



0000007937

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2003 APR 11 A 9:39

COMMISSIONERS

ARIZONA CORPORATION COMMISSION
ALPHABETIC CONTROL

MARC SPITZER-Chairman

Arizona Corporation Commission

JIM IRVIN

DOCKETED

WILLIAM A. MUNDELL

APR 11 2003

JEFF HATCH-MILLER

DOCKETED BY *CR*

MIKE GLEASON

UTILITIES DIVISION STAFF

DOCKET NO. T-03889A-02-0796

DOCKET NO. T-04125A-02-0796

Complainant,

v.

CLARIFYING AFFIDAVIT OF
TRAVIS CREDLE

LIVEWIRENET OF ARIZONA, LLC; THE PHONE
COMPANY MANAGEMENT GROUP, LLC; THE
PHONE COMPANY OF ARIZONA JOINT
VENTURE D/B/A THE PHONE COMPANY OF
ARIZONA; ON SYSTEMS TECHNOLOGY, LLC
and its principals, TIM WETHERALD, FRANK
TRICAMO AND DAVID STAFFORD; and THE
PHONE COMPANY OF ARIZONA, LLP and its
Members,

Respondents.

At the procedural conference held April 10, 2003, in the above-captioned proceeding, the Administrative Law Judge produced a filing from the Arizona Secretary of State which identified Tim Wetherald as the general partner of The Phone Company of Arizona, LLP. At the procedural conference, both Messrs. Crockett and Glaser stated that to the best of their knowledge, information and belief, Tim Wetherald is not now nor has he ever been a general partner of The

Snell & Wilmer

LLP
LAW OFFICES
One Arizona Center, 400 E. Van Buren
Phoenix, Arizona 85004-2202
(602) 382-6000

1 Phone Company of Arizona, LLP. To further clarify, attached is the affidavit of Travis Credle,¹
2 managing partner of The Phone Company of Arizona, which avows that:

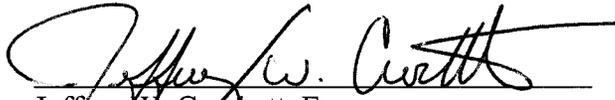
3 1. Tim Wetherald is not now nor has he ever been the general partner of The Phone
4 Company of Arizona, LLP; and

5 2. The organizational structure of The Phone Company of Arizona, LLP, does not
6 allow for general partners.

7 The information contained on the Arizona Secretary of State website indicating that Tim
8 Wetherald is the general partner of The Phone Company of Arizona, LLP, is incorrect. The
9 Phone Company of Arizona, LLP, is taking immediate steps to correct the error on the Arizona
10 Secretary of State's website.

11 RESPECTFULLY submitted this 11th day of April, 2003.

12 SNELL & WILMER, L.L.P.

13 

14 Jeffrey W. Crockett, Esq.
15 One Arizona Center
16 Phoenix, Arizona 85004-2202
Attorneys for The Phone Company of Arizona, LLP

17 ONE ORIGINAL and fifteen (15) copies
18 of the foregoing reply were filed with
19 Docket Control this 11th day of April, 2003.

20 A COPY of the foregoing reply was hand-
21 delivered this 11th day of April, 2003, to:

22 Philip J. Dion, Administrative Law Judge
23 Hearing Division
24 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

25 _____
26 ¹ The attached affidavit is a facsimile copy. The original copy of Mr. Credle's affidavit will be filed once it is received by counsel.

1 Ernest Johnson, Director
Utilities Division
2 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
3 Phoenix, Arizona 85007

4 Maureen Scott, Staff Attorney
5 Gary H. Horton, Staff Attorney
Legal Division
6 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
7 Phoenix, Arizona 85007

8 A COPY of the foregoing reply was
9 faxed this 11th day of April, 2002, to:

10 Marty Harper, Esq.
11 SHUGHART, THOMSON & KILROY
3636 North Central Avenue
12 Suite 1200
Phoenix, Arizona 85012

13 Mark Brown, Staff Attorney-Policy and Law
14 QWEST CORPORATION
3033 North 3rd Street, Suite 1009
15 Phoenix, Arizona 85012

16 Timothy Berg, Esq.
17 Theresa Dwyer Esq.
18 FENNEMORE CRAIG, P.C.
3003 North Central Avenue, Suite 2600
19 Phoenix, Arizona 85003

20 Michael L. Glaser, Esq.
21 SHUGHART, THOMSON & KILROY
1050 Seventeenth Street
22 Suite 2300
Denver, Colorado 80202

23
24
25
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

A COPY of the foregoing motion was mailed this 11th day of April, 2003, to:

David Stafford Johnson, Esq.
740 Gilpin Street
Denver, Colorado 80218


Crockett PHX\1736185.1

SWORN AFFIDAVIT OF TRAVIS CREDLE

STATE OF NORTH CAROLINA, COUNTY OF CHATELAIN.

1. I, TRAVIS CREDLE, Affiant, being of lawful age and first duly sworn upon oath, depose and state that I have personal knowledge of the events and statements of fact described herein as follows:
2. I am the Chairman of the Managing Partners Committee of The Phone Company of Arizona L.L.P.
3. The Phone Company Of Arizona L.L.P. is a limited liability partnership formed pursuant to the provisions and in accordance with the requirements of law for the operation of a registered limited liability partnership in the State of Arizona.
4. The Phone Company of Arizona L.L.P. was formed in November 2001 pursuant to a written limited liability partnership agreement attached to this affidavit as Exhibit "A".
5. Tim Wetherald is not now, nor ever has been, a General partner of The Phone Company of Arizona L.L.P.
6. There is not now, nor has there ever been, any provisions for the establishment of, or authority given to, General Partners in the organizational structure of The Phone Company of Arizona L.L.P.
7. I heard the testimony given in open hearing on April 10, 2003 by Michael L. Glaser Esq., that Tim Wetherald is not now, nor ever has been, a General Partner, or Partner, of The Phone Company of Arizona L.L.P. and concur with that testimony based on personal knowledge that it is an accurate statement of fact.

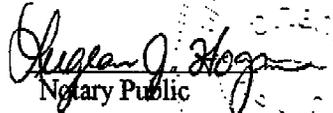
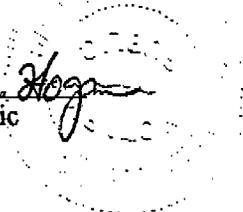
FURTHER THE AFFIANT SAYETH NAUGHT

SIGNED UNDER PENALTY OF PERJURY THIS 11 DAY OF APRIL, 2003


TRAVIS CREDLE

Subscribed and sworn to me this 11th day of APRIL, 2003, by TRAVIS CREDLE.

Witness my hand and official seal.


Notary Public


My commission expires 3/29/2004

EXHIBIT "A"

PARTNERSHIP AGREEMENT

THE PHONE COMPANY OF ARIZONA, L.L.P.

AN ARIZONA LIMITED LIABILITY PARTNERSHIP

**LIMITED LIABILITY
PARTNERSHIP AGREEMENT
THE PHONE COMPANY OF ARIZONA, LLP
AN ARIZONA LIMITED LIABILITY PARTNERSHIP**

THIS LIMITED LIABILITY PARTNERSHIP AGREEMENT (the "Agreement") is entered into, and executed as of the ____ day of November, 2001, by and among those persons and/or entities identified on the various signature pages attached hereto (the "Partners").

ARTICLE I - FORMATION AND BUSINESS

1.1 Formation. The Partners hereby associate themselves in a limited liability partnership ("the Partnership") Agreement pursuant to the provisions and in accordance with the terms and conditions contained herein. Following the formation of the Partnership, the Partners shall register as a Limited Liability Partnership by filing a registration document with the Arizona Secretary of State and shall execute and file such further documents and take further action as shall be appropriate to comply with requirements of law for the operation of a registered Limited Liability Partnership wherever the Partnership transacts business.

1.2 Business. The business of the Partnership shall be for the purpose of obtaining required Arizona PUC CLEC, Competitive Local Exchange Carrier Licenses ("CLEC") and entering into necessary agreements to provide land line and/or wireless services, including cellular activations, pre-paid cellular and local dial tone programs, paging, the sales and service of wireless telephones, satellite communications and other forms of wireless communications and entertainment (the "Business"). Such Business will be done on a retail or wholesale basis in the territory of the State of Arizona or as permitted elsewhere. The Partnership shall acquire such property as may be appropriate to transact the Business and take all acts as may be appropriate to conduct the Business and may sell or otherwise dispose of the Business upon a decision of the Partners made in normal course.

ARTICLE II - NAME AND PLACE OF BUSINESS

2.1 Name. The Partnership Business and activities shall be conducted under the name "The Phone Company of Arizona, LLP". The location of the Partnership Business shall be determined by the Partners.

2.2 Fictitious Name. The Partnership may conduct business under another name if the Partnership's management deem it advisable, providing the Partnership complies with applicable laws.

2.3 Nature of Partners' Interests. The interests of the Partners in the Partnership shall be personal property for all purposes. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner shall have a personal ownership interest in such property.

2.4 Title to Assets. Title to assets acquired by the Partnership shall be held in the name of the Partnership. The Partners shall execute any and all documents as may be necessary to reflect the Partnership's ownership.

ARTICLE III - DEFINITIONS

3.1 Agreement. "Agreement" means this Limited Liability Partnership Agreement, as amended from time to time.

3.2 Distributable Cash. "Distributable Cash" means the amount by which the total cash received by the Partnership from all sources exceeds the reasonable working capital requirements of the Partnership.

3.3 Initial Managing Partner. "Initial Managing Partners" shall mean the persons set forth in this Agreement.

3.4 Non-Voting Units. "Non-Voting" Units means the Units initially issued without voting rights. Upon bona fide sale of any of the Non-Voting Units to an individual or entity not affiliated with the initial owner who is subsequently admitted as a Partner, such Non-Voting Units shall convert to Voting Units upon payment to the Partnership of Three Thousand (\$3,000.00) Dollars.

3.5 Units. "Units" or "Unit" shall be both the Voting and Non-Voting Units and represent interest in the Partnership.

3.6 Voting Units. All Units other than Non-converted Non-Voting Units shall be "Voting Units."

ARTICLE IV - CAPITALIZATION

4.1 Capital Contributions. The Partnership shall be made up of a maximum of Eighty (80) Units consisting of Fifty (50) Voting Units and Thirty (30) Non-Voting Units.

The Partnership shall issue up to Fifty (50) Voting Units in exchange for a cash contribution to the Capital of the Partnership and completion of the Subscription Documents. A minimum purchase for One (1) Unit shall be \$19,975.00 unless an exception is authorized by the Initial Managing Partners.

Each Partner's Capital Contribution for Unit(s) shall be held by the Partnership and expended for Partnership's Business purposes.

The Initial Managing Partners are Paul Meyer and Leon Swichkow. Paul Meyer shall receive One (1) Non-Voting Unit and Leon Swichkow One and One-Half (1 ½) Non Voting Unit for their compensation for serving as Initial Managing Partners. Non-Voting Units shall

have an agreed fair market value of Nineteen Thousand, Nine-Hundred Seventy-Five (\$19,975.00) Dollars each for the purpose of establishing Capital Contributions.

The Partnership Recruiter, Telecom Advisory Services, Inc., a Florida corporation, shall receive, in addition to another compensation it may be entitled to receive, Twenty-Seven and One-Half (27 ½) Non-Voting Units.

4.2 Issuance of Units. Upon the making of a contribution to the capital of the Partnership as provided herein, each Partner shall be issued a certificate representing the appropriate number of Units. Each Partner understands, acknowledges and agrees that his/her interest in the profits and losses of the Partnership as represented by a Unit shall be diluted to the extent additional Partners are admitted to the Partnership and additional Units are issued.

4.3 Additional Units. In the event that the Partnership is required to seek additional funding in order to carry out its Business in addition to any loans which may be obtained, a majority of the Voting Units, shall, at a meeting of Partners called for that purpose or upon written consent, authorize the sale of additional Voting Units beyond the Fifty (50) authorized Voting Units at a price or prices to be determined by such a majority vote. Provided, however, before the Partnership shall sell any additional Voting Units, it shall first offer each existing Partner the right, but not the obligation, to purchase additional Voting Units on a pro rata basis, which right shall expire ten (10) days after receipt of written notice of such right. The Partners who elect to purchase additional Voting Units shall have the additional right to purchase any unsubscribed Non-Voting Units. This additional right shall be on a pro-rata basis and such right shall expires ten (10) days after receipt of written notice of such rights. The exercise of all rights offered under this provision shall be in writing, delivered to the Managing Partners.

4.4 No Withdrawal. A Partner may not withdraw from the Partnership unless granted such permission by a majority vote of all Voting Partners. In such case a withdrawing Partner shall be entitled to be paid by the Partnership for his/her Units equal to the amount of the then current book value of the Unit(s) but in no case will the payment be greater than the initial Partner's capital contribution. The purchase price shall be evidenced by an unsecured promissory note payable in eight (8) equal quarterly payments with interest at six (6%) percent. The withdrawing Partner shall be responsible for any individual liabilities which may include any damages suffered by the Partnership as a result of the wrongful withdrawal.

4.5 Interest. No Partner shall receive any interest on his Capital Contributions in the Partnership.

ARTICLE V - ALLOCATION OF NET INCOME, NET LOSS OR CAPITAL GAIN

Except as may be expressly provided otherwise in this Agreement, and subject to the

pertinent provisions of the Internal Revenue Code, the net income (profit), net loss or capital gains of the Partnership for each fiscal year are to be allocated and apportioned among the Partners pro-rata in accordance with respective Units owned.

ARTICLE VI - DISTRIBUTION TO PARTNERS

6.1 Timing of Distributions. Distributions of distributable cash shall be made as determined by vote of the Voting Partners upon recommendation by the Managing Partner.

6.2 In-Kind Distribution. To the extent that non-cash assets are distributed to the Partners, the fair market value of such assets shall be determined as to its value and shall be distributed at its fair market value and may be considered a cash distribution.

6.3 Assignment of Units. If all or part of a Partner's Unit(s) under a transfer permitted by this Agreement, allocations relating to said Units for tax and accounting purposes shall be provided and allocated between the transferee and the transferor on the basis of the number of days during the period each was the holder of the Unit(s).

ARTICLE VII - MANAGEMENT OF PARTNERSHIP AFFAIRS

7.1 Voting. Whenever a vote, agreement, decision, action or determination regarding the management, operation or control of the Partnership is required to be made by the provisions of this Agreement or otherwise, a majority of the Voting Units shall constitute approval by the Partners unless otherwise provided in this Agreement. A vote may be cast in person, by telephone, in writing or by power of attorney to another Partner. A Partner who fails to vote on any matter after the receipt of notice to such Partner as required by this Agreement, shall be deemed to have given his/her power of attorney to the Managing Partners as a group to be voted as a majority decided. However, this Agreement may not be amended to alter the allocations to Partners made hereunder or to reduce the percentage interest required to approve any Partnership act without the written affirmation consent of at least two-thirds (2/3) of the all Partners affected by such action.

7.2 Management. Participation in the management of this Partnership is not a passive involvement. It is managed by the Partners themselves. Each Partner is required to actively participate in material business decisions affecting the Partnership by exercising his/its voting privileges. Each Partner has the right and agrees to participate in one or more committees which shall oversee and conduct important business. These committees may such as: Accounting and Tax, Advertising and Public Relations, Business Standards, Insurance Coverage, Legal Oversight, Partnership Communications/Newsletter, Planning, Budget and Finance, Sales and Marketing.

The Partnership will hold formal and informal committee and Partnership meetings utilizing

various methods of communications. The Partnership may elect to hold management meetings in select geographic areas including the Partnership's offices. Meetings will be open to attendance by all Partners whether in person, by conference telephone, or video teleconference or otherwise.

7.3 Initial Managing Partner. The Initial Managing Partners shall be Paul Meyer and Leon Swichkow and they shall be responsible for managing the organizational structure, initial capitalization and administration of the Partnership and may otherwise conduct the Partnership's operations. The Initial Managing Partners shall be obligated to devote their best efforts (but not on an exclusive basis) to the Partnership affairs. The duties of the Initial Managing Partners shall terminate at the Initial Organizational Meeting.

7.4 Partnership Recruiter. The Partners agree to the hiring of a Partnership Recruiter to recruit qualified Partners. The Partnership Recruiter will receive compensation and reimbursement of expenses from the Partnership in the amounts indicated in the Offering documents and in this Agreement and shall be obligated to pay all costs related to sale of the Fifty (50) Voting Units. The Initial Managing Partners may act as the Partnership Recruiter or may be affiliated with a firm engaged by the Partnership Recruiter to locate qualified Partners provided that the terms of the engagement are the same as those of other firms engaged for the same purpose at arms length.

7.5 Managing Partners. The Partners may appoint up to five (5) Partners as business managers ("Managing Partners") to be responsible for managing the Partnership. The Managing Partners shall have the right to retain, hire or appoint a contracted management firm to assist the Managing Partners in the daily performance of the Partnership. The management firm appointed will be subject to a majority vote of the Managing Partners at the Partnership meeting at which the Managing Partners are elected.

7.6 Compensation of Managing Partners. Managing Partners may receive compensation for services as may be from time to time as agreed upon by the Partners. Managing Partners will receive reimbursement for reasonable expenses incurred to perform their duties and travel to designated meeting areas and in conducting Partnership Business.

7.7 Partners' Management Responsibilities. Each Partner agrees to devote such time and energy as is reasonably necessary to assist in the management of the Partnership's business and use his/her best efforts to make himself available for participation at Partnership meetings or in matters whether in person or by written consent.

7.8 Contracted Management. The Initial Managing Partners shall have the right to retain, hire or appoint a management contractor ("Management Firm") to assist the Partnership and Managing Partners in the daily duties of the Business. Such appointment by the Initial Managing Partners may not be longer than twenty-four (24) months from the

Commencement Date hereof and automatically renewable thereafter every two (2) years unless either party gives at least ninety (90) days written notice prior to the expiration of the initial or any renewal term, however, with the Partnership's right to terminate at any time on ninety (90) days written notice. The Management Firm will be compensated in the amounts indicated in the Offering documents and in this Agreement.

7.9 Restrictions on Authority of Partners. Without a vote of the Partners, a Partner, the Initial Managing Partners and the Managing Partners shall have no authority with respect to the Partnership and this Agreement to:

- (a) Do any act in contravention of this Agreement;
- (b) Do any act which make it impossible to carry on the Partnership Business;
- (c) Possess Partnership property or assign the right of the Partnership or its Partners in specific Partnership property for other than Partnership purpose;
- (d) Assign the Partnership property in trust for creditors or in the assignee's promise to pay the debts of the Partnership, confess a judgement, or admit a person as a Partner.

Without a vote of the Managing Partners or the Partners, no Partner may enter into any obligation involving a total obligation of the Partnership in an amount of Five Thousand (\$5,000.00) dollars or more.

7.10 Liability and Indemnity of the Partners. No Partner shall be liable to the other Partners for performance of any act or for his/her failure as long as he/she is not found by an applicable Court to be liable for fraud, gross negligence or bad faith in such performance or failure.

The Partnership shall indemnify, each Partner, any employee or agent of each Partner, and any Partnership employee, against any loss or threat of loss as a result of any claim or legal proceeding related to the performance or non performance of any act concerning the activities of the Partnership. Provided however, with respect to the subject matter of the claim or legal proceeding, this indemnification shall be effective only so long as any party against whom the claim is made is not liable for fraud, gross negligence, willful misconduct or bad faith in such performance or non-performance.

Furthermore, each Partner shall not be personally liable or accountable for any loss or threat of loss, as a result of any claim or legal proceeding of whatever nature, for such loss or threat

of loss arising from operative facts and events which occurred, prior in time, to admission of the Partner into the Partnership. The indemnification provided herein shall include payment of attorney's fees other expenses incurred in settling any claim or threatened action or incurred in any finally adjudicated legal proceeding, and the removal of any liens affecting any property of the indemnity shall be made from the assets of the Partnership.

All judgments against the Partnership, Partner, employee or entity entitled to indemnification shall first be satisfied from Partnership assets. No Partner shall have liability to any other Partner if, upon audit, the Internal Revenue Service disallows any deduction or allocation taken by the Partnership, or if any governmental regulatory agency determines that any action taken by the Partnership or any Partners on behalf of the Partnership violates any State or Federal regulatory provision. The indemnification provided by this Section is specifically intended to apply not only to each Partner but also to the Initial Managing Partners.

7.11 Meeting of Partners. The Partners shall hold regular meeting at times and places to be selected by the Initial or Managing Partners. The initial organizational meeting shall be held no later than sixty (60) days following the sale of the fiftieth (50th) Voting Unit. Any Partner may waive notice of or attendance at any meeting, or may execute a signed written vote or consent.

Any Partner owning legal or beneficial interest therein, may engage in or possess an interest in any other business or venture of any nature and description independently or with others, including those which may be the same or similar to the Partnership Business and in direct competition therewith.

ARTICLE VIII - USE OF PROCEEDS

All monies raised by the Partnership for the Fifty (50) Voting Units will be expended generally as follows:

Gross Proceeds	\$998,750	100%
Administration of escrow, compliance, legal, accounting	\$ 49,938	5%
Commissions	\$149,813	15%
Marketing costs	\$139,825	14%
Partnership administration	\$ 39,950	4%
Design, printing, shipping, etc.	\$ 69,224	7%
Operating reserves	\$150,000	15%
Telephone company marketing, customer acquisition	\$300,000	30%
Telephone company equipment *	\$100,000	10%

* any funds not used for equipments will be applied to marketing

ARTICLE IX - RESTRICTIONS ON TRANSFER OF UNITS

Except as provided below, no Partner ("Offeror") may sell, convey, assign, pledge, hypothecate, or encumber all or any portion of his/her Units, unless he/she first complies with the following conditions:

9.1 Time Limitations. No Partner shall transfer any Voting Units unless such transfer complies with local, State and Federal laws and regulations. Transfer or sale of any Units, assuming otherwise permitted herein, shall be permitted only on the final day of any given month.

9.2 Offer to Other Partners. All Voting Units, shall first be offered in writing to all other Partners at the price and on the terms on which they are proposed to be sold or transferred in a bona fide transaction. Such bona fide offer shall be displayed in a written form from the potential purchaser. Each Partner shall have thirty (30) days to either accept or reject the offer in writing. Failure to accept each offer in writing constitutes automatic rejection of the offer.

9.3 Permitted Transfers. Any Partner may, without the consent of other Partners, transfer or assign his/her Voting Units or Non Voting Units to other Partners. Non-Voting Units shall be freely transferrable to other Partners or third parties.

9.4 Conditions of Transfer. A duly executed and acknowledged written document of assignment must be filed with the Partnership. Such instrument shall set forth the date of transfer, number of Units assigned, name, address, social security number, or identification numbers of the new Unit owner(s). The transferring Partner must additionally:

- (a) Execute all other instruments as the Managing Partners deem necessary; and
- (b) Meet all other conditions set forth in this Agreement.

ARTICLE X - TERM

10.1 Term. The Partnership shall commence on the date of this Agreement (or the earliest date permitted by applicable law) and shall be dissolved on the earlier of (a) written Agreement by all Partners, (b) dissolution for any reason that may be set forth herein, or (c) twenty five (25) years from the date hereof unless extended by majority vote of the Partners.

ARTICLE XI - DEFAULT BY A PARTNER

11.1 Default. A Partner's failure to make, when due, any contributions or advance required under the terms of this Agreement and the continuance of that failure for fourteen (14) business days after the Partnership notifies the Partner of the failure in writing, or a violation of any other provision in this Agreement and failure to remedy the violation within fourteen (14) business days after notice of the violation from the Partnership or other Partners, shall constitute a default hereof.

11.2 Effect of Default. Upon a Partner's default, the Partnership and the Partners shall have the right to expel the defaulting Partner without effecting a termination or dissolution of the Partnership. The Partnership or the non-defaulting Partners may make this election at any time within six (6) months from the date of default, upon fourteen (14) day written notice of such election to the defaulting Partner provided that default is continuing on the date notice is given. All non-defaulting Partners who elected to terminate the defaulting Partner shall be required to purchase such Units, pro-rata, in the proportion that their individual Units bear to the aggregate of all Units held by non-defaulting Partners being expelled. The purchase price for the defaulting Partner's interest shall be paid in cash or, at Purchasing Partners' option, by execution and delivery of the Partner's note payable to the order of the defaulting Partner in the amount of the purchase price. Any purchasing Partner's note shall bear interest at the rate of One (1%) Percent over the then current published prime rate at the time of the signing of the note and shall be payable in twenty four (24) equal, consecutive monthly installments of principal and interest. The first payment shall be made one month from the date of execution and delivery of the note and with such note may be prepared without penalty.

The purchase price shall be reduced by any outstanding debt. Upon receipt of the purchase price, cash or note, the defaulting Partner shall have no further interest in the Partnership, its Business, or assets, and shall execute and deliver any assignments and other instruments necessary to evidence and effectively transfer the interest of the defaulting Partner to the Purchasing Partners.

If necessary assignments and instruments are not promptly delivered after notice by the Partnership that the consideration is available to the defaulting Partner, the Partnership may deliver such consideration to the defaulting Partner and execute such assignments and instruments as the defaulting Partner's irrevocable agent. All Partners agree that any Partner who exercises the rights of the Partnership on its behalf under this section shall not be individually liable for any actions so taken. The assignments or transfer of a defaulting Partner's interest shall not relieve such Partner from any personal liability for outstanding obligations relating to the Partnership which may exist on the date of the assignment or transfer. A Partner's default shall not relieve any other Partner from liabilities and obligations under this Agreement. A defaulting Partner's Units shall not be considered in any Partnership voting required.

11.3 Option to Cure Defaults. Any Partner may cure another Partner's default after providing all Partners with seven (7) days written notice of intent to cure and actually cures such default within thirty (30) days after the defaulting Partner received Notice of Default without obligation to cure future defaults.

ARTICLE XII - DISSOLUTION

12.1 Causes of Dissolution. The Partnership shall be dissolved on the earliest to occur of the following:

- (a) The failure of the Partnership to maintain any License as contemplated herein.
- (b) Any event stated in Article IX or any event provided by law.

Provided that when a new Partner is admitted to the Partnership or a person ceases to be a Partner, the remaining Partners shall be deemed to have agreed to continue the Business of the Partnership under the terms of this Agreement unless Partners holding a majority of the Voting Units vote to allow the Partnership to be dissolved and such vote occurs within ninety (90) days of the event otherwise causing dissolution. Upon the occurrence or such an event, the Partnership shall promptly provide notice to all Partners.

12.2 Closing the Partnership. Upon a dissolution of the Partnership, the Initial Managing Partner, the Managing Partners, or, in the event there are none, the person(s) elected by the Partners, shall take full account of the Partnership assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order: (i) creditors, (ii) for contingent or unforeseen liabilities, (iii) Partners and former Partners to satisfy liabilities for distributions owed prior to dissolution, (iv) any balance to Partners in accordance with their capital accounts.

ARTICLE XIII - ACCOUNTING/TAX

13.1 Method of Accounting. At all times during the existence of the Partnership, the Partnership shall keep full and true books of account into which shall be entered fully and accurately each transaction of the Partnership. All tax and accounting elections will be binding upon the Partners.

13.2 Partnership Accounts. All Partnership funds shall be deposited in its name accounts maintained at whatever institution as directed and approved by a vote of the Partners. The Initial Managing Partners are authorized to establish any account in or not in the Partnership name for deposit therein of Capital Contributions or funds received from the sale of Units only.

13.3 Books and Records. Proper books and records shall be kept recording all Partnership transactions. The books shall be kept in a manner agreed upon by the Partners. The books and records shall identify any and all property in which the Partnership has an interest.

The records shall include but not be limited to:

- (a) The ownership of any real property as well as any other property in which the Partnership has an interest.
- (b) Current list of all Partners, their addresses, Unit ownership and profiles;
- (c) Federal State and Local income tax returns (6 years);
- (d) The original Agreements and amendments thereto;
- (e) Accounting ledgers and journals; and
- (f) Correspondence, employee records, etc.

Any Partner or his duly authorized representative shall have during normal business hours the right, upon reasonable request, to inspect and copy, at the inspecting Partner's expense, any of the foregoing Partnership records.

13.4 Tax Allocation. All income, gains or losses shall be allocated to the Partners. All deductions, including depreciation shall be allocated to the Partners charged with the expenditures giving rise to such deductions. Each Partner shall be entitled to his distributive share of Partnership income, gains, losses or deductions or credit, or items of tax preference in computing his taxable income or tax liability, to the exclusion of any other Partner.

13.5 Reports. A complete accounting of the Partnership affairs as of the close of business on the last day of each fiscal year and be rendered to each Partner within ninety (90) days after the close of each such period.

13.6 Tax Year. The Partnership's taxable year shall end on December 31.

13.7 Tax Matters Partner. A majority of the Voting Partners shall appoint a Tax Matters Partner pursuant to Code Section 6231 to represent the Partnership. The Tax Matters Partner, on behalf of the Partnership, shall oversee the Partnership tax affairs in the overall best interests of the Partnership and make all elections for state and federal income tax purposes. The Tax Matters Partner shall have all necessary federal and state income and information tax returns prepared and filed on behalf of the Partnership. The determination of the Tax Matters Partner as to adjustments to the financial reports, books, records, and returns of the Partnership, in the absence of fraud or gross negligence, shall be final and binding upon the Partnership and all of the Partners.

ARTICLE XIV - AMENDMENTS

14.1 Amendments. This Agreement and any amendments may be amended only in writing adopted in accordance with this Agreement.

ARTICLE XV - GENERAL PROVISIONS

15.1 Further Actions: The Partners agree to execute such documents or perform such acts as may be reasonably necessary in order to give effect to the intentions expressed in this Agreement.

15.2 Power of Attorney. By execution of this Agreement, each Partner appoints the Initial Managing Partners and each Managing Partner as his Attorneys-in-Fact, in his name, place and stead, to execute, acknowledge and file all documents necessary to create or qualify the Partnership as a limited liability Partnership, to withdraw such registration and to dissolve the Partnership.

15.3 Interpretation, Severability. The captions used in this Agreement are for convenience only and shall not be used in interpreting this Agreement. If any portion of this Agreement shall be held invalid or inoperative, then so far as reasonable:

- (a) The remainder of the Agreement shall be considered valid and operative; and
- (b) Unless otherwise prohibited by law, effect shall be given to the intent manifested by that portion of the Agreement held invalid or inoperative.

15.4 Successors and Assigns. This Agreement shall bind the Partners, their successors, heirs, personal representatives, and permitted assigns. Nothing herein contained shall affect any restrictions on transfers or assignments set forth elsewhere in this Agreement.

15.5 Costs and Attorney's Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to a reasonable attorney's fee including fees on appeal, costs and expenses.

15.6 Counterpart Execution; Facsimile Signatures. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto have signed the same document. All counterparts shall be construed together and shall constitute one Agreement facsimile signatures shall be considered as originals.

15.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona including without limitation, to the extent permitted by law, the Act. Any action to interpret or enforce this Agreement shall be solely brought in the State of Arizona. To the extent, permitted by law, the parties agree that the sole venue of such action shall be in the County of Maricopa, Arizona.

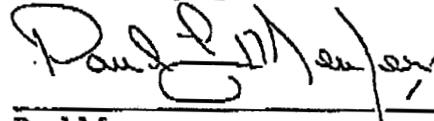
ARTICLE XVI - REPRESENTATIONS AND WARRANTIES

Each Voting Partner contributing cash does hereby represent and warrant that such Partner:

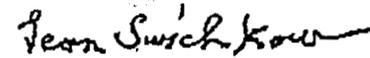
- (a) Has received and executed a copy of the subscription Agreement attached hereto as Exhibit B;
- (b) Understands the authority to manage and control the Partnership's Business and its assets are vested in the Partners, including the appointment and removal of the Managing Partners;
- (c) Understands that the success of the Partnership's Business will depend upon the active participation and involvement in Partnership matters of all Partners, and undertakes and agrees to devote such time and energy as is reasonably necessary to assist in the management of the Partnership's Business and make his/herself available for participation at Partnership meetings or in actions by written consent; and
- (d) Has sufficient experience and knowledge of business affairs to allow him/her to intelligently exercise his/her responsibilities and obligations as a Partner.

In Witness Whereof, the Partners have entered into this Agreement as of the date aforesaid.

Initial Managing Partners



 Paul Meyer



 Leon Swichkow

Acknowledged, agreed to and joined into by the individual partner on the date set forth.

Date: _____
 Date: _____
 Date: _____
 Date: _____

Partners:
 Print Name: _____
 Print Name: _____
 Print Name: _____
 Print Name: _____