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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. 23

PETITION FOR APPROVAL OF THE  
RECEIVER'S ACCOUNTING FROM  
NOVEMBER 20, 2006 THROUGH  
DECEMBER 31, 2007

(Assigned to Judge A. Craig Blakey, II)

Guttilla Murphy Anderson, P.C.  
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Phoenix Arizona 85051  
(623) 937-2795

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

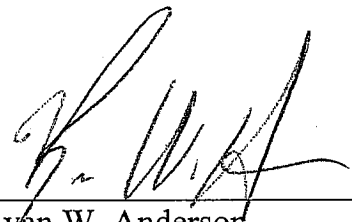
17 1. On November 20, 2006, this Court entered its *Order Appointing Receiver*,  
18 which appointed Peter S. Davis as Receiver of Trend Management Group, Inc. and Trend  
19 Capital, LLC. On May 17, 2007, this Court entered its *Amended Order Appointing Receiver*  
20 which also appointed Peter S. Davis as Receiver of The Trend Group, Inc. ("Receivership  
21 Order").

1 The Receiver has prepared and filed herewith the Receiver's Accounting for the period of  
2 November 20, 2006 through December 31, 2007 which is attached hereto as Exhibit "A".

3 WHEREFORE, the Receiver respectfully requests that the Court enter an order  
4 approving the Receiver's accounting for the period of November 20, 2006 through December  
5 31, 2007.

6 Respectfully submitted this 20<sup>th</sup> day of February, 2008.

7 GUTTILLA MURPHY ANDERSON, P.C.

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11 Ryan W. Anderson  
12 Attorneys for the Receiver

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***Receivership Estate of Trend Management  
Group, Inc., Trend Capital, L.L.C., and  
The Trend Group, Inc.***

***November 20, 2006 through  
December 31, 2007***

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*Report of*

*Simon Consulting, LLC*

*February 8, 2008*

Exhibit "A"

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## **1. Nature of Operations**

As a result of an action brought by the State of Arizona, entitled Arizona Corporation Commission v. Trend Management Group, Inc. and Trend Capital, LLC., cause number CV 2006-16822 ("State of Arizona Action"), Peter S. Davis was appointed Receiver on November 20, 2006 ("Receiver").<sup>1</sup> The Receiver filed an amended order on May 17, 2007 to include The Trend Group, Inc into the Receivership.<sup>2</sup>

## **2. Sources of Cash**

### ***2.1. Sale of Crown Portfolio***

The Receiver received sale proceeds of \$3,150,000.00 for the September 30, 2007 balance of the Crown Asset Management remaining debt servicing portfolio.

### ***2.2. Crown Asset Management Collections***

From November, 2006 through December 2007, the Receiver collected \$2,270,368.34 from Crown Asset Management.

### ***2.3. Trend Account Closures***

The Receiver identified and obtained \$232,173.59 from the various Trend bank accounts.

### ***2.4. Sale of 2005 Mercedes***

The Receiver traced Trend investment funds to the purchase of a 2005 Mercedes licensed to Lori Herndon. The Receiver was able to gain control of the vehicle and auction it for \$54,000.00.

### ***2.5. Mexico Assets***

The Receiver's investigation uncovered Receivership assets in Mexico. A portion of those assets were in an escrow account and through the cooperation of Tony Cordova were recovered. The amount recovered from the escrow account totals \$37,500.00.

### ***2.6. Returned Commissions***

The Receiver's investigation revealed several agents that received commissions from the sale of the Trend certificates. The commissions amounts demanded and recovered through December 31, 2007 is \$42,089.66.

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<sup>1</sup> State of Arizona, Maricopa County Superior Court, Arizona Corporation Commission v. Trend Management Group, Inc. Trend Capital, L.L.C., No. CV 2006-16822, Order Appointing Receiver, filed date 11/20/2006

<sup>2</sup> State of Arizona, Maricopa County Superior Court, Arizona Corporation Commission v. Trend Management Group, Inc.; Trend Capital, L.L. C., Cause No. CV 2006-16822, Amended Order Appointing Receiver, filed date 05/17/2007

### **2.7. Defendant Restitution**

On June 1, 2007, the Receiver demanded and received \$10,650.00 in restitution payments from Respondent, Scot Oglesby via the Arizona Corporation Commission.

### **2.8. Vendor Refunds**

On July 17, 2007, the Receiver demanded and received \$15,229.15 from Kilpatrick Stockton, LLP.

### **2.9. Interest**

The Receiver has received \$86,310.30 in interest on the Trend Receivership funds through December 31, 2007.

## **3. Uses of Cash**

### **3.1. Auction Fees**

The Receiver has incurred \$4,905.00 in fees required to auction the 2005 Mercedes.

### **3.2. Navas Bond**

The Receiver posted a \$200,000.00 Supersedeas Bond to appeal an investor's (Armando Navas, Sr.) Order to Enforce Judgment Against Garnishee Trend Management, Group, Inc.<sup>3</sup>

### **3.3. Printing and Reproduction Fees**

The Receiver has incurred \$1,655.72 in printing and reproduction fees in the normal operations of the Receiver's duties.

### **3.4. Professional Fees**

The Receivership has disbursed \$1,952.12 for preparation of tax returns for the entities under the Receivership orders. Investigation fees of \$21,114.05 were disbursed for services of locating information necessary to recover assets. The Receiver also disbursed \$125.00 for the design fees to establish the Trend Receivership website. The total profession fees disbursed through December 31, 2007 is \$23,191.17.

### **3.5. Receivership Fees**

The Receivership has disbursed \$156,518.05 to Guttilla Murphy Anderson, PC for legal costs and \$337,949.53 to Simon Consulting, LLC for the receiver, forensic accounting, litigation support and administrative costs.

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<sup>3</sup> State of Arizona, Maricopa County Superior Court, Arizona Corporation Commission v. Trend Management Group, Inc. Trend Capital, L.L.C., No. CV 2006-16822, Order Approving Supersedeas Bond filed date 06/27/2007

**3.6. Taxes**

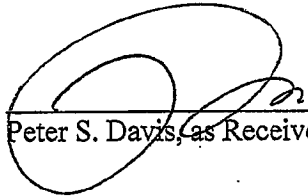
The Receivership has disbursed \$100.00 to the Arizona Department of Revenue for the 2006 tax returns.

**4. Net Increase in Cash**

The Receivership net increase in cash for the period of November 20, 2006 through December 31, 2007 is \$5,174,001.57.

**5. Total Receivership Assets**

The total receivership assets through December 31, 2007 consist of the cash in bank accounts of \$5,174,001.57 plus the Navas Bond of \$200,000.00 for a grand total of \$5,374,001.57.

  
\_\_\_\_\_  
Peter S. Davis, as Receiver

2/7/08  
Date

# Appendix A

Peter S. Davis, Receiver  
Trend Management Group, Inc. and Trend Capital, L.L.C.  
Receivership

**Receivership Estate of Trend Management Group, Inc. and Trend Capital, L.L.C.**  
**Sources and Uses of Cash - Cash Basis**  
**November 20, 2006 through December 31, 2007**

<b>Beginning Cash Balance as of November 20, 2006:</b>		\$	-
<b>Sources of Cash:</b>			
Sale of Crown Portfolio	\$ 3,150,000.00		
Crown Asset Management Collections	2,270,368.34		
Trend Accounts Closures	232,173.59		
Sale of 2005 Mercedes	54,000.00		
Mexico Assets	37,500.00		
Returned Commissions	42,089.66		
Defendant Restitution	10,650.00		
Vendor Refunds	15,229.15		
Interest	86,310.30		
<b>Total Sources of Cash</b>		\$	<b>5,898,321.04</b>
<b>Uses of Cash</b>			
Auction Fees	4,905.00		
Navas Bond	200,000.00		
Printing and Reproduction	1,655.72		
Professional Fees			
Tax Preparation Fees	1,952.12		
Investigative Fees	21,114.05		
Website Design Fees	125.00		
Receivership Fees - Guttilla Murphy Anderson, PC	156,518.05		
Receivership Fees - Simon Consulting, LLC	337,949.53		
<b>Total Profession Fees</b>	<b>517,658.75</b>		
Taxes	100.00		
<b>Total Uses of Cash</b>		\$	<b>724,319.47</b>
<b>Net Increase in Cash for Period</b>		\$	<b>5,174,001.57</b>
<b>Ending Cash Balance as of December 31, 2007:</b>		\$	<b>5,174,001.57</b>
<b>Assets</b>			
Navas Bond Asset			200,000.00
<b>Total Receivership Assets as of December 31, 2007:</b>		\$	<b>5,374,001.57</b>

DRAFT - Subject to Change