

Law Firm of  
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Our No. 1027-001

August 13, 2007

**HAND-DELIVERED**

Honorable A. Craig Blakey, II  
Maricopa County Superior Court  
201 W. Jefferson  
Phoenix, AZ 85003

Re: *Arizona Corporation Commission v. Trend Management Group, Inc.*, Maricopa  
County Superior Court, Cause No. CV 2006-016822

Dear Judge Blakey:

This firm represents Peter S. Davis as the court-appointed Receiver for Trend Capital, L.L.C., Trend Management Group, Inc., and The Trend Group, Inc. Since you have been recently assigned to this Receivership, I thought it would be helpful to provide you some background information and documents concerning the Receivership.

This Receivership arises out of an administrative proceeding before the Arizona Corporation Commission. The Securities Division of the Arizona Corporation Commission has alleged that Trend Management Group, Inc., Scott Bogue, Ryan Herndon, Trend Capital, L.L.C., Linda Jordan, The Trend Group, Inc., Easy Street Financial Group, Inc., Christopher Marx, and Scott Oglesby engaged in acts, practices, and transactions which constituted violations of the Arizona Securities Laws. This Receivership was established by the consent of the Defendants in the administrative proceedings and was organized for the purpose of collecting assets for the benefit of the investors of the Trend Management Group, Inc., Trend Capital, L.L.C. and The Trend Group, Inc. The administrative proceeding is ongoing before the Arizona Corporation Commission.

The Receiver has, to date, recovered over \$2.0 million for the Receivership Estate. Among other things, the Receiver has completed a forensic recreation of the books and records of Trend Capital, L.L.C., Trend Management Group, Inc. and The Trend Group, Inc. Attachment A is a graphical overview of the forensic recreation of Receivership Entities.

The Receiver requested that we advise you of the following matters:

1. **Trend Investment with Crown Asset Management.** The sole investment of Trend Capital and Trend Management is with an Atlanta based company, Crown Asset Management. Crown Asset Management buys "bad" consumer credit card

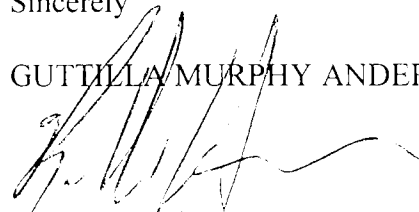
debt and attempts to collect these debts for the benefit of its clients. The investment of the Receivership Entities is in the form of massive debt portfolios which are managed by Crown Asset Management for the benefit of the Receivership Entities. The Receiver has nearly completed a significant and detailed financial analysis with respect to the Trend investment with Crown Asset Management and will be seeking the Court's approval with respect to potential management decisions related to this asset.

2. **Claims.** The Receiver expects to begin to solicit claims from the investors in Trend Capital, Trend Management Group and The Trend Group Inc. before the end of the calendar year. Before the Receiver solicits claims, he will seek to have a claims procedure approved in the Receivership Court.
3. **Asset Recoveries.** The Receiver continues to recover assets for the Receivership Estate including assets located outside the State of Arizona. The Receiver has obtained and continues to benefit from significant cooperation from the Defendants in the recovery of assets for the Receivership Estate.
4. **Third Party Recoveries.** The Receiver is in negotiation with many of the third party recipients of Receivership Assets including insiders of Trend Management and Trend Capital, the commissioned sales agents of Trend Capital and others who received a commission for the sale of the Trend Capital investments. The Receiver will seek to recover any Receivership Assets which were improperly paid to Third Parties. All settlements of any claims of the Receivership Estate will be presented to the Court for approval.
5. **Appeal.** One Trend investor, who obtained a judgment before the Receiver's appointment, has sought payment from the Receivership Assets to satisfy the judgment. The Receivership Court, after initially denying relief, directed the Receiver to pay the judgment. The Receiver has appealed this Order and an appeal is pending in the Arizona Court of Appeals. The Receiver has posted a cash bond of \$200,000.00 while this matter is under appeal.

Finally, I have enclosed for your information, attachments which contains copies of selected documents which will assist you in understanding the history of the status of this Receivership. I hope this information is helpful

Sincerely

GUTTILLA MURPHY ANDERSON, P.C.



Ryan W. Anderson

RWA:jk

cc: All parties listed on the attached Master Service List without enclosures

Enc.

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## MASTER SERVICE LIST

*Arizona Corporation Commission v. Trend Management Group, Inc.*

Maricopa County Superior Court

CV 2006-16822

(Rev. 6/26/07)

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1027-001(57246)

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Petition No. 4 Preliminary Report and Recommendations of the Receiver. . . . .	Attachment D