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1 Guttilla Murphy Anderson, P.C.
Ariz. Firm No. 00133300
2 **Ryan W. Anderson** (Ariz. No. 020974)
4150 West Northern Avenue
3 Phoenix, Arizona 85051
Email: randerson@gamlaw.com
4 Phone: 623-937-2795
Fax: 623-937-6897

5 Attorneys for the Receiver

6 SUPERIOR COURT OF ARIZONA

7 MARICOPA COUNTY

8 ARIZONA CORPORATION)
9 COMMISSION,)

Cause No. CV 2006-016822

10 Plaintiff,)

PETITION NO. 16

11 v.)

REPORT REGARDING RECEIVERSHIP

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

ASSETS MANAGED BY CROWN

ASSET MANAGEMENT, LLC, AND

RECOMMENDATIONS OF RECEIVER

TO LIQUIDATE TREND DEBT

13 Defendants.)

PORTFOLIOS

15) (Assigned to the Hon. A. Craig Blakey, II)

16
17 Peter S. Davis, as the court-appointed receiver ("Receiver") through counsel

18 undersigned submits his *Report Regarding Receivership Assets Managed by Crown Asset*

19 *Management LLC ("Crown") and Recommendations of the Receiver to Liquidate Trend Debt*

20 *Portfolios.*

Guttilla Murphy Anderson, P.C.
4150 West Northern Ave.
Phoenix, Arizona 85051
Phone: (623) 937-2795

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I. Receiver's Report

Pursuant to the *Order Appointing Receiver*, filed November 20, 2006, and the *Amended Order Appointing Receiver*, filed May 17, 2007 (collectively, the "Receivership Orders"), the Receiver has identified, recovered and secured various Receivership Assets for the benefit of the investors of Trend Capital, Trend Management and The Trend Group Inc. (collectively "Trend").

Through the Receiver's investigation, he has identified that the single largest asset of Trend as sixty-three separate pools of consumer credit card debt portfolios managed by Crown. Crown is a Georgia limited liability company that specializes in receivables collection, liquidation, management and consulting. The Receiver has undertaken a significant and detailed analysis of the Trend investments with Crown. The Receiver's Report and findings are attached hereto as Exhibit A.

II. Receiver's Recommendations

In the attached Report, the Receiver details three potential courses of action with regard to the Trend investments with Crown. The three potential courses of action include:

- (1) holding the individual portfolios until each expires at the end of its sixty month workable life;
- (2) holding the individual portfolios until each expires at the end of its sixty month workable life and reinvesting that cash flow in new debt collection portfolios for a period of one year;
- (3) liquidating the portfolios by selling them in the secondary debt market.

1 As set forth in detail in the Report, the Receiver believes that a total liquidation of the
2 Trend investments with Crown is in the best interest of the Receivership Estate and its
3 creditors. A total liquidation would provide Trend the benefit of recovering any realized
4 profits from the Trend investments in present day terms without incurring the risk inherent in
5 continued re-investment. Accordingly, The Receiver recommends to the Court that the Trend
6 investments with Crown be liquidated as detailed in the attached Report.

7 **III. Liquidation of Trend investments to Crown**

8 Crown has expressed an interest in purchasing the Trend investment portfolios at a
9 price determined by using the liquidation value that was prepared by Crown (discussed in the
10 report) and adjusting for collections received by Trend from Crown since the liquidation
11 value was prepared. Further adjustments may be made to reflect more recent collection
12 estimates. A purchase and sale agreement will be used to complete this transaction. A draft
13 version of the Purchase and Sale Agreement is attached hereto as Exhibit B. The Receiver
14 requests an Order to complete liquidation of the Trend investments with Crown to Crown
15 under the terms of the purchase and sale agreement at the liquidation value set forth in the
16 Report (approximately \$3,722,450.00).

17 **III. Prayer**

18 WHEREFORE, the Receiver requests the Court enter an Order approving the *Report*
19 *Regarding Crown Asset Management LLC and Recommendation of the Receiver to Liquidate*
20 *Trend Portfolios* attached hereto as Exhibit A; and
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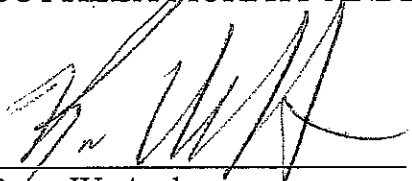
WHEREFORE, the Receiver requests the Court enter an Order approving the Receiver's recommendation to effectuate the liquidation of the Trend investments with Crown Asset Management; and

WHEREFORE the Receiver requests the Court enter an Order authorizing the Receiver to execute a purchase and sale agreement, and any other documents that are required, with Crown Asset Management to effect the liquidation of the Trend investments with Crown at a price determined by using the liquidation value in the Report.

Respectfully submitted this 30th day of August, 2007.

Guttilla Murphy Anderson, P.C.
4150 V. Northern Ave.
Phoenix, Arizona 85051
Phone (602) 937-2795

GUTTILLA MURPHY ANDERSON, PC



Ryan W. Anderson
Attorneys for Receiver