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AZ CORP COMMISSION
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

In the matter of:)
)
)
Trend Management Group, Inc, a Nevada)
)
)
Corporation)
8601 Six Forks Road, Ste. 400)
Raleigh, NC 27615)
)
Scott Renny Bogue, Sr. (DRD #1588216) and)
Arlene Jane Bogue, husband and wife)
12308 Camberwell Court)
Raleigh, NC 27614)
)
Ryan James Herndon and Lori Darlene)
Herndon)
husband and wife)
609 E. Silverwood Dr.)
Phoenix, AZ 85048)
)
Trend Capital, LLC, an Arizona limited)
liability company)
4025 E. Chandler, Ste. 70F15)
Phoenix, AZ 85048)
)
)
Linda Bryan Jordon)
married person, individually and doing)
business as the Trend Group, Inc.)
3641 E. Park Ave.)

) Docket No. S-20476A-06-0557

**RESPONDENT LORI HERNDON'S
ANSWER**

Arizona Corporation Commission
DOCKETED

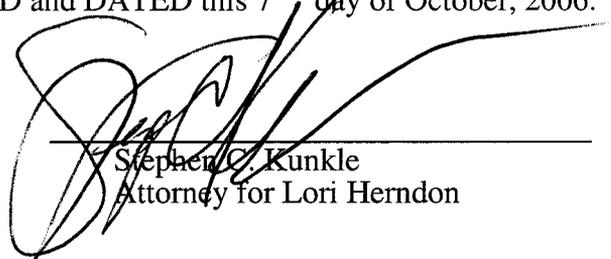
OCT 05 2006

DOCKETED BY

1 Phoenix, AZ 85044)
2 Russell Langdon Van Vranken, husband of)
Linda Bryant Jordon)
3 3641 E. Park Ave.)
Phoenix, AZ 85044)
4 East Street Financial Group, Inc., an Arizona)
5 corporation)
9949 W. Bell Rd., #202)
6 Sun City, AZ 85371)
7 _____)

8 RESPONDENT LORI HERNDON, by and through undersigned counsel, Stephen C. Kunkle,
9 hereby submits her Answer to The Arizona Corporation Commission's Notice of Opportunity for
10 Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for
11 Administrative Penalties and For Other Affirmative Action.

12 RESPECTFULLY SUBMITTED and DATED this 7TH day of October, 2006.

13
14 
15 _____
16 Stephen C. Kunkle
17 Attorney for Lori Herndon

18 **JURISDICTION**

19 ¶1. RESPONDENT LORI HERNDON admits ¶1 and does not dispute that the Commission
20 has jurisdiction over this matter.

21 **RESPONDENTS**

22 ¶2. RESPONDENT LORI HERNDON, does not have sufficient information to admit or deny
23 paragraph 2.

24 ¶3. RESPONDENT LORI HERNDON, does not have sufficient information to admit or deny
25 paragraph 3.

26 ¶4. RESPONDENT LORI HERNDON, does not have sufficient information to admit or deny
27 paragraph 4.
28

1 ¶5. RESPONDENT LORI HERNDON admits paragraph 5.
2 ¶6. RESPONDENT LORI HERNDON admits that she is married to Ryan James Herndon and
3 that during the relevant time period which concerns the allegations in the Commission's Notice, that
4 some actions were taken for the benefit of the marital community. Respondent denies knowledge of
5 many of the actions taken by her spouse. RESPONDENT also maintains her own separate property
6 and segregates here property from that of the marital community.
7 ¶7. Respondent admits that Trend Capital had a business address on Chandler Boulevard, and
8 that Trend Capital is a company although she has insufficient information about the form of th
9 company.
10 ¶8. Respondent admits that Linda Bryant Jordan (Respondent's mother) is a resident of
11 Arizona and that she lives at the address as listed in the Notice.
12 ¶9. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
13 deny paragraph 9, although she admits in part that Ms. Jordan performed some functions for Trend.
14 ¶10. RESPONDENT LORI HERNDON admits paragraph 10.
15 ¶11. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
16 deny paragraph 11, but admits in part that EASY STREET FINANCIAL GROUP was an entity
17 involved with Trend.
18 ¶12. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
19 deny paragraph 12.
20 ¶13. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
21 deny paragraph 13.
22 ¶14. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
23 deny paragraph 14.
24 ¶15. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
25 deny paragraph 15.
26
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28

FACTS

1 ¶16. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
2 deny paragraph 16, as Respondent lacks knowledge of the full range of business activities of the
3 RESPONDENT ENTITIES.

4 ¶17. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
5 deny paragraph 17, as RESPONDENT lacks knowledge of the full range of business activities of the
6 RESPONDENTS.

7 ¶18. RESPONDENT LORI HERNDON admits that she is a RESPONDENT Spouse and is
8 married to RESPONDENT Ryan James Herndon; RESPONDENT lacks sufficient knowledge
9 regarding the marital status of the other listed RESPONDENT Spouses.

10
11 ¶¶19 – 25. RESPONDENT LORI HERNDON lacks sufficient knowledge to either admit or
12 deny the allegations contained in paragraphs 19 through 25. RESPONDENT is aware that Trend
13 Capital and Trend Management were involved with distressed consumer receivables and investors,
14 but lacks specific knowledge of bank accounts or alleged investors.

15
16 ¶¶26-44. RESPONDENT LORI HERNDON lacks sufficient information to admit or deny
17 the allegations contained in paragraphs 26 through 44. RESPONDENT admits that she is aware of a
18 loan made to her spouse, RESPONDENT RYAN JAMES HERNDON (¶40) and on information and
19 belief, avers that the loan has been repaid in full. RESPONDENT further admits that she was aware
20 of the existence of Private Placement Memoranda, but lacks further knowledge of the terms and
21 conditions contained therein.

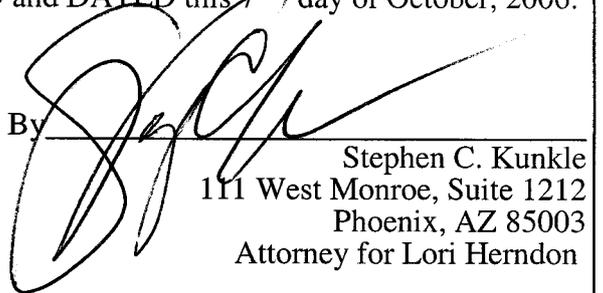
22
23 ¶¶45-53. RESPONDENT LORI HERNDON, does not have sufficient information to admit or
24 deny the full range allegations contained in paragraphs 45 through 53. RESPONDENT became
25 aware of some business activities involving Trend Capital and the sale of Certificates of Participation,
26 but lacks specific knowledge of the remaining factual allegations.

1 Securities Act.

- 2 • Ryan James Herndon acted through the company, Trend Capital, and that the
3 Commission has failed to allege facts that pierce the corporate veil.
- 4 • Respondent further alleges that other affirmative defenses presently available to, but
5 unknown to respondents apply to this matter include, but are not limited to, accord and
6 satisfaction, arbitration and award, discharge in bankruptcy, duress, estoppel, equitable
7 estoppel, failure of consideration, fraud, illegality, laches, license, payment, statute of
8 frauds, release, res judicata, waiver, insufficiency of process, multiplicity of suits,
9 pendency of another action, abatement, set-ff, novation, statutory exemption, failure to
10 exhaust administrative remedies, failure to comply with administrative remedies, failure
11 to comply with conditions of condition precedent, unclean hands, pari-delicto, issue
12 preclusion, good faith settlement, innocent spouse, separate property of innocenet
13 spouse, and any other matter constituting avoidance or an affirmative defense.

14
15 RESPECTFULLY SUBMITTED and DATED this 7TH day of October, 2006.

16
17 By _____



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19 111 West Monroe, Suite 1212
20 Phoenix, AZ 85003
21 Attorney for Lori Herndon
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1 ORIGINAL and 13 copies of the foregoing
filed this 7th day of October, 2006, with:

2 Arizona Corporation Commission

3 COPY hand-delivered this 7th day of October, 2006, to:

4
5 Matthew J. Neubert
Director of Securities
6 Securities Division
Arizona Corporation Commission
7 1300 W. Washington St., 3rd Fl.
Phoenix, AZ 85007

8
9 The Honorable Marc E. Stern, Administrative Law Judge
Hearing Division
Arizona Corporation Commission
10 1300 W. Washington St.,
Phoenix, AZ 85007

11
12 Michelle Allen, Esq.
Securities Division
Arizona Corporation Commission
13 1300 W. Washington St., 3rd Fl.
Phoenix, AZ 85007

14 Copy mailed this 7th day of October, 2006 to:

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Scottsdale, AZ 85260
3 Attorneys for Ryan James Herndon & Trend Capital, LLC
Scott Renny Bogue, Sr.
4 Arlene Bogue

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