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WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

BRIAN C. McNEIL
EXECUTIVE DIRECTOR



0000062480

TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

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

FROM: Mark Dinell
Assistant Director of Securities

DATE: October 31, 2006

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

CC: Brian C. McNeil, Executive Director

Arizona Corporation Commission
DOCKETED
OCT 31 2006

DOCKETED BY [Signature]

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AZ CORP COMMISSION
DOCUMENT CONTROL

Attached hereto is a "black-lined" version of the form of order that will be filed in Superior Court if the Commission approves the Verified Petition for Appointment of Receiver that is agenda item S-4, on the November 2 Open Meeting. The only change from the form of order previously docketed in this matter is in paragraph 19.

The change will require the Receiver to seek court approval before filing an action against any Respondent in the pending administrative case. The previously filed form of order only dealt with Respondents Trend Management Group, Inc.; Trend Capital, Inc. Scott Bogue and Ryan Herndon.

The Securities Division agrees with this modification and will discuss further at the Open Meeting.

1 **ARIZONA CORPORATION COMMISSION**

2 Michelle M. Allen #014308
3 LeRoy Johnson #013889
4 1300 West Washington, 3rd Floor
5 Phoenix, Arizona 85007
6 Attorney for Plaintiff
7 Telephone: (602) 542-0633
8 Fax: (602) 594-7418

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 is 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 any Respondent named in the
18 administrative complaint in Docket No. S-20476A-06-0557 except upon order of this Court, which
19 said order must be preceded by notice to potential parties, and upon their objection, to be filed
20 within 15 days, a hearing held before this Court. The Receiver shall be authorized to compromise
21 or adjust obligations which may be owed to the Receivership. The Receiver shall seek and obtain
22 the approval of the Court for any proposed compromise or settlement. Court approval may be
23 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

Deleted: TREND MANAGEMENT
and/or Scott Bogue and/or TREND
CAPITAL and/or Ryan Herndon

Deleted:

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.
26

