

ORIGINAL 11/2/06



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



BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman  
William A. Mundell  
Mike Gleason  
Kristin K. Mayes  
Barry Wong

Arizona Corporation Commission

DOCKETED

OCT 16 2006

AZ CORP COMMISSION  
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FROM: Mark Dinell  
Assistant Director of Securities

DOCKETED BY [Signature] NR

DATE: October 16, 2006

RE: Trend Management Group, Inc. et al. S-20476A-06-0557

CC: Brian C. McNeil, Executive Director

On September 5, 2006 the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for a Hearing Regarding Proposed Order to Cease and Desist against Trend Management Group, Inc. ("Trend Management"), Trend Capital, L.L.C. ("Trend Capital") and certain other individuals and entities (the "Notice"). After discussions with counsel for Trend Management and Trend Capital it is believed the best way to protect assets for the benefit of investors in the Trend Management and Trend Capital investments is to place those companies under the control of an independent third party receiver. Consequently, attached hereto you will find (a) Petition for Appointment of Receiver ("Petition"), (b) Consent to Appointment of Receiver, and (c) Order for Appointment of Receiver ("Order"). The following comments pertain thereto:

1. In the Petition it is pled that current information leads the Division to believe that there is a shortfall between assets of Trend Management and amounts owed to investors in Trend Management and Trend Capital (paragraphs 4-5). Further, at this point there is no assurance that all investors that may have claims against the assets have been identified. Hence the need for a Receiver.
2. Once the Petition has been filed and a Judge assigned, the Consent will be filed reflecting the settlement by the Commission, Trend Management and Trend Capital. The parties are agreeing that the Judge may enter an order in the form attached to Consent.

3. The Order appoints Peter S. Davis, Simon Consulting, LLC, as Receiver and spells out the Receiver's responsibilities to marshal the assets and determine those persons that have valid claims against those assets. Other negotiated provisions contained in the Order are:
  - A. The administrative case against Trend Management and Trend Capital may proceed (paragraphs 5 and 13). The Receiver is authorized to defend the administrative action, but is not authorized to settle or compromise any aspect of the case without further leave of the court (paragraph 13 and 18).
  - B. The Receiver is not authorized to institute any action against Scott Bogue, Sr. or Ryan Herndon, respondents in the administrative action, absent further order of the court.
  - C. The Receiver without further order of the court may manage, service or sell any or all of the distressed consumer receivables turned over to the Receiver by Trend Management (paragraph 20). These assets are the subject of the investments sold as pled in the Notice.

At the November 2, 2006 open meeting we will be asking the Commission for the authority to file the Petition and related documents in Superior Court in order to have a Receiver appointed. Staff and counsel for Trend Management and Trend Capital should also be present to answer any questions you may have.

1 **ARIZONA CORPORATION COMMISSION**

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3 LeRoy Johnson #013889  
4 1300 West Washington, 3<sup>rd</sup> Floor  
5 Phoenix, Arizona 85007  
6 Attorney for Plaintiff  
7 Telephone: (602) 542-0633  
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7 **STATE OF ARIZONA**

8 **MARICOPA COUNTY SUPERIOR COURT**

9 ARIZONA CORPORATION COMMISSION )

10 Plaintiff )

11 v. )

12 TREND MANAGEMENT GROUP, INC.;

13 TREND CAPITAL, L.L.C. )

14 Defendants. )

15 )

16 )

No. CV \_\_\_\_\_

**VERIFIED PETITION FOR  
APPOINTMENT OF  
RECEIVER**

17 For its Petition against Defendants, Plaintiff Arizona Corporation Commission pleads as  
18 follows:

19 1. The plaintiff in this matter, the Arizona Corporation Commission (the "ACC"), is a  
20 governmental entity charged with enforcing the Securities Act of Arizona, A.R.S. § 44-1801 et seq.  
21 (hereinafter the "Securities Act").

22 2. The Superior Court of Maricopa County has jurisdiction over this matter pursuant to  
23 the Article 15 of the Securities Act.

24 3. On September 5, 2006, the ACC filed an administrative complaint, Docket No. S-  
25 20476A-06-0557, against the Defendants and certain other individuals and entities in which the  
26 ACC alleged multiple violations of the Securities Act including A.R.S. §§ 44-1841 (sale of

1 unregistered securities), 44-1842 (transactions by unregistered dealers and salesman), and 44-1991  
2 (fraud in purchase or sale of securities) (the "Complaint"). A copy of the Complaint is attached to  
3 this Petition as Exhibit "A" and is incorporated herein by reference.

4 4. Substantial funds raised from the sale of securities, alleged to be in violation of the  
5 Securities Act in the Complaint, were placed with Defendants purportedly for the purpose of  
6 investment in the business of purchasing, managing, servicing and selling distressed consumer  
7 receivables. Defendant Trend Management Group, Inc.'s (Trend Management") balance sheet for  
8 December 31, 2005 reflects in excess of \$9.6 million was owed to individuals holding preferred  
9 stock in Trend Management. The same balance sheet reflects total assets of Trend Management of  
10 approximately \$8.1 million.

11 5. Upon information and belief, the actual amounts raised from investors in  
12 Defendants' securities as reflected in the Complaint is substantially more than \$9.6 million. The  
13 actual amount due investors is likely to exceed \$12 million.

14 6. In order to determine all persons having valid claims against the assets of  
15 Defendants and to protect existing assets for the benefit of such persons a receiver should be  
16 appointed.

17 **WHEREFORE**, the ACC prays that this Court enter an order appointing a receiver pursuant to  
18 A.R.S. § 44-2011.

19 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

20 **ARIZONA CORPORATION COMMISSION**

21  
22  
23 By: \_\_\_\_\_  
24 Michelle Allen  
25 Attorney for the Securities Division of the  
26 Arizona Corporation Commission



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7 **STATE OF ARIZONA**

8 **MARICOPA COUNTY SUPERIOR COURT**

9 ARIZONA CORPORATION COMMISSION )

10 Plaintiff )

11 v. )

12 TREND MANAGEMENT GROUP, INC.;

13 TREND CAPITAL, L.L.C. )

14 Defendant. )

No. CV \_\_\_\_\_

**CONSENT TO APPOINTMENT OF RECEIVER**

(Assigned to the Honorable \_\_\_\_\_)

17 1. On \_\_\_\_\_, Plaintiff Arizona Corporation Commission ("ACC") filed with the  
18 Superior Court in Maricopa County, Arizona (the "Court") a Petition For Appointment of Receiver  
19 (the "Petition") against Defendants Trend Management Group, Inc. ("Trend Management") and  
20 Trend Capital L.L.C. ("Trend Capital").

21 2. This Consent to Appointment of Receiver ("Consent") has been entered into and  
22 accepted by Trend Management, Trend Capital and the ACC for the purpose of agreeing that the  
23 Court may issue an Order Appointing a Receiver, in the form attached hereto as Exhibit "A", as  
24 preyed for in the Petition (the "Order").  
25  
26

1           3.       In settlement of this action, Trend Management and Trend Capital (a) admits the  
2 jurisdiction of the Superior Court over the subject matter of this action, (b) elects to permanently  
3 waive their right to a trial of this action, (c) voluntarily waives any right they may have to judicial  
4 review, by any court by way of suit, appeal, or extraordinary relief, resulting from the entry of the  
5 Order , and (d) acknowledges and agrees that this Consent is entered into freely and voluntarily and  
6 that no promise was made or coercion used to induce such entry.

7           4.       While this Consent and the contemplated Order settles the action pertaining to the  
8 ACC's Petition, Trend Management and Trend Capital understand that the ACC will continue to  
9 prosecute its administrative complaint, Docket No. S-20476A-06-0557, against Trend Management  
10 and Trend Capital and the other individual and entities named therein, provided, however, that  
11 neither the fact that Trend Management or Trend Capital have agreed to the appointment of a  
12 Receiver, nor anything herein contained, shall be used against either Trend Management or Trend  
13 Capital in any proceeding or proceedings of the type identified in this paragraph #4 or described in  
14 paragraph #5 below. In agreeing to this Consent, Trend Management and Trend Capital repeat and  
15 restate as if fully set-forth herein, their responses to, including their denials of, the allegations set  
16 forth in administrative complaint, Docket No. S-20476A-06-0557. The ACC, Trend Management  
17 and Trend Capital agree to the appointment of a Receiver to provide security for the property to be  
18 handed over to the Receiver.

19           5.       While this Consent and the contemplated Order settles this action between the ACC  
20 Trend Management and Trend Capital, Defendants understand that nothing precludes other agencies  
21 or subdivisions of the State of Arizona from instituting other administrative, civil or criminal  
22 proceedings now or in the future.

23           6.       By signing below for Trend Management and Trend Capital, the person executing this  
24 Consent represents that they are appropriately authorized to enter into this Consent on behalf of Trend  
25 Management, and Trend Capital.

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7. For the foregoing purposes, Trend Management, Trend Capital and the ACC agree there is no just reason for delay and expressly consent to the entry of the Order in the form attached as Exhibit "A".

8. Trend Management, Trend Capital and the Commission shall each bear their own attorneys' fees and costs.

For the Arizona Corporation Commission

By: \_\_\_\_\_ Date \_\_\_\_\_  
Michelle Allen  
Attorney for the Arizona  
Corporation Commission

Trend Management Group, Inc.

By: \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_  
Its \_\_\_\_\_

Trend Capital, L.L.C.

By: \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_  
Its \_\_\_\_\_

1 **ARIZONA CORPORATION COMMISSION**

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7 **STATE OF ARIZONA**

8 **MARICOPA COUNTY SUPERIOR COURT**

9 ARIZONA CORPORATION COMMISSION )

10 Plaintiff )

11 v. )

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

14 Defendants. )  
15 )  
16 )

No. CV \_\_\_\_\_

**ORDER APPOINTING RECEIVER**

(Assigned to the Honorable \_\_\_\_\_)

17 On \_\_\_\_\_ Plaintiff, the Arizona Corporation Commission ("ACC"), filed a  
18 Verified Petition for Appointment of a Receiver ("Petition") and on \_\_\_\_\_ Defendants  
19 Trend Management Group, Inc. ("TREND MANAGEMENT"), Trend Capital, L.L.C. ("TREND  
20 CAPITAL") and the ACC filed a Consent to the Appointment of Receiver ("Consent") wherein  
21 TREND MANAGEMENT, TREND CAPITAL and the ACC agreed to the entry of this Order  
22 Appointing Receiver; the Court finds, based upon the papers filed by the ACC, TREND  
23 MANAGEMENT and TREND CAPITAL, that this Order Appointing Receiver is both necessary  
24 and appropriate in order to prevent waste and dissipation of the assets of TREND  
25 MANAGEMENT and TREND CAPITAL to the detriment of investors.  
26

1 IT IS THEREFORE ORDERED:

2 1. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,  
3 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever  
4 kind and description, wherever situated, of Trend Management Group, Inc. ("TREND  
5 MANAGEMENT") and Trend Capital, L.L.C. ("TREND CAPITAL") (hereinafter, "Receivership  
6 Assets").

7 2. Peter S. Davis, Simon Consulting, LLC, located at 3200 North Central Avenue,  
8 Suite 850, Phoenix, Arizona 85012, with the phone number of 602-279-7500, facsimile number  
9 602-279-7510, is appointed Receiver for the Receivership Assets. The Receiver shall file with the  
10 Clerk of this Court a bond in the sum of \$ \_\_\_\_\_, without need for sureties approved  
11 by the Court, to assure his conscientious performance of the duties and responsibilities imposed by  
12 this Order. The Receiver is hereby authorized to take and have possession and control of the  
13 Receivership Assets. Until further order of this Court, and with the exception of those exceptions  
14 provided for hereinunder, the Receiver shall have complete and exclusive control, possession, and  
15 custody of all Receivership Assets. The Receiver shall be the agent of the court and shall be  
16 accountable directly to this Court.

17 3. All persons, including, but not limited to, TREND MANAGEMENT and TREND  
18 CAPITAL and their officers, agents, servants, employees, attorneys, and all persons in active  
19 concert or participation with them who receive actual notice of this Order by personal service or  
20 otherwise, and specifically including any bank or other financial or depository institution holding  
21 accounts for or on behalf of TREND MANAGEMENT and TREND CAPITAL, shall promptly  
22 deliver to the Receiver all Receivership Assets in the possession or under the control of any one or  
23 more of them and shall promptly surrender all books and records of any kind pertaining or  
24 belonging to the TREND MANAGEMENT and TREND CAPITAL. Nothing in this paragraph to  
25 the contrary, the obligations of the State of Arizona, or any of its subdivisions or agencies to turn  
26 over documents, is contained in paragraph 14 of this Order only.

1           4.       TREND MANAGEMENT and TREND CAPITAL and their officers, agents,  
2 servants, employees, attorneys, and all persons in active concert or participation with them who  
3 receive actual notice of this Order by personal service or otherwise shall, to the extent not  
4 inconsistent with their Constitutional rights and rights of such respondents in the afore described  
5 administrative proceedings, fully cooperate with and assist the Receiver, which shall include, but  
6 not be limited to, providing information to the Receiver that the Receiver deems necessary to  
7 exercising the authority and discharging the responsibilities of the Receiver under this Order;  
8 providing any password required to access any computer, electronic file, or telephonic data in any  
9 medium; advising all persons who owe money to the TREND MANAGEMENT and TREND  
10 CAPITAL that all debts should be paid directly to the Receiver; and provide to the Receiver all  
11 keys and codes necessary to gain or to secure access to any Receivership Assets or Receivership  
12 Records.

13           5.       All persons, including, but not limited to, TREND MANAGEMENT and TREND  
14 CAPITAL and their officers, agents, servants, employees, attorneys, and all persons in active  
15 concert or participation with them, who receive actual notice of this Order by personal service or  
16 otherwise, are enjoined from in any way interfering with the operation of the Receivership or in  
17 any way disturbing the Receivership Assets and from filing or prosecuting any actions or  
18 proceedings which involve the Receiver or which affect the Receivership Assets, specifically  
19 including any proceeding initiated pursuant to the United States Bankruptcy Code, except with the  
20 prior permission of this Court, with the exception that nothing herein shall preclude the filing of a  
21 Petition for Relief under the Bankruptcy Code by Scott Renny Bogue, Sr. and/or his spouse or  
22 Ryan James Herndon and/or his spouse without first obtaining leave of this Court and provided,  
23 further that in the event of such filing, nothing contained therein shall interfere with or restrain this  
24 Court from continuing its jurisdiction over the Receivership Assets. Any actions so authorized to  
25 determine disputes relating to Receivership Assets shall be filed in this Court. Nothing in this  
26 paragraph to the contrary will prohibit the Securities Division of the ACC (the "Division") from

1 prosecuting its action against TREND MANAGEMENT and TREND CAPITAL, Docket No. S-  
2 20476A-06-0557.

3           6.       TREND MANAGEMENT and TREND CAPITAL and their officers, agents,  
4 servants, employees, attorneys, and all persons in active concert or participation with them, who  
5 receive actual notice of this Order by personal service or otherwise are hereby restrained and  
6 enjoined from directly or indirectly destroying, secreting, defacing, transferring or otherwise  
7 altering or disposing of any documents of TREND MANAGEMENT and TREND CAPITAL,  
8 including, but not limited to, books, records, accounts, writings, drawings, graphs, charts,  
9 photographs, audio and video recordings, computer records and other data compilations,  
10 electronically stored records, or any other papers of any kind or nature. Such persons are also  
11 restrained and enjoined from excusing debts owed to TREND MANAGEMENT and TREND  
12 CAPITAL or transferring, receiving, altering selling, encumbering, pledging, assigning,  
13 liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody  
14 of, or in which an interest is held or claimed by, TREND MANAGEMENT, TREND CAPITAL or  
15 the Receiver.

16           7.       All banks, broker-dealers, savings and loans, escrow agents, title companies,  
17 commodity trading companies, or other financial institutions, including specifically, U.S. Bank and  
18 Crown Asset Management, shall cooperate with all reasonable requests of the Receiver relating to  
19 implementation of this Order, including transferring funds at his direction and producing records  
20 related to the assets of TREND MANAGEMENT and TREND CAPITAL.

21           8.       The Receiver is hereby authorized to make appropriate notification to the United  
22 States Postal Service to forward delivery of any mail addressed to the TREND MANAGEMENT  
23 and TREND CAPITAL, any company or entity under the direction or control of TREND  
24 MANAGEMENT or TREND CAPITAL, to any Post Office box or other mail depository, to  
25 himself. Further, the Receiver is hereby authorized to open and inspect all such mail, to determine  
26 the location or identity of assets or the existence and amount of claims.

1           9.     The Receiver is hereby authorized to open one or more bank accounts with financial  
2 institutions insured by an agency of the United States. The Receiver shall Deposit all Receivership  
3 Assets in such designated accounts and shall make all payments and disbursements from the  
4 Receivership Assets from such accounts. The Receiver shall be responsible, to the best of his  
5 ability, to collect and allocate the loan proceeds, both principal and interest, and to make land  
6 payments to the lenders.

7           10.    The Receiver is hereby authorized to make such ordinary and necessary payments,  
8 distributions, and disbursements as he deems advisable or proper for the marshaling, maintenance  
9 or preservation of the Receivership Assets. The Receiver shall have the authority to contact and  
10 negotiate with any creditors of the TREND MANAGEMENT and TREND CAPITAL, for the  
11 purpose of compromising or settling any claim. The Receiver is authorized to renew, cancel,  
12 terminate, or otherwise adjust any pending lease agreements to which TREND MANAGEMENT  
13 or TREND CAPITAL are a party.

14           11.    The Receiver is hereby directed to prevent the inequitable distribution of assets and  
15 determine, adjust, and protect the interests of persons with an interest in or claim against the  
16 Receivership Assets.

17           12.    The Receiver is hereby directed to file with this Court and serve upon the parties,  
18 within 30 days after entry of this Order, a preliminary report setting out the identity, location and  
19 value of the Receivership Assets, and any liabilities pertaining thereto. Further, at the time the  
20 Receiver makes such report, he shall recommend to the Court whether, in his opinion, based on his  
21 initial investigation, claims against TREND MANAGEMENT or TREND CAPITAL, should be  
22 adjudged in the Bankruptcy Court. After providing the parties an opportunity to be heard, this  
23 Court will determine whether to accept the Receiver's recommendation and, if appropriate, issue  
24 an order authorizing the Receiver to commence a bankruptcy proceeding.

25           13.    Except by leave of this Court, during pendency of the Receivership ordered herein,  
26 all persons and entities be and hereby are stayed from taking any action to establish or enforce any

1 claim, right, or interest for, against, on behalf of, in, or in the name of, TREND MANAGEMENT  
2 or TREND CAPITAL, any of its subsidiaries, affiliates, partnerships, assets, documents, or the  
3 Receiver or the Receiver's duly authorized agents acting in their capacities as such, including, but  
4 not limited to, the following actions:

- 5 a. Commencing, prosecuting, continuing, entering, or enforcing any suit or  
6 proceeding, except that such actions may be filed to toll any applicable statute of  
7 limitations;
- 8 b. Accelerating the due date of any obligation or claimed obligation; filing or  
9 enforcing any lien; taking or attempting to take possession, custody, or control of  
10 any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any  
11 asset, whether such acts are part of a judicial proceeding, are acts of self-help, or  
12 otherwise;
- 13 c. Executing, issuing, serving, or causing the execution, issuance or service of, any  
14 legal process, including, but not limited to, attachments, garnishments, subpoenas,  
15 writs of replevin, writs of execution, or any other form of process whether specified  
16 in this Order or not; or
- 17 d. Doing any act or thing whatsoever to interfere with the Receiver taking custody,  
18 control, possession, or management of the assets or documents subject to this  
19 receivership, or to harass or interfere with the Receiver in any way, or to interfere in  
20 any manner with the exclusive jurisdiction of this Court over the assets or  
21 documents of the Receivership Defendants.

22 Nothing in this paragraph to the contrary limits the Division from prosecuting and continuing the  
23 administrative complaint filed by the Division on September 26, 2006, Docket No. S-20476A-06-  
24 0557, against TREND MANAGEMENT and TREND CAPITAL and certain other individuals and  
25 entities in which the ACC alleged multiple violations of the Securities Act. The Receiver is to  
26 defend such action on behalf of TREND MANAGEMENT and TREND CAPITAL, absent further

1 order of this Court, is not authorized to settle or compromise any aspect of the case. Further,  
2 absent further order of this Court, the Receiver shall not file any action in any jurisdiction against  
3 Scott Renny Bogue, Sr. or Ryan James Herndon.

4 14. Within \_\_\_\_\_ days after the entry of this Order, the Division shall make available  
5 for review and copying, at the Receiver's expense, any and all documents, records, and papers of  
6 every kind and description whether in electronic or paper form, obtained via search warrants served  
7 by the Arizona Attorney General's Office pertaining to TREND MANAGEMENT and/or TREND  
8 CAPITAL. Further, the Division shall make available for review and copying at the Receiver's  
9 expense, any other records that form the core of documents pertinent to the investigation  
10 underlying the administrative complaint in Docket No. S-20476A-06-0557 that will assist the  
11 Receiver in determining the amount of funds raised from investors, the number and identity of  
12 investors, and how the proceeds from the investments were used; the determination of what  
13 documents that shall be produced to the Receiver, other than the documents obtained by search  
14 warrant, shall be made at the sole discretion of the Division, provided, however, that the records so  
15 made available to the Receiver shall also be made reasonably available to the Respondents in the  
16 ongoing administrative action and they shall have the right, at their own expense, to copy any and  
17 all records that the Receiver could have copied, had the Receiver elected to do so, but which the  
18 Receiver declined to copy. Nothing contained in this paragraph shall require that any work product  
19 or attorney-client privilege documents prepared by the ACC or their counsel need be delivered to  
20 the receiver.

21 15. The Receiver shall establish a document depository at a location reasonably  
22 convenient to the Division, TREND MANAGEMENT and TREND CAPITAL which location  
23 shall contain a copying machine and all records in possession of the receiver shall be held there  
24 and, upon reasonable request shall be made available to the Division and counsel for TREND  
25 MANAGEMENT and TREND CAPITAL.

1           16.     In the event the Receiver fails to provide access to the records in his possession  
2 within 15 days of the request, the party requesting access to the records may thereafter seek order  
3 of this Court with regard to relief requested.

4           17.     Except as otherwise provided in this Order, all persons and entities in need of  
5 documentation from the Receiver shall in all instances first attempt to secure such information by  
6 submitting a formal written request to the Receiver, and, if such request has not been responded to  
7 within fifteen (15) days of receipt by the Receiver, any such person or entity may thereafter seek an  
8 Order of this Court with regard to the relief requested.

9           18.     The Receiver is hereby authorized to employ such employees, accountants, and  
10 attorneys as are necessary and proper for the collection, preservation and maintenance of the  
11 Receivership Assets.

12           19.     The Receiver is hereby authorized and directed to receive and collect any and all  
13 sums of money due or owing to the TREND MANAGEMENT or TREND CAPITAL, whether the  
14 same are now due or shall hereafter become due and payable, and is authorized to incur such  
15 reasonable expenses and make such disbursements as are necessary and proper for the collection,  
16 preservation, maintenance and operation of the Receivership Assets, provided however, that the  
17 Receiver shall not be permitted to file any action or suit against TREND MANAGEMENT and/or  
18 Scott Bogue and/or TREND CAPITAL and/or Ryan Herndon except upon order of this Court,  
19 which said order must be preceded by notice to potential parties , and upon their objection, to be  
20 filed within 15 days, a hearing held before this Court. The Receiver shall be authorized to  
21 compromise or adjust obligations which may be owed to the Receivership. The Receiver shall seek  
22 and obtain the approval of the Court for any proposed compromise or settlement. Court approval  
23 may be sought on an expedited basis.

24           20.     The Receiver is authorized to liquidate Receivership Assets, as may in his discretion  
25 be advisable. The Receiver shall first seek and obtain the approval of this Court for the proposed  
26 sale. Court approval may be sought on an expedited basis. Nothing in this paragraph to the

1 contrary, the Receiver, acting in the best interest of persons holding claims against the  
2 Receivership Assets, without further order of the court, may manage, service or sell any or all of  
3 the distressed consumer receivables turned over to the Receiver by TREND MANAGEMENT,  
4 provided however, that in the event the Receiver elects to not liquidate the Receivership Assets, but  
5 to manage and service the distressed consumer receivables, once all the expenses of the  
6 Receivership have been paid and the properly adjudicated claims of all claimants to the  
7 Receivership Assets have been paid (including expected returns/profits expected by investors), any  
8 and all Receivership Assets still existing shall be subject to the claims of the owners of TREND  
9 MANAGEMENT for distribution to said owners in accordance with their respective ownership  
10 interests.

11 21. The Receiver is hereby authorized to institute, defend, compromise or adjust such  
12 actions or proceedings in state or federal courts now pending and hereafter instituted, as may in his  
13 discretion be advisable or proper for the protection of the Receivership Assets or proceeds there  
14 from, and to institute, prosecute, compromise or adjust such actions or proceedings in state or  
15 federal court as may in his judgment be necessary or proper for the collection, preservation and  
16 maintenance of the Receivership Assets. Nothing in this paragraph to the contrary will permit the  
17 Receiver from settling or compromising the administrative complaint filed by the Division on  
18 September 26, 2006, Docket No. S-20476A-06-0557, against TREND MANAGEMENT and  
19 TREND CAPITAL and Scott Renny Bogue, Sr. shall, if he so desires, be entitled to defend the  
20 actions of TREND MANAGEMENT against the claims made by the Division in the above-  
21 mentioned administrative complaint as if the Receivership did not exist and further that Ryan J.  
22 Herndon shall be entitled to defend the actions of TREND CAPITAL against the claims made by  
23 the Division in the above mentioned administrative complaint as if the Receivership did not exist  
24 and provided further that Scott Renny Bogue, Sr. shall be permitted to defend the actions of  
25 TREND MANAGEMENT against the claims brought in No. CV2006-051253 pending in Maricopa  
26 County Superior Court (Armando Navas, Sr. and Giselle Navas v. Ryan J. Hendon, et al.)

1 (“NAVAS’ ACTION”), in the event the Receiver elects not to personally defend TREND  
2 MANAGEMENT in that action and, until the Receiver makes a determination as to whether to  
3 assume the duties of defending the NAVAS’ ACTION, Scott Renny Bogue, Sr. and his counsel  
4 shall be privileged to continue to defend the NAVAS’ ACTION.

5 22. Nothing contained in this Order, nor the fact that TREND MANAGEMENT and  
6 TREND CAPITAL has consented to the appointment of the Receiver shall act as, or be construed  
7 as, an admission by TREND MANAGEMENT or TREND CAPITAL that either engaged in any of  
8 the activities charged in the afore-mentioned administrative complaint.

9 23. The Receiver is hereby authorized to institute such actions or proceedings to impose  
10 a constructive trust, obtain possession and/or recover judgment with respect to persons or entities  
11 who received assets or funds traceable to investor monies, provided, however, that nothing  
12 contained herein shall permit the Receiver to recover from any attorney for TREND  
13 MANAGEMENT or TREND CAPITAL any funds paid prior to the effective date of this Order to  
14 said attorney for the defense of TREND MANAGEMENT or TREND CAPITAL or any person  
15 subject to indemnification by TREND MANAGEMENT or TREND CAPITAL, according to their  
16 respective corporate documents, including without limitation, Stephen M. Dichter, Ashley-Adams-  
17 Feldman, and Deborah Fletcher. Nothing contained herein will preclude attorneys for TREND  
18 MANAGEMENT, TREND CAPITAL, Scott Renny Bogue, Sr. and/or Ryan James Herndon from  
19 requesting that the Receiver pay legal fees and costs associated with the administrative action,  
20 Docket No. S-20476A-06-0557, any other legal proceeding in which Scott Renny Bogue, Sr.  
21 and/or Ryan James Herndon become involved arising out of the facts alleged in the administrative  
22 action and that, in the event the Receiver declines to do so, Bogue and/or Herndon may bring the  
23 matter before this Court for a final determination. All such actions shall be filed in this Court.

24 24. The Receiver shall be authorized, after notice and hearing, to seek Court approval  
25 for the amendment of the Receivership Order to include additional parties in the Receivership.  
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