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1 **Guttilla Murphy Anderson**  
Ariz. Firm No. 00133300  
2 **Steven R. Napoles** (Ariz. No. 023379)  
City North  
3 5415 E. High St., Suite 200  
Phoenix, Arizona 85054  
4 Email: snapoles@gamlaw.com  
Phone: (480) 304-8300  
Fax: (480) 304-8301

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  
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. 99

PETITION FOR ORDER APPROVING  
SETTLEMENT AGREEMENT BETWEEN  
THE RECEIVER AND THE ESTATE OF  
ERIC JORDAN SR., JAY RUDI BRANCH  
JORDAN AND JAMES E. JORDAN

(Assigned to Judge Eileen Willett)

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17  
18 Peter S. Davis, as the court-appointed Receiver, respectfully petitions the Court  
19 as follows:

20 1. On November 20, 2006, this Court entered its *Order Appointing Receiver*,  
21 which appointed Peter S. Davis as Receiver of Trend Management Group, Inc., Trend

Guttilla Murphy Anderson, P.C.  
City North  
5415 E. High Street, Suite 200  
Phoenix, AZ 85054  
(480) 304-8300

1 Capital. LLC and The Trend Group, Inc. ("Receivership Order"). As the Court appointed  
2 Receiver, Mr. Davis is authorized to receive and collect all monies due and owing Trend  
3 Management Group, Inc., Trend Capital L.L.C. and the Trend Group Inc. ("Receivership  
4 Entities").

5 2. The Receivership Entities sold approximately \$16,000,000.00 of unregistered  
6 securities to over 375 investors nationwide. Representatives of the Receivership Entities  
7 represented that the proceeds from the sale of the "Certificates of Participation" were to be  
8 used for the purchase of interests in distressed 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.

17 6. The funds paid to and disbursed by the Receivership Entities were not derived  
18 from legitimate business activities but from the principle investments of other investors.  
19 Accordingly, the Receivership Entities conducted a Ponzi scheme in which "profits" and  
20 commissions were distributed to earlier or other investors or derived from the funds invested  
21 by other investors and not from the business operations of the Receivership Entities. The

1 Receivership Entities utilized these proceeds to pay and otherwise provide benefits to the  
2 Defendants.

3           7.       On August 29, 2008 the Receiver filed suit against The Estate of Eric Jordan  
4 Sr., Jay Rudi Branch Jordan and James E. Jordan (collectively "Jordan") in Maricopa County  
5 Cause Number CV2008-021009 entitled *Davis v. James Eric Jordan, Sr. et. al.* ("Litigation").  
6 In the Litigation the receiver sought to recover the transfers that Jordan received from the  
7 Receivership Entities. Each of the Defendants was related to one of Trend's principals by  
8 marriage.

9           8.       The Receiver identified payments, transfers and benefits that were provided to  
10 the Jordan, and which could not be accounted for and were not supported by any exchange of  
11 consideration, totaling \$50,981.79.

12           9.       Pursuant to paragraph 18 of the Receivership Order, the Receiver is authorized  
13 to compromise obligations which may be owed to the Receivership. Accordingly, the  
14 Receiver has entered into the following settlement agreement, as detailed below.

15           10.      Jordan has agreed to pay the Receiver the sum of \$20,000.00 to the  
16 Receivership Estate by making an initial payment of \$3,000.00 and eleven monthly payments  
17 of \$1,545.45 per month under an agreement reached between the parties ("Settlement  
18 Agreement"). Jordan has made the initial payment, subject to the approval of the Court,  
19 under the Settlement Agreement. (A true and correct copy of the agreement is attached hereto  
20 as Exhibit "A").

21 .....

1           11. Additional terms of this Settlement Agreement between the Receiver and  
2 Jordan include:

3           (a) The Receiver will petition this Court for approval of the Settlement Agreement  
4 and that the agreement is contingent upon the approval of this Court;

5           (b) The Receiver releases Jordan from any and all claims of any kind or nature  
6 arising out of the Trend fraud;

7           (c) Jordan releases the Receiver from any and all claims of any kind or nature  
8 arising out of the Trend fraud;

9           (d) Jordan agreed to pay liquidated damages in the amount of \$50,981.79,  
10 representing the full amount of unaccounted for transfers, in the event of a  
11 default under the Settlement Agreement.

12           (e) The Settlement Agreement shall be governed by, construed, interpreted, and  
13 enforced in accordance with the laws of the State of Arizona;

14           (f) Any dispute concerning the interpretation of the Settlement Agreement shall be  
15 submitted to and decided exclusively by this Court;

16           (g) In the event of any future litigation between regarding the Settlement  
17 Agreement in which the enforcement of the agreements is sought, the prevailing  
18 party or parties with respect to issues relating to the Agreement will be entitled  
19 to recover their reasonable attorney's fees and costs from the other parties.

20 ....

21 ....



## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Peter S. Davis, in his capacity as Receiver of Trend Management Group, Inc., Trend Capital, LLC and Trend Group, Inc. ("Receiver"), The Estate of James Eric Jordan, Sr., Jay Rudi Branch Jordan and James E. Jordan, Jr. (collectively referred to as "Jordan"). The Receiver and Jordan hereinafter may be collectively referred to as the "Parties."

### Recitals

Whereas on November 20, 2006, Peter S. Davis was appointed Receiver in an action assigned Cause No. CV 2006-016822, styled *Arizona Corporation Commission v. Trend Management Group, Inc., et al.*, and pending before the Arizona Superior Court for Maricopa County ("Receivership Action" and "Receivership Court," respectively);

Whereas the defendants in the Receivership Action and others operated a Ponzi investment scheme to raise funds from investors through the sale of interests in consumer credit card debt portfolios ("Trend Investment");

Whereas the Receiver has determined that Jordan received distributions from Trend that were derived from sale of the Trend Investment, Jordan disputes the receipt of the foregoing transfers, and the Receiver is undertaking additional investigation of the same to determine whether or not such funds were transferred to an account controlled or otherwise accessed or utilized by Jordan;

Whereas on August 29, 2008, the Receiver filed an action in the Arizona Superior Court for Maricopa County entitled *Davis v. James Eric Jordan, Sr., et al*, Cause No. CV2008-021009 ("Litigation"), in which the Receiver seeks among other things, a judgment against Jordan for all transfer and payments it received from the Trend Investment;

Whereas the Parties desire to settle all claims related to the Litigation between them set forth herein.

### Terms

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. The Parties hereby incorporate the foregoing Recitals as if part of the agreement.
2. Jordan shall pay the total amount of \$20,000.00 to the Receivership Estate by making an initial payment upon execution of this agreement in the amount of \$3,000.00 with the balance of the settlement to be paid in consecutive monthly payments of \$1,545.45 for eleven (11) months commencing on December 15, 2010. All payments shall be made payable to "Peter S. Davis, Receiver" and delivered to counsel for the Receiver. The Estate of James Eric Jordan, Sr., Jay Rudi Branch Jordan and James E. Jordan, Jr. further acknowledge that they shall be jointly and severally liable for all payments made under and in consideration of this Agreement.

3. This Agreement is conditioned on the approval of the Agreement by the Receivership Court.

4. Within ten days of the Receivership Court's approval of this Agreement, the Receiver shall voluntarily dismiss with prejudice all claims asserted against Jordan in the Litigation.

5. In the event that Jordan fails to timely make any of the payments required in paragraph No. 2 of this Agreement, Jordan hereby agrees that all remaining sums due hereunder shall become immediately due and payable to the Receivership Estate. Jordan further acknowledges and agrees that for and in consideration of this Agreement, in addition to the foregoing sum that the Receiver shall be entitled to recover liquidated damages in the amount of \$50,981.79 representing the amount of transfers unaccounted for between the parties in the Litigation. Jordan further acknowledges and agrees that the liquidated damages contained herein are reasonable.

6. Except for the respective obligations of the Parties under this Agreement, the Receiver on behalf of the Receivership, and Jordan on the other hand, hereby mutually, fully and irrevocably remise, release, and forever discharge each other, including any and all affiliates, subsidiaries, members, officers, directors, shareholders, managers, partners, principals, parent companies, employees, agents, advisors, consultants, representatives, bankruptcy estates (where applicable) and attorneys, and their respective successors and assigns, from all claims, actions, causes of action of any nature and for all liabilities and obligations of every kind and character or nature whatsoever, in law or in equity, whether known or unknown, asserted or unasserted, fixed or contingent, which any of them may have or claim to have against the others, in each case arising on or before the Execution Date. Without limiting the scope of the foregoing, this release extends to unknown claims arising before the Execution Date, meaning claims the Parties may not have any basis to know or suspect at this time or at any time prior to the Execution Date, and all Parties certify their intent to release such claims and obligations notwithstanding their present lack of knowledge.

7. The Parties hereto acknowledge that this Agreement is being made by each party of its own free choice, without any inducement offered in any way other than the express agreements contained in this Agreement. The Parties further state that in entering into this Agreement, each party has had the opportunity to consult with an attorney of that party's choice regarding the benefits and detriments of entering into this Agreement. The Parties hereby acknowledge that this Agreement was prepared by the Receiver's counsel as a matter of convenience only and that in the event of any dispute it shall be considered as to have been mutually prepared by the parties.

8. This Agreement contains the full and complete agreement of the Parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. No amendment, waiver, or discharge in any provision of all or any part of the Agreement shall be valid unless such amendment, waiver or discharge is in writing and duly executed by all parties to this Agreement, or their authorized agents.

9. In the event that any term or provision of this Agreement is found to be void, the remaining portions of it shall continue to be in effect and binding upon the parties.

10. The Parties hereto warrant and represent that none of them has sold, assigned, granted, or otherwise transferred to anyone not a party hereto, any right, privilege, or cause of action, or any part thereof, arising out of or otherwise connected with the subject matter or terms of this Agreement.

11. This Agreement is binding upon and inures to the benefit of the Parties hereto and their respective heirs, personal representatives, successors, and assigns.

12. This Agreement is entered into in the State of Arizona, and shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of Arizona. Any dispute concerning the interpretation of this Agreement shall be submitted to and decided exclusively in the Arizona Superior Court for Maricopa County.

13. The person signing this Agreement on behalf of any party to this Agreement, hereby warrants and represents that the person is authorized to sign this Agreement and make the promises and grant the releases contained herein on behalf of the respective entity and that such person has the power to bind the respective entity.

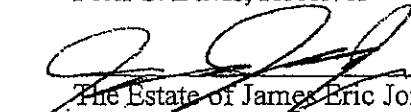
14. In the event of any future litigation between the parties to this Agreement in which the enforcement of this Agreement is sought, the prevailing party or parties with respect to issues relating to the Agreement shall be entitled to recover their reasonable attorneys' fees and costs from the other party or parties.

15. All parties to this Agreement have read this Agreement and fully understand and comprehend its meaning and binding effect.

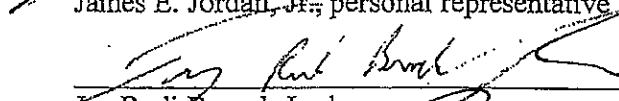
Dated: 12/14/10

  
Peter S. Davis, Receiver

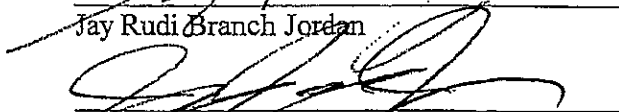
Dated: 12-8-10

  
The Estate of James Eric Jordan, Sr., by  
James E. Jordan, Jr., personal representative

Dated: 12/8/10

  
Jay Rudi Branch Jordan

Dated: 12-8-10

  
James E. Jordan, Jr.