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5 Attorneys for the Receiver

6 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

7 IN AND FOR THE COUNTY OF MARICOPA

8 ARIZONA CORPORATION)
COMMISSION,)

9 Plaintiff,)

10 v.)

11)
12 TREND MANAGEMENT GROUP,)
INC.; TREND CAPITAL, L.L.C.,)

13)
14 Defendants.)

Cause No. CV 2006-016822

PETITION NO. 50

PETITION FOR ORDER APPROVING
SETTLEMENT AGREEMENT WITH
MICHELLE EVANS

(Assigned to Judge A. Craig Blakey, II)

15 Peter S. Davis, as the court appointed Receiver, respectfully petitions the Court as
16 follows:

17 1. On November 20, 2006, this Court entered its *Order Appointing Receiver*,
18 which appointed Peter S. Davis as Receiver of Trend Management Group, Inc., Trend
19 Capital, LLC and The Trend Group, Inc. ("Receivership Order"). As the Court appointed
20 Receiver, Mr. Davis is authorized to receive and collect all monies due and owing Trend
21

1 Management Group, Inc., Trend Capital L.L.C. and the Trend Group Inc. (“Receivership
2 Entities”).

3 2. The Receivership Entities sold approximately \$16,000,000.00 of unregistered
4 securities to over 375 investors nationwide. These unregistered securities, called
5 “Certificates of Participation” were sold and/or brokered by the Defendants. Defendants and
6 representatives of the Receivership Entities represented that the proceeds from the sale of the
7 “Certificates of Participation” were to be used for the purchase of interests in distressed
8 consumer debt receivable pools.

9 3. The Receivership Entities were not registered to sell securities in Arizona.

10 4. The “Certificates of Participation” sold by the Receivership Entities, through
11 the Trend Agents, were not registered securities in Arizona.

12 5. Instead of utilizing investors’ money from the purchase of “Certificates of
13 Participation” for the purchase of distressed consumer debt receivable pools as promised, the
14 Receivership Entities diverted such monies to undisclosed non-authorized uses. Such uses
15 included, but are not limited to, making personal loans to the Receivership Entities’
16 principals, paying “interest” and other gains to earlier the Receivership Entities’ investors and
17 paying sales commissions to Defendants, and each of them, on the sale of such unlicensed
18 securities.

19 6. Defendants, and each of them, did not disclose to the individual investors, that
20 the “Certificates of Participation” were not registered securities, or that a portion of
21 investments were to be used as personal loans to the principals of the Receivership Entities.

1 7. The funds paid to the Receivership Entities which were returned to investors
2 and paid to Trend agents were not derived from legitimate business activities but from the
3 principle investments of other investors. Accordingly, the Receivership Entities conducted a
4 Ponzi scheme in which "profits" and commissions were distributed to earlier or other
5 investors or derived from the funds invested by other investors and not from the business
6 operations of the Receivership Entities. Receivership Entities utilized these proceeds to pay
7 commissions to the Trend agents for soliciting investors. These payments to the Trend agents
8 facilitated the violations of law committed by Receivership Entities.

9 8. In exchange for the Trend Agents' solicitation of investors for Receivership
10 Entities' "Certificates of Participation", the Trend agents received commission payments of
11 five to eight percent (5% - 8%) of the total investment made.

12 9. Before offering the "Certificates of Participation" from Receivership Entities
13 for sale to investors, the Trend agents did not review or analyze any financial statements of
14 Receivership Entities or conduct any due diligence with respect to the licensing or status of
15 the securities being offered for sale by Receivership Entities or its overall financial condition.

16 10. The Receiver has demanded the Trend agents return commissions they each
17 received for the facilitation of the Trend securities to the Estate.

18 11. Pursuant to paragraph 18 of the Receivership Order, the Receiver is authorized
19 to compromise obligations which may be owed to the Receivership. Accordingly, the
20 Receiver has entered into the following settlement agreement:

21

1 12. On August 29, 2008, this Court entered Order re: Petition No. 42 which
2 approved a Settlement Agreement between Trend agent Michelle Evans and the Receiver. At
3 the time the Settlement Agreement was approved, Ms. Evans was in default of her agreement
4 with the Receiver. Therefore, the Receiver included Ms. Evans in a Complaint filed against
5 the Trend Agents for the return of commissions paid by the Trend Receivership Entities as
6 well as a claim for the return of principal investment which was assigned to the Receiver by
7 the investor/victims of the Trend scheme.

8 13. Before she was served with the lawsuit, Ms. Evans agreed to repay the full
9 commission of \$2,440.00, plus and additional \$1,000.00 towards the attorney fees the
10 Receiver incurred due to Ms. Evan's breach. Accordingly, under the new Settlement
11 Agreement, Ms. Evans has made a one time payment of \$2,870.00 in final settlement.

12 14. Additional terms of this second settlement agreement between the Receiver and
13 Michelle Evans ("Parties") include:

- 14 (a) The Receiver will petition this Court for approval of the settlement agreements
15 and that the agreements are contingent upon the approval of this Court;
- 16 (b) The Receiver releases the Parties from any and all claims of any kind or nature
17 arising out of the Trend fraud;
- 18 (c) The Parties release the Receiver from any and all claims of any kind or nature
19 arising out of the Trend fraud;
- 20 (d) The agreements shall be governed by, construed, interpreted, and enforced in
21 accordance with the laws of the State of Arizona;

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- (e) Any dispute concerning the interpretation of the agreements shall be submitted to and decided exclusively by this Court;
- (f) In the event of any future litigation between the Parties to the agreements in which the enforcement of the agreements is sought, the prevailing party or parties with respect to issues relating to the agreements will be entitled to recover their reasonable attorney's fees and costs from the other parties.

WHEREFORE, the Receiver respectfully requests that the Court enter an order approving the settlement agreement between the Receiver and Michelle Evans.

Respectfully submitted this 22nd day of October, 2008.

GUTTILLA MURPHY ANDERSON, P.C.



Ryan W. Anderson
Attorneys for the Receiver

1027-001(79679)