appeals reversed the order of
14 Judge Hilliard and remanded the Navases claim for further proceedings in the Receivership
15 Court.

16 13. The Receiver's investigation into Trend identified the Navases made a principal
17 investment into Trend in the amount of \$126,221.23 and received total dividends from Trend
18 in the amount of \$11,101.53, leaving a net principal investment of \$115,119.70.

19 14. After a review of the Arizona Court of Appeals decision, The Receiver and the
20 Navases agreed to resolve all issues regarding the Navases claim matters. In a negotiated
21 resolution, the Receiver agreed to recommend approval of the Navases claim in the amount of

1 \$126,221.23. The Navases approved claim represents an amount equal to the Navases Default
2 Judgment against the Trend entities, but does not permit any payment for attorney's fees,
3 interest, or costs. Accordingly, the Receiver seeks an order approving the Navases claim in
4 the Trend Receivership in the amount of \$126,221.23.

5 **III. LATE FILED CLAIM OF PATRICIA THOMAS**

6 15. On May 19, 2008, the Receiver was contacted by Trend investor Patricia J.
7 Thomas requesting an update in the Trend Receivership. Soon after, the Receiver determined
8 that Thomas had failed to file a claim with the Receivership. At the Receiver's request,
9 Thomas provided a written explanation of her failure to file a timely claim and submitted the
10 requisite documents to support her claim to the Trend Receivership assets. As contemplated
11 by the Receiver in his Petition No. 32, the Receiver expects to receive late filed claims.

12 16. Upon receipt of Ms. Thomas' claim and verifications of her investment into
13 Trend, the Receiver advised Thomas that he would recommend her claim be approved in the
14 amount of \$10,000.00.

15 17. After personal consultation with the undersigned, Thomas advised that she had no
16 objection to the Receiver's recommendation that her claim be approved in the amount of
17 \$10,000.00³.

18 **IV. INTERIM DISTRIBUTION TO THE NAVASES AND THOMAS**

19 17. The Receiver recommends the Court approve interim distributions of
20 \$41,653.01 to the Navases and \$3,300.00 to Thomas. This proposed interim distribution is

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³ In the abundance of caution, Patricia Thomas will be mailed a copy of this Petition, proposed order and notice of the date and time of the Court's hearing on Petition No. 37.

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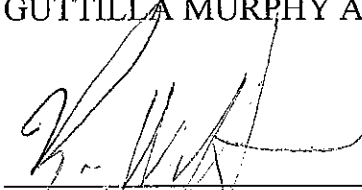
equivalent to the percentage distribution of Trend Receivership paid to the other Trend investors pursuant to Petition and Order Re: No. 32.

THEREFORE, the Receiver requests the Court:

1. Approve the claim of Armando and Giselle Navas in the amount of \$126,221.23;
2. Approve the claim of Patricia J. Thomas in the amount of \$10,000.00;
3. Approve an interim distribution of Trend Receivership assets in the amount of \$41,653.01 to Armando and Giselle Navas and \$3,300.00 to Patricia Thomas; and
4. For any further relief the Court deems appropriate.

Respectfully submitted this 28th day of July, 2008.

GUTTILLA MURPHY ANDERSON, P.C.



Ryan W. Anderson
Attorneys for the Receiver

1027-001(77102)