



Docket No. S-20537A-07-0390
57

ORIGINAL

Leonard Clark: Rhodes, Jr.
c/o Non-domestic
245 N Gilbert Rd Ste 124 PMB 111
Gilbert, Arizona: near [85234]

July 9, 2007

NOTICE TO COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE
Krista Chapman, Special Investigator
Mark Dinell
Matthew J Neuber, Director of Securities
THE ARIZONA CORPORATION COMMISSION
1300 West Washington, 3rd Floor
Phoenix, Arizona, 85007

Arizona Corporation Commission
DOCKETED
JUL 17 2007

DOCKETED BY NL

AZ CORP COMMISSION
DOCKET CONTROL

2007 JUL 17 A 10:41

RECEIVED

Via certified mail #7006 2760 0003 5129 6116

Regarding: The offer by the THE ARIZONA CORPORATION COMMISSION, dated June 28,2007, YOUR DOCKET NO. S-20537A-070390 entitled NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER, TO CEASE AND DESIST, ORDER FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION dated June 28, 2007 served on LEONARD CLARK RHODES, JR. and MARGARET RHODES, husband and wife, on June 30, 2007 at 212 W Scott Ave, Gilbert, AZ 85233.

Sirs:

Take notice of the address and mailing location corrections that follow and adjust your records accordingly. Address correction: Leonard Clark:Rhodes, Jr.. Mailing location correction: c/o Non-domestic, 245 N Gilbert Rd Ste 124 PMB 111, Gilbert, Arizona:near [85234]. The above regarding is hereby rejected and returned to you.

I do not agree to allow THE ARIZONA CORPORTATION COMMISSION to trick Me into becoming involved in your fiction world. I am Me and not that fictitious name you addressed in the above regarding. In fact, the name LEONARD CLARK RHODES, JR. or any derivative thereof is My private property and I have a proprietary right placed upon it. I will forgive your trespass this time **and this time only**. Any future use of My Proprietary right without My express written permission autographed in red ink will cause a violation and you will be invoiced and hereby agree to be invoiced under the Proprietary right contract. See Affidavit of Denial of Corporate Status, attested Notice of Proprietary right and Hold Harmless and Indemnity Agreement attached. If said invoice is not paid, your actions will place you into involuntary bankruptcy.

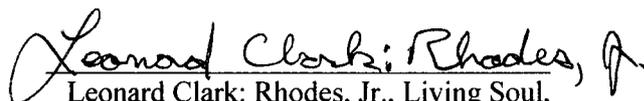
If you are writing to Me, Leonard Clark: Rhodes, Jr. - the living soul, then I expect to be addressed correctly and My mailing location to be correct and I expect the communication to be written by a de jure court for a de jure state and not the fictitious THE ARIZONA CORPORATION COMMISSION. My government is comprised of the Sovereigns in the county wherein I maintain housekeeping and as

"every man is independent of all laws, except those prescribed by nature. He is not bound by any institutions formed by his fellowmen without his consent. CRUDEN v. NEALE, 2 N.C. 338 (1796) 2 S.E. 70.

This means you, THE ARIZONA CORPORATION COMMISSION. Said court was not formed with My consent but was created through trickery and fraud without full disclosure of the facts. You utilize deceptive trade practices to attempt to gain jurisdiction where none would otherwise exist. The THE ARIZONA CORPORATION COMMISSION is a mere corporate fiction - a piece of paper existing only in the mind through the art of deception.

I am NOT a corporation, see attached *Affidavit of Denial of Corporate Status*. I am a real living breathing soul, a child of My Father Yahweh. You, THE ARIZONA CORPORATION COMMISSION are a corporation, a fiction, and you do not exist! You do NOT have My permission to ever attempt to re-contract Me again whether verbally or in writing. I demand that you immediately release all bonds, pay all bills and close all accounts you have created that bear the name of My private property LEONARD CLARK RHODES JR, or any derivative thereof and cancel any and all actions of THE ARIZONA CORPORATION COMMISSION.

NOTICE TO AGENT IS NOTICE TO PRINCIPAL,
NOTICE TO PRINCIPAL IS NOTICE TO AGENT


Leonard Clark: Rhodes, Jr., Living Soul,
Principal, Child of Yahweh

**Affidavit and
CERTIFICATE OF SERVICE**

“I, Christopher Theodore: Rhodes, Affiant, affirm that on the Ninth day of the Seventh month in the Year of the Lord, Jesus Christ the Messiah, Two Thousand Seven did serve true and correct copies of the below listed documents, by placing the documents into an addressed postage prepaid sealed envelope, and mailing it via U.S.P.S. certified rrr mail to the following:

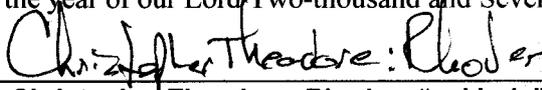
COMMISSIONERS- MIKE GLEASON, Chairman, WILLIAM A. MUNDELL, JEFF HATCH-MILLER, KRISTIN K. MAYES, GARY PIERCE and Krista Chapman, Special Investigator, Mark Dinell, Matthew J. Neuber, Director of Securities of THE ARIZONA CORPORATION COMMISSION at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007

Enclosures:

- 1. Notice to Commisioners 2 pages.**
- 2. Affidavit of Denial of Corporate Status, 2 pages.**
- 3. Notice of Proprietary right, 4 pages.**
- 4. Hold Harmless and Indemnity Agreement, 5 pages.**
- 5. Copy of NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER, TO CEASE AND DESIST, ORDER FOR RESTITUTUION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION**

Done without the United States

Executed this Ninth day of the Seventh month in the year of our Lord Two-thousand and Seven.


Christopher Theodore: Rhodes “sui juris”

AFFIDAVIT OF DENIAL OF CORPORATE STATUS



Leonard [redacted]; Rhodes

**NEGATIVE AVERMENT
AND DENIAL OF CORPORATE STATUS IN THE NATURE OF
FEDERAL RULES OF CIVIL PROCEDURE, SEC. III MOTIONS AND PLEADINGS, RULE
9(A)**

I, Me. Myself, Affiant, AM a Living Soul, a Sovereign, a private man, a Creditor, and Claimant, and I am NOT a STATUTORY PERSON or JURISTIC PERSON. I live upon the land Arizona, a nation established as a republic in the county called Maricopa where the land will forever belong to the people as established by the Treaty of Peace with Great Britain, and/or other treaties. I, Me. Myself, do hereby solemnly declare, say, and state:

- (1) Living Soul is competent for stating the matters set forth herewith;
- (2) Living Soul has first hand knowledge about the facts stated herein;
- (3) Everything stated in this TRUTH AFFIDAVIT is the Truth, the Whole Truth, and nothing but the Truth and all stated is true, correct, complete, and not misleading.
No third parties allowed.

One living breathing child of Yahweh (the one true God, My Heavenly Father, the source of all rights), known as I, Me. Myself, having unlimited liability under the laws of nature, declares with One's own knowledge and conviction that the following facts are true, correct and not misleading, to the best of One's knowledge.

1. I, Me. Myself, (the living soul), am NOT: a state created entity; a corporation; a franchise; a subject of Britain, a British commonwealth, the British Isles the United Kingdom or the Holy See; a citizen of England, a citizen of the UNITED STATES, a 14th Amendment citizen subject to the jurisdiction of the United States, a citizen of America; a resident, citizen or subject of any earthly territory, kingdom, or land.
2. I, Me. Myself, (the living soul), AM: a child of the Creator Yahweh- an heir of the King, Yahshua, and therefore My citizenship is in Heaven. While a sojourner on this earth, I exist on the land commonly known as Arizona, a republic where the land will forever belong to the people being established by the Treaty of Peace with Great Britain, and/or other treaties. My Father, Yahweh, who created all land and owns all land is Sovereign, and I am Sovereign.
3. I, Me. Myself, am a real, living, breathing soul that bleeds, proving that I am NOT a Corporate Fiction and that I do NOT belong in the courts of the Corporate Fictions. The entities named below are corporations and I hereby negatively aver their existence:

CITY OF GILBERT, COUNTY OF MARICOPA, STATE OF ARIZONA, AZ, CENTRAL DISTRICT OF ARIZONA, JANET NAPOLITANO, WASHINGTON, DC, UNITED STATES FEDERAL CORPORATION, UNITED STATES, US, USA, UNITED STATES DISTRICT COURT, FEDERAL BUREAU OF INVESTIGATION, FBI, FEDERAL MARSHALS, UNITED STATES POSTAL SERVICE, USPS, and ALL BRITISH BAR ASSOCIATES AND ATTORNEYS/LAWYERS/COUNSELORS/ESQUIRES/JUDGES and One denies the existence of the above CORPORATIONS and FICTIONS, and all departments/branches divisions/subsidiaries of the above corporations/fictions and all other limited liability fictional entities.

AFFIDAVIT OF DENIAL OF CORPORATE STATUS

Any use of My proprietary right private property -LEONARD CLARK RHODES, JR. or any derivatives thereof, in correspondence sent to Me under pretext by the nonexistent FICTIONS listed above, or any other FICTIONAL limited liability entity sent, c/o Non-domestic, 212 West Scott Avenue, Gilbert, Arizona will be deemed as unaccepted correspondence and I, Me. Myself, will issue an invoice for the unauthorized use thereof.

Should any man or woman deem that the statements above are not true, they must answer by notarized affidavit using their Given Name at Birth and Married Name, if different, for autograph within fifteen (15) days, to the notary address below. Unrebutted after thirty days from the date of receipt of this certified communication, this affidavit stands as fact. All Creator-given Rights are claimed.

Executed without the UNITED STATES, I declare under penalty of perjury under the laws of the united states of America that the foregoing is true, correct and complete.

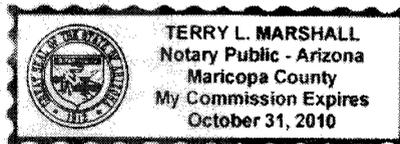
Leonard Clark Rhodes, Jr.

Leonard Clark Rhodes, Jr.
Living Soul, Child of Yahweh,
With the Autograph
c/o Non-domestic
212 West Scott Avenue
Gilbert, Arizona

VERIFICATION OF SIGNATURE ONLY

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

Use of a Notary Public on this document does not constitute an adhesion or waiver of sovereign rights retained by Affiant nor does it alter Affiant's Neutral standing *in itinere* in original Common Law Jurisdiction. The foregoing Affidavit was acknowledged before me this 8 day of JANUARY, 2007 by Leonard Clark Rhodes, Jr, known to me to be the sovereign private man who executed the foregoing Affidavit.



Terry L. Marshall
Notary Public

My commission expires OC 31, 10

Address of Notary 2020 W WOOD DR PHOENIX AZ 85029

4DR

Recording requested by)
 Leonard Clark Rhodes, Jr. and)
 Margaret Louise Rhodes, Owners)
)
 When Recorded Mail to:)
 Leonard Clark Rhodes, Jr)
 c/o Non-domestic)
 212 West Scott Avenue)
 Gilbert, Arizona, Arizona: near [85233])



OFFICIAL RECORDS OF
 PINAL COUNTY RECORDER
 LAURA DEAN-LYTL

DATE/TIME: 01/09/07 1426
 FEE: \$13.00
 PAGES: 4
 FEE NUMBER: 2007-003985

NOTICE OF PROPRIETARY RIGHT

Notice of Proprietary Right: All rights reserved re Proprietary Right of trade-names/trade-marks, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES - as well as any and all derivatives and variations in the spelling of said trade-names/trade-marks - Proprietary Right® 1971, A.D. by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes. Said trade-names/trade-marks, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, may neither be used nor reproduced either in whole nor in part, nor in any manner whatsoever without express, written consent and acknowledgement of Leonard Clark Rhodes, Jr. or Margaret Louise Rhodes as signified by the red ink signatures of Leonard Clark Rhodes, Jr. or Margaret Louise Rhodes, hereinafter "Secured Parties".

With the intent of being contractually bound, any juristic person, as well as the agent of said juristic person, consents and agrees by this Notice of Proprietary Right that neither said juristic person nor the agent of said juristic person, shall display nor otherwise use in any manner, the trade names/trade-marks LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, nor the Proprietary Right described herein, nor any derivative of, nor any variation in the spelling of, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES without the prior, express, written consent and acknowledgement of Secured Parties as signified by Secured Parties signatures in **red ink**.

Secured Parties neither grant nor imply, nor otherwise give consent for any unauthorized use of LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, and all such unauthorized use is strictly prohibited. Secured Parties are not now, nor have Secured Parties ever been, accommodation Parties or parties, nor sureties, for the purported debtors, i.e. LEONARD CLARK RHODES, JR. nor for any derivative of, nor any variation in the spelling of, said name, nor for any other juristic person, and are so-indemnified and held harmless by Debtors, i.e. LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, in Hold Harmless and Indemnity Agreement No. LCR-090971-HHIAP dated *the ninth day of ninth month in the year of our Lord nineteen hundred seventy one* against any and all claims, legal actions, orders, judgments, warrants, demands, liabilities, loses, depositions, summonses, lawsuits, costs, fines, liens, levies, penalties, damages, interests, and expenses whatsoever, both absolute and contingent, as are due and as might become due, now existing and as might hereafter arise, and as might be suffered by, imposed on and incurred by Debtor for any and every reason, purpose and cause whatsoever.

NOTICE OF PROPRIETARY RIGHT

Page 1 of 4

Self-executing Contract/Security Agreement in Event of Unauthorized Use: By this Notice of Proprietary Right, both the juristic person and the agent of said Juristic person, hereinafter severally "User", consent and agree that any use of LEONARD CLARK RHODES, JR.[®] or MARGARET LOUISE RHODES[®] other than authorized use as set forth above, constitutes unauthorized use, counterfeiting, of Secured Parties' Proprietary Right property, contractually binds User, renders this Notice of Proprietary Right a Security Agreement wherein User is debtor and Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes are Secured Parties and signifies that User:

1) Grants Secured Parties a security interest in all of User's assets, land, personal property, and all of User's interest in assets, land and personal property, in the sum certain amount of one hundred thousand dollars (\$100,000.00) per **each occurrence** of use of the -Proprietary Righted trade-names/trade-marks LEONARD CLARK RHODES, JR. or MARGARET LOUISE RHODES, as well as for each and every occurrence of use of any and all derivatives of, and variations in the spelling of, LEONARD CLARK RHODES, JR. or MARGARET LOUISE RHODES, plus costs plus triple damages;

2) Authenticates this Security Agreement wherein User is debtor and Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes are Secured Parties and wherein User pledges all of User's assets, land, consumer goods, farm products, inventory, equipment, money, investment property, commercial tort claims, letters of credit, letter-of-credit rights, chattel paper, instruments, deposit accounts, documents, general intangibles, and all User's interest in all such foregoing property, now owned and hereinafter acquired, now existing and hereafter arising, and wherever located, as collateral for securing User's contractual obligation in favor of Secured Parties for User's unauthorized use of Secured Parties' - Proprietary Righted property;

3) Consents and agrees with Secured Parties' filing of a UCC Financing Statement in the UCC filing office, as well as in any county recorder's office, wherein User is debtor and Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes are Secured Parties;

4) Consents and agrees that said UCC Financing Statement described above in paragraph "3" is a continuing financing statement and further consents and agrees with Secured Parties' filing of any continuation statement necessary for maintaining Secured Parties' perfected security interest in all of User's property and interest in property, pledged as collateral in this Security Agreement and described above in paragraph "2", until User's contractual obligation therefore incurred has been fully satisfied;

5) Consents and agrees with Secured Parties' filing of any UCC Financing Statement, as described above in paragraphs "3" and "4" as well as the filing of any Security Agreement, as described above in paragraph "2", in the UCC filing office, as well as in any county recorder's office;

6) Consents and agrees that any and all such filings described in paragraphs "4" and "5" above are not, and may not be considered, bogus, and that User will not claim that any such filings are bogus;

7) Waives all defenses and

8) Appoints Secured Parties as Authorized Representatives of User, effective upon User's default re User's contractual obligations in favor of Secured Parties as set forth below under "Payment Terms" and

NOTICE OF PROPRIETARY RIGHT

"Default Terms" granting Secured Parties full authorization and power for engaging in any and all actions on behalf of User including, but not limited by, authentication of a record on behalf of User, at Secured Parties' sole discretion, deems appropriate, and User further consents and agrees that this appointment of Secured Parties as Authorized Representative for User, effective upon User's default, is irrevocable and coupled with security interest.

User further Consents and Agrees with all of the following additional terms of self executing Contract/Security Agreement in Event of Unauthorized Use: Payment Terms: In accordance with fees for unauthorized use of LEONARD CLARK RHODES, JR and/or MARGARET LOUISE RHODES as set forth above. User hereby consents and agrees that user shall pay Secured Parties all unauthorized use fees in full within ten (10) days of the date User is sent Secured Parties' invoice, hereinafter "invoice", itemizing said fees. Default Terms: In the event of non-payment in full of all unauthorized-use fees by User within ten (10) days of date invoice is sent, User shall be deemed in default and: **a)** all of User's property and property pledged as collateral by User, as set forth in above paragraph "2", immediately becomes, i.e. is the property of Secured Parties; **b)** Secured Parties is appointed User's Authorized Representative as set forth above in paragraph "8" and **c)** User consents and agrees that Secured Parties may take possession of, as well as otherwise dispose of in any manner that Secured Parties, at Secured Parties' sole discretion, deems appropriate, included, but not limited by, sale at auction, at any time following User's default and, without further notice, any and all of User's property and interest, described above in paragraph "2" formerly pledged as collateral by User, now property of Secured Parties, in respect of this "Self-executing Contract/Security Agreement in the event of Unauthorized Use," that Secured Parties, again in Secured Parties' sole discretion, deems appropriate.

Terms for Curing Default: Upon event of default, as set forth above under "Default Terms", irrespective of any and all of User's former property and interest in property, described above in paragraph "2", in the possession of, as well as disposed of by, Secured Parties, as authorized above under "Default Terms", User may cure User's default only re the remainder of User's said former property and interest in property, formerly pledged as collateral that is neither in the possession of, nor otherwise disposed of by Secured Parties within twenty (20) days of date of User's default only by payment in full.

Terms of Strict Foreclosure: User's non-payment in full of all unauthorized use fees itemized by invoice within said twenty (20) day period for curing default as set forth above under "Terms for Curing Default" authorizes Secured Parties' immediate non-judicial strict foreclosure on any and all remaining former property and interest in property, formerly pledged as collateral by User, now property of Secured Parties, which is not in the possession of, nor otherwise disposed of by, Secured Parties upon expiration of said twenty (20) day default-curing period. Ownership is subject to Proprietary Right and UCC Financing Statement and Security Agreement Filed with the UCC filing office. Record owner LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, Autograph Proprietary Right © 1971. Unauthorized use of any of Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes incurs

NOTICE OF PROPRIETARY RIGHT

same unauthorized use fees as those associated with LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, as set forth above in paragraph "1" under "Self-executing Contract/Security Agreement in event of Unauthorized Use."

Leonard Clark Rhodes, Jr.
Leonard Clark Rhodes, Jr
c/o Non-domestic
212 West Scott Avenue
Gilbert, Arizona [85233]

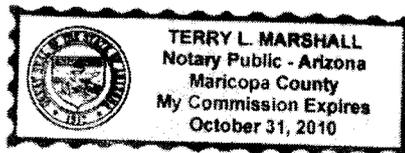
Margaret Louise Rhodes
Margaret Louise Rhodes
c/o Non-domestic
212 West Scott Avenue
Gilbert, Arizona, [85233]

VERIFICATION

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

Use of a Notary Public on this document does not constitute an adhesion or waiver of sovereign rights retained by Affiants nor does it alter Affiants' Neutral standing *in itinere* in original Jurisdiction. The foregoing Affidavit was acknowledged before me this 8 day of JANUARY, 2007 by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes known to me to be the sovereigns who executed the foregoing Notice of Proprietary Right.

Terry L Marshall
Notary Public My commission expires 0C 31, 10



5 K



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTTLE

When recorded mail to:
Leonard Clark Rhodes Jr
C/O Non-domestic
212 West Scott Avenue
Gilbert, Arizona [85233]

DATE/TIME: 01/09/07 1426
FEE: \$13.00
PAGES: 5
FEE NUMBER: 2007-003986

(The above space reserved for recording information)

CAPTION HEADING

HOLD HARMLESS AND INDEMNITY AGREEMENT
No. LCR-090971-HIAP

DO NOT DISCARD THIS PAGE. THIS COVER PAGE IS RECORDED AS PART OF YOUR DOCUMENT. THE CERTIFICATE OF RECORDATION WITH THE FEE NUMBER IN THE UPPER RIGHT CORNER IS THE PERMANENT REFERENCE NUMBER OF THIS DOCUMENT IN THE PINAL COUNTY RECORDER'S OFFICE.

HOLD HARMLESS AND INDEMNITY AGREEMENT

No. LCR-090971-HHIAP

Non-Negotiable-Private between the Parties

PARTIES:

| | |
|--|--|
| Debtor: RHODES, LEONARD CLARK JR. and RHODES, MARGARET trade names (*) 212 W. Scott Ave. Gilbert, AZ 85233 | Creditor: Leonard Clark Rhodes, Jr Margaret Louise Rhodes % Non-domestic 212 West Scott Avenue Gilbert, Arizona [85233] |
|--|--|

(*LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES
and any and all derivatives and variations in the spelling of said name.)
SSN 527-02-5302 and 585-46-2230 respectively.

This Private Agreement is mutually agreed upon and entered on this Ninth Day of the Ninth Month in the Year of Our Lord Nineteen Hundred Seventy One between the juristic entity, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, and any and all derivatives and variations in the spelling of said name hereinafter jointly and severally "Debtors," and the living, breathing, flesh-and-blood man known by the distinctive appellation Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes, hereinafter "Creditor/Secured Party".

In consideration for Creditor (a) constituting the source, origin, substance, and being, *i.e.* basis of "preexisting claim," from which the existence of Debtor is derived, and the basis upon which the Debtor functions as a transmitting utility, *i.e.* serves as a conduit, granting Creditor capacity for interacting, contracting, and exchanging goods and services in commerce with other artificial/juristic persons; (b) constituting the source of Debtor's, via the sentient existence, exercise of faculties, and labor of Creditor, which provides valuable consideration sufficient for supporting any contract whatsoever that Debtor may execute and concerning which Debtor may be regarded as bound, and (c) providing the security for payment of all sums now due and owing, and as might become due and owing, by Debtor, Debtor, for valuable consideration, does hereby and herewith Agree and Covenant that Debtor shall undertake the obligation of (i) functioning and serving as a transmitting utility for the benefit of Creditor, granting Creditor ability to engage in commerce with other juristic persons, and (ii) indemnifying, defending, and holding Creditor harmless from and against any and all liability, claims, demands, orders, summonses, warrants, judgments, damages, costs, losses, liens, levies, depositions, lawsuits, legal actions, penalties, fines, interests, and expenses whatsoever, both absolute and contingent, due and as might become due, now existing and hereafter arising, howsoever evidenced, suffered, incurred by, and imposed by Debtor, and for whatever reason, purpose, and cause whatsoever. **Debtor, for valuable consideration, does also hereby and herewith expressly acknowledge, consent, and agree that Creditor cannot and must not, under any circumstance, nor in any manner whatsoever, be deemed an accommodation party, nor a surety, for Debtor.**

HOLD HARMLESS AND INDEMNITY AGREEMENT – LCR-090971-HHIAP

Words Defined; Glossary of Terms. As used in this private agreement, the following words and terms express the meanings set forth as follows, *non obstante*:

Appellation. In this Private Agreement the term "appellation" means: A general term that introduces and specifies a particular term which may be used in addressing, greeting, calling out for, and making appeals of a particular living, breathing, flesh-and-blood man.

Conduit. In this Private Agreement the term "conduit" signifies a means of transmitting and distributing energy and the effects/produce of labor, such as goods and services, via the name "LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES," also known by any and all derivatives and variations in the spelling of said names of Debtor except "Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes."

Creditor. In this Private Agreement the term "Creditor" means Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes .

Debtor. In this Private Agreement the term "Debtor" means LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, also known by any and all derivatives and variations in the spelling of said name except "Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes"

Derivative. In this Private Agreement the word "derivative" means coming from another; taken from something preceding; secondary; that which has not the origin in itself, but obtains existence from something foregoing and of a more primal and fundamental nature; anything derived from another.

Ens legis. In this Private Agreement the term "*ens legis*" means a creature of the law; an artificial being, as contrasted with a natural person, e.g. a corporation, considered as deriving its existence entirely from the law.

LEONARD CLARK RHODES, JR. AND MARGARET LOUISE RHODES. In this Private Agreement the term "LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES " means LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, and any and all derivatives and variations in the spelling of said name, Proprietary Right 1971 by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes . All Right Reserved.

Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes. In this Private Agreement the terms "Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes " mean the sentient, living beings known by the distinctive appellation "Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes." All rights are reserved re use of LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, Autograph Proprietary Right 1971 by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes .

Juristic person. In this Private Agreement the term "juristic person" means an abstract, legal entity *ens legis*, such as a corporation, created by construct of law and considered possessing certain legal rights and duties of a human being; an imaginary entity, such as Debtor, i.e. LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES which, on the basis of legal reasoning, are legally treated as

HOLD HARMLESS AND INDEMNITY AGREEMENT – LCR-090971-HHIAP

human beings for the purpose of conducting commercial activity for the benefit of a biological, living being, such as Creditor.

"From the earliest times the law has enforced rights and exacted liabilities by utilizing a corporate concept, by recognizing, that is, juristic persons other than human beings. The theories by which this mode of legal operation has developed, has been justified, qualified, and defined are the subject matter of a very sizable library. The historic roots of a particular society, economic pressures, philosophic notions, all have had their share in the law's response to the ways of men in carrying on their affairs through what is now the familiar device of the corporation i.e. Attribution of legal rights and duties to a juristic person other than man is necessarily a metaphorical process. And none the worse for it. No doubt, "Metaphors in law are to be narrowly watched." Cardozo, J. in Berkey v. Third Avenue R. Co., 244 N.Y. 84, 94. "But all instruments of thought should be narrowly watched lest they be abused and fail in their service to reason." See U.S. V. SCOPHONY CORP. OF AMERICA, 333 U.S. 795; 68 S.Ct. 855; 1948 U.S.

Living, breathing, flesh-and blood-man. In this Private Agreement the term "living, breathing, flesh-and blood-man" means the Creditor, Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes, sentient, living being, as distinguished from artificial legal constructs, *ens legis*, i.e. a juristic person, created by construct of law.

Non obstante. In this Private Agreement the term "*non obstante*" means: Words anciently used in public and private instruments with the intent of precluding, in advance, any interpretation other than certain declared objects, purposes.

"There, every man is independent of all laws, except those prescribed by nature. He is not bound by any institutions formed by his fellowmen without his consent." CRUDEN v. NEALE, 2 N.C. 338 (1796)
2 S.E. 70

Private Agreement. In this Private Agreement the term "Private Agreement" means the written, express, Private Agreement No. LCR-090971-HHIAP dated the Ninth Day of the Ninth Month in the Year of Our Lord Nineteen Hundred and Seventy One, between Creditor and Debtor, together with all modifications of and substitutions for said Private Agreement.

Sentient, living, being. In this Private Agreement the term "sentient, living, beings means the Creditor, i.e. Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes, living, breathing, flesh-and-blood man, as distinguished from an abstract legal construct such as an artificial entity, juristic person, corporation, partnership, association, and the like.

Signature. See UCC Sec. 3-401(b) (what is considered signature).

Signed. See UCC Sec. 1-201(39) (what is considered signed).

Transmitting Utility. In this Private Agreement the term "transmitting utility" means a conduit, e.g. the Debtor, i.e. LEONARD CLARK RHODES, JR. AND MARGARET LOUISE RHODES®.

HOLD HARMLESS AND INDEMNITY AGREEMENT – LCR-090971-HHIAP

UCC. In this Private Agreement the term "UCC" means Uniform Commercial Code.

This is a continuing Private Agreement and perpetuates in effect until the death, i.e. the permanent cessation of all vital functions and faculties, of Creditors.

This Private Agreement No. LCR-090971-HHIAP is dated: the Ninth Day of the Ninth Month in the Year of Our Lord Nineteen Hundred Seventy One.

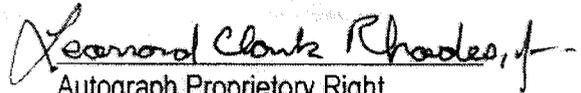
Debtor: LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES

LEONARD CLARK RHODES, JR. MARGARET LOUISE RHODES

Debtor's Signature

Creditor accepts Debtor's signature in accord with UCC Secs. 1-201(39), 3-401(b)

Creditors' Signature:



Autograph Proprietary Right
1971 by Leonard Clark Rhodes, Jr.
and



Margaret Louise Rhodes.
All rights reserved.



Witness autograph



Witness autograph



Witness name



Witness name

RECEIVED

2007 JUN 29 A 10:15

BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

| | | |
|------------------------------------|---|--|
| In the matter of: |) | DOCKET NO. S-20537A-07-0390 |
| LEONARD CLARK RHODES, JR. and |) | NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER, TO CEASE AND DESIST, ORDER FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION |
| MARGARET RHODES, husband and wife, |) | |
| Respondents. |) | |
| |) | |
| |) | |

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondent Leonard Clark Rhodes, Jr. has engaged in acts, practices and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENT

2. Leonard Clark Rhodes, Jr. ("Rhodes") is a resident of Gilbert, Arizona.

1 address. When mail was received there, it was again forwarded. Through use of the Canadian
2 accommodation address, none of the investors were aware of the Phoenix or other subsequent
3 addresses. The few investment returns that investors received were made through use of money
4 orders.

5 10. Rhodes suggested that investors let their returns accumulate, rather than taking returns
6 out of Semper Libera. Although the investors received minimal payments back, those payments
7 stopped. When the investors attempted to contact Semper Libera, they were unable to do so. During
8 this time, Rhodes continued to provide assurances to investors that their funds would be available.

9 11. At least two of the Arizona investors were over 80 years old when they made their
10 investments in Semper Libera. Through Rhodes, investors put at least \$127,000 into Semper Libera.

11 **The Universal Lease Investment**

12 12. Yucatan Resorts, Inc. ("Yucatan") along with Yucatan Resorts, S.A. ("Yucatan-
13 S.A."), designed, promoted and operated a "Universal lease" timeshare program involving
14 investments in hotel units in Cancun, Mexico and other Central American locales from
15 approximately March 2000 to December 2002.

16 13. Resort Holdings International, Inc. ("RHI") and Resort Holding International, S.A.
17 ("RHI-S.A.") began replacing Yucatan as the primary promoter and operator of the Universal lease
18 timeshare program within the State of Arizona in or around May 2002.

19 14. Rhodes, directly or indirectly, entered into agreements with Yucatan Resorts, *et al.*
20 and/or Resort Holding International, *et al.*, which authorized Rhodes to market and sell investment
21 contracts in the form of leases in the Universal lease program within or from the State of Arizona.

22 15. Under the terms of the Universal lease program, investors were required to invest a
23 minimum of \$5,000, but were allowed to invest any amount in excess of that sum.

24 16. According to Universal lease promotional materials, investors were presented with the
25 opportunity to select one of three separate Universal lease "options."
26

1 17. Under "Option 1" of the Universal lease, investors could choose to forego any returns
2 on their investments, and instead elect to utilize a timeshare unit themselves. Pursuant to this option,
3 an investor would be assigned a specific unit, for a specific week, and at a specific location, and only
4 after a minimum investment of \$5,000 had been paid. The investor had no input as to the date,
5 quality or location of the timeshare assignment. Additionally, an Option 1 purchaser was required to
6 pay annual management fees, ranging from \$380 to \$645 per year with said amounts subject to
7 increases in the Consumer Price Index. The amounts to be charged for annual management fees
8 resulted in an effective surcharge of \$9,000 to \$16,125 (or more) over the life of the 25 year
9 timeshare lease. For a \$5,000 purchaser, this would amount to a total payment of \$14,000 to \$21,125
10 in return for 12 weeks of timeshare access (over a 25 year period) at an unknown unit, at an
11 undisclosed location, during an undisclosed time of year.

12 18. Option 1 was minimally included in the Universal lease promotional materials, and
13 the selection received little or no coverage in Universal lease recruitment seminars for prospective
14 salespeople. Option 1 had little or no applicability to the many elderly investors placing retirement
15 funds into the Universal lease program.

16 19. Upon information and belief, Rhodes did not sell a single Universal lease under
17 Option 1.

18 20. The Universal lease "Option 2," presented investors the opportunity to rent out
19 assigned timeshare units themselves and contained many of the same costs and conditions associated
20 with Option 1. Option 2 again required the purchaser to forego any guaranteed investment returns,
21 and instead imposed annual maintenance fees on the purchaser for the full 25 year lease term.
22 Prospective Option 2 purchasers were unaware, until after the purchase had been made, of the
23 location, resort type and permitted dates of use for the timeshare. Sales material warned that this self-
24 renting option would not bring in the same level of revenues as would a professional third party
25 servicing agent as offered in Option 3. Promotional materials provided a discussion of the financial
26 disincentives, but no discussion, comments or guidance of the advantages of selecting option 2, other

1 than the brief suggestion that the self-renting option could be carried out through the "placing of an
2 advertisement in the local paper."

3 21. Upon information and belief, Rhodes did not sell a single Universal lease under
4 Option 2.

5 22. Sales and promotional materials focused on and emphasized Option 3. According to
6 Universal lease promotional brochures, investors who chose Option 3 would be eligible to receive a
7 guaranteed 11 percent (subsequently lowered to 9 percent) annual return on their timeshare
8 investments for a period of 25 years, after which time the lease could be renewed for another 20
9 years. For an investor to reap the 11 and later 9 percent per annum return under Option 3, the
10 investor was required, as part of the investment, to hire a "third party" management company to lease
11 the investor's timeshare unit.

12 23. The Universal lease materials identified World Phantasy Tours Inc. ("World
13 Phantasy") as the designated third party management company responsible for leasing the investor's
14 timeshare unit. World Phantasy was alleged to be a resort management company and travel agency
15 operating as the servicing agent for the Yucatan Universal lease program.

16 24. Selecting World Phantasy, the only management company identified or offered, as the
17 leasing agent was the only method under which investors could earn the promised 11 or 9 percent
18 rate of return on their Universal lease investments.

19 25. Once investors had made their investments in the Universal lease program and had
20 signed the Management Agreement with World Phantasy, the investors were to receive an 11 and
21 later 9 percent per annum return on their investments for the life of the Universal lease. The investors
22 had no duties or responsibilities following their investments, and relied solely on others for
23 development of new units and/or management of existing rental units to generate the rental profits
24 that would purportedly support the investors' investment returns.

25 26. According to the marketing materials for the Universal lease, Option 3 of the
26 Universal lease provided a multitude of advantages to more traditional investments. Among them

1 was the assertion that Option 3 provided a superior rate of return over most other investments and
2 that the Universal lease was supported by "debt-free" resort properties which resulted in the
3 Universal lease program being "safe and secure."

4 27. Option 3 was also the only Universal lease option that allowed investors to recoup up
5 to 5 percent of any liquidation penalty incurred during the process of rolling other investments into
6 the Universal lease program. This feature was an added incentive for investors to exchange their
7 existing investment portfolios, including individual retirement accounts and annuities, into Option 3
8 of the Universal lease program.

9 28. Upon information and belief, all investors who purchased contracts from Rhodes
10 selected Option 3.

11 29. Rhodes was paid a commission for the sale of the Universal Leases.

12 30. Rhodes sold Universal leases to approximately 2 individuals or entities within or from
13 the State of Arizona from February 1, 2002 through October 31, 2003. Total sales made by Rhodes
14 were approximately \$60,052 and resulted in receipt of commissions by Rhodes of approximately
15 \$6,105.20.

16 31. Prior to and during the period of Rhodes's sales to investors in Arizona, Yucatan and
17 its related entities had been subject to investigations and orders in multiple states involving its
18 development, marketing and sale of promissory notes and Universal leases. Rhodes failed to disclose
19 this information to the investors with whom he dealt.

20 32. The orders that Rhodes could have revealed to investors include:

21 a) May 18, 1999 administrative order by the New Mexico Securities Division
22 related to Yucatan Investment Corp. for the sale of unregistered, non-exempt securities -- in the form
23 of 9 month promissory notes -- through unlicensed sales agents. Michael Eugene Kelly ("Kelly") was
24 the sole incorporator, statutory agent, president and secretary of Yucatan Investments, and Yucatan
25 Investment was based out of the same business address as Yucatan, Yucatan-S.A., RHI, and RHI-
26 S.A. Yucatan Investments' operation was the immediate predecessor to the current Universal lease

1 program; Kelly was the founder, president and owner of Yucatan and was a director, officer and
2 owner of Yucatan S.A. Kelly is the founder, chairman and owner of RHI.

3 b) July 26, 1999, Consent with the South Carolina Securities Division signed by
4 Kelly on behalf of himself and Yucatan Investment Corp. for the sale of unregistered, nonexempt
5 securities in the form of 9 month promissory notes through unregistered sales agents;

6 c) October 4, 1999, Consent Order to Cease and Desist with the Minnesota
7 Department of Commerce signed by Kelly as president for the sale of unregistered, nonexempt
8 securities;

9 d) November 7, 2000, Order to Cease and Desist, which became permanent on
10 December 21, 2000, by the Connecticut Department of Banking related to Yucatan Investment Corp.
11 for the sale of unregistered, nonexempt securities in the form of promissory notes through unlicensed
12 sales agents;

13 e) March 28, 2001, Order of Prohibition and Revocation by the Wisconsin
14 Securities Division related to Kelly, Yucatan Resorts, Inc., Yucatan Resorts, S.A., RHI, Inc. and
15 RHI-S.A. for the sale of unregistered securities by unlicensed sales agents and for securities fraud in
16 violation of Wisconsin law (revoked by subsequent order dated April 4, 2003);

17 f) October 22, 2002, Summary Order to Cease and Desist from the Pennsylvania
18 Securities Commission related to Yucatan-S.A. arising out of multiple registration and fraud
19 violations as prescribed by the Pennsylvania Securities Act (rescinded by subsequent order dated
20 January 20, 2004);

21 g) On May 20, 2003, the Division issued a Temporary Order to Cease and Desist
22 and Notice of Opportunity for Hearing ("Order") regarding Yucatan Resorts, Yucatan Resorts S.A.,
23 RHI, RHI-S.A., World Phantasy, Majesty Travel and Kelly.

24 33. Yucatan informed its Arizona based sales agents of the existence of the Order.

25 34. Despite the existence of the Order, after its effective date, Rhodes sold at least one
26 Universal lease within or from the State of Arizona. Rhodes had the investor use a Hawaii address

1 for the investment, despite the fact that the investor was a resident of Arizona. Rhodes told the
2 investor that the Universal Lease had not been licensed for sale in Arizona and thus she would need
3 to use the Hawaii address in order to purchase the investment.

4
5 **IV.**

6 **VIOLATION OF A.R.S. § 44-1841**
7 **(Offer or Sale of Unregistered Securities)**

8 35. From on or about 2001, Rhodes offered or sold securities in the form of investment
9 contracts, within or from Arizona.

10 36. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
11 Securities Act.

12 37. This conduct violates A.R.S. § 44-1841.

13 **V.**

14 **VIOLATION OF A.R.S. § 44-1842**
15 **(Transactions by Unregistered Dealers or Salesmen)**

16 38. Rhodes offered or sold securities within or from Arizona while not registered as a
17 dealer or salesman pursuant to Article 9 of the Securities Act.

18 39. This conduct violates A.R.S. § 44-1842.

19 **VI.**

20 **VIOLATION OF A.R.S. § 44-1991**
21 **(Fraud in Connection with the Offer or Sale of Securities)**

22 40. In connection with the offer or sale of securities within or from Arizona, Rhodes
23 directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue
24 statements of material fact or omitted to state material facts which were necessary in order to make
25 the statements made not misleading in light of the circumstances under which they were made; or
26 (iii) engaged in transactions, practices or courses of business which operated or would operate as a

1 fraud or deceit upon offerees and investors. Rhodes conduct includes, but is not limited to, the
2 following:

3 a) Failing to disclose to investors any necessary information about the Semper
4 Libera investment, including risk, financial status of Semper Libera, the location of any assets of
5 Semper Libera and the method that Semper Libera used to pay any investors;

6 b) Failing to disclose to investors that the address used by Semper Libera in
7 Canada was an accommodation address, leaving the investors with no method to contact Semper
8 Libera;

9 c) Failing to disclose to at least one Arizona Universal lease investor that it was
10 in violation of Arizona law to sell the Universal lease to her after the Commission had ordered all
11 sales to stop;

12 d) Failing to disclose to Universal Lease investors of the commissions he
13 received for selling the investment; and

14 e) Failing to disclose to Universal Lease investors the various orders entered
15 against the companies and Michael E. Kelly.

16 41. This conduct violates A.R.S. § 44-1991.

17 **XII.**

18 **REQUESTED RELIEF**

19 The Division requests that the Commission grant the following relief:

20 1. Order Rhodes to permanently cease and desist from violating the Securities Act, pursuant to
21 A.R.S. § 44-2032;

22 2. Order Rhodes to take affirmative action to correct the conditions resulting from his acts,
23 practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

24 3. Order Rhodes to pay the state of Arizona administrative penalties of up to five thousand
25 dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

26

1 Pursuant to A.A.C. R14-4-305, if Rhodes or M. Rhodes requests a hearing, Rhodes or M.
2 Rhodes must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket
3 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within
4 30 calendar days after the date of service of this Notice. A Docket Control cover sheet must
5 accompany the Answer. A cover sheet form and instructions may be obtained from Docket
6 Control by calling (602) 542-3477 or on the Commission's Internet web site at
7 <http://www.azcc.gov/divisions/util/forms/>.

8 Additionally, Rhodes or M. Rhodes must serve the Answer upon the Division. Pursuant to
9 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
10 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
11 addressed to Mark Dinell.

12 The Answer shall contain an admission or denial of each allegation in this Notice and the
13 original signature of each Respondent or their attorney. A statement of a lack of sufficient
14 knowledge or information shall be considered a denial of an allegation. An allegation not denied
15 shall be considered admitted.

16 When Rhodes or M. Rhodes intends in good faith to deny only a part or a qualification of
17 an allegation, Rhodes or M. Rhodes shall specify that part or qualification of the allegation and
18 shall admit the remainder. Rhodes or M. Rhodes waive any affirmative defense not raised in the
19 answer.

20 The officer presiding over the hearing may grant relief from the requirement to file an
21 Answer for good cause shown.

22 Dated this 28 day of June, 2007.

23
24 

25 Matthew J. Neuberger
26 Director of Securities

**Margaret Louise: Rhodes
c/o Non-domestic
245 N Gilbert Rd Ste 124 PMB 111
Gilbert, Arizona: near [85234]**

July 9, 2007

NOTICE TO COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE
Krista Chapman, Special Investigator
Mark Dinell
Matthew J Neuber, Director of Securities
THE ARIZONA CORPORATION COMMISSION
1300 West Washington, 3rd Floor
Phoenix, Arizona, 85007

Via certified mail #7006 2760 0003 5129 6116

Regarding: The offer by the THE ARIZONA CORPORATION COMMISSION, dated June 28,2007, YOUR DOCKET NO. S-20537A-070390 entitled NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER, TO CEASE AND DESIST, ORDER FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION dated June 28, 2007 served on LEONARD CLARK RHODES, JR. and MARGARET RHODES, husband and wife, on June 30, 2007 at 212 W Scott Ave, Gilbert, AZ 85233.

Sirs:

Take notice of the address and mailing location corrections that follow and adjust your records accordingly. Address correction: Margaret Louise:Rhodes. Mailing location correction: c/o Non-domestic, 245 N Gilbert Rd Ste 124 PMB 111, Gilbert, Arizona:near [85234]. The above regarding is hereby rejected and returned to you.

I do not agree to allow THE ARIZONA CORPORTATION COMMISSION to trick Me into becoming involved in your fiction world. I am Me and not that fictitious name you addressed in the above regarding. In fact, the name MARGARET LOUISE RHODES. or any derivative thereof is My private property and I have a proprietary right placed upon it. I will forgive your trespass this time **and this time only**. Any future use of My Proprietary right without My express written permission autographed in red ink will cause a violation and you will be invoiced and hereby agree to be invoiced under the Proprietary right contract. See Affidavit of Denial of Corporate Status, attested Notice of Proprietary right and Hold Harmless and Indemnity Agreement attached. If said invoice is not paid, your actions will place you into involuntary bankruptcy.

If you are writing to Me, Margaret Louise: Rhodes - the living soul, then I expect to be addressed correctly and My mailing location to be correct and I expect the communication to be written by a de jure court for a de jure state and not the fictitious THE ARIZONA CORPORATION COMMISSION. My government is comprised of the Sovereigns in the county wherein I maintain housekeeping and as

"every man is independent of all laws, except those prescribed by nature. He is not bound by any institutions formed by his fellowmen without his consent. CRUDEN v. NEALE, 2 N.C. 338 (1796) 2 S.E. 70.

This means you, THE ARIZONA CORPORATION COMMISSION. Said court was not formed with My consent but was created through trickery and fraud without full disclosure of the facts. You utilize deceptive trade practices to attempt to gain jurisdiction where none would otherwise exist. The THE ARIZONA CORPORATION COMMISSION is a mere corporate fiction - a piece of paper existing only in the mind through the art of deception.

I am NOT a corporation, see attached *Affidavit of Denial of Corporate Status*. I am a real living breathing soul, a child of My Father Yahweh. You, THE ARIZONA CORPORATION COMMISSION are a corporation, a fiction, and you do not exist! You do NOT have My permission to ever attempt to re-contract Me again whether verbally or in writing. I demand that you immediately release all bonds, pay all bills and close all accounts you have created that bear the name of My private property MARGARET LOUISE RHODES, or any derivative thereof and cancel any and all actions of THE ARIZONA CORPORATION COMMISSION.

NOTICE TO AGENT IS NOTICE TO PRINCIPAL,
NOTICE TO PRINCIPAL IS NOTICE TO AGENT

Margaret Louise Rhodes

Margaret Louise Rhodes, Living Soul,
Principal, Child of Yahweh

**Affidavit and
CERTIFICATE OF SERVICE**

“I, Christopher Theodore: Rhodes, Affiant, affirm that on the Ninth day of the Seventh month in the Year of the Lord, Jesus Christ the Messiah, Two Thousand Seven did serve true and correct copies of the below listed documents, by placing the documents into an addressed postage prepaid sealed envelope, and mailing it via U.S.P.S. certified rrr mail to the following:

COMMISSIONERS- MIKE GLEASON, Chairman, WILLIAM A. MUNDELL, JEFF HATCH-MILLER, KRISTIN K. MAYES, GARY PIERCE and Krista Chapman, Special Investigator, Mark Dinell, Matthew J. Neuber, Director of Securities of THE ARIZONA CORPORATION COMMISSION at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007

Enclosures:

- 1. Notice to Commisioners 2 pages.**
- 2. Affidavit of Denial of Corporate Status, 2 pages.**
- 3. Notice of Proprietary right, 4 pages.**
- 4. Hold Harmless and Indemnity Agreement, 5 pages.**
- 5. Copy of NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER, TO CEASE AND DESIST, ORDER FOR RESTITUTUION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION**

Done without the United States

Executed this Nineth day of the Seventh month in the year of our Lord Two-thousand and Seven.

Christopher Theodore Rhodes
Christopher Theodore: Rhodes “sui juris”

AFFIDAVIT OF DENIAL OF CORPORATE STATUS



M. Myself
of
Ariz.
USA '11

NEGATIVE AVERMENT AND DENIAL OF CORPORATE STATUS IN THE NATURE OF FEDERAL RULES OF CIVIL PROCEDURE, SEC. III MOTIONS AND PLEADINGS, RULE 9(A)

I, Me. Myself, Affiant, AM a Living Soul, a Sovereign, a private woman, a Creditor, and Claimant, and I am NOT a STATUTORY PERSON or JURISTIC PERSON. I live upon the land Arizona, a nation established as a republic in the county called Maricopa where the land will forever belong to the people as established by the Treaty of Peace with Great Britain, and/or other treaties. I, Me. Myself, do hereby solemnly declare, say, and state:

- (1) Living Soul is competent for stating the matters set forth herewith;
- (2) Living Soul has first hand knowledge about the facts stated herein;
- (3) Everything stated in this TRUTH AFFIDAVIT is the Truth, the Whole Truth, and nothing but the Truth and all stated is true, correct, complete, and not misleading.
No third parties allowed.

One living breathing child of Yahweh (the one true God, My Heavenly Father, the source of all rights), known as I, Me. Myself, having unlimited liability under the laws of nature, declares with One's own knowledge and conviction that the following facts are true, correct and not misleading, to the best of One's knowledge.

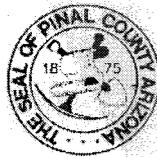
1. I, Me. Myself, (the living soul), am NOT: a state created entity; a corporation; a franchise; a subject of Britain, a British commonwealth, the British Isles the United Kingdom or the Holy See; a citizen of England, a citizen of the UNITED STATES, a 14th Amendment citizen subject to the jurisdiction of the United States, a citizen of America; a resident, citizen or subject of any earthly territory, kingdom, or land.
2. I, Me. Myself, (the living soul), AM: a child of the Creator Yahweh- an heir of the King, Yahshua, and therefore My citizenship is in Heaven. While a sojourner on this earth, I exist on the land commonly known as Arizona, a republic where the land will forever belong to the people being established by the Treaty of Peace with Great Britain, and/or other treaties. My Father, Yahweh, who created all land and owns all land is Sovereign, and I am Sovereign.
3. I, Me. Myself, am a real, living, breathing soul that bleeds, proving that I am NOT a Corporate Fiction and that I do NOT belong in the courts of the Corporate Fictions. The entities named below are corporations and I hereby negatively aver their existence:

CITY OF GILBERT, COUNTY OF MARICOPA, STATE OF ARIZONA, AZ, CENTRAL DISTRICT OF ARIZONA, JANET NAPOLITANO, WASHINGTON, DC, UNITED STATES FEDERAL CORPORATION, UNITED STATES, US, USA, UNITED STATES DISTRICT COURT, FEDERAL BUREAU OF INVESTIGATION, FBI, FEDERAL MARSHALS, UNITED STATES POSTAL SERVICE, USPS, and ALL BRITISH BAR ASSOCIATES AND ATTORNEYS/LAWYERS/COUNSELORS/ESQUIRES/JUDGES and One denies the existence of the above CORPORATIONS and FICCTIONS, and all departments/branches divisions/subsidiaries of the above corporations/fictions and **all other limited liability fictional entities.**

AFFIDAVIT OF DENIAL OF CORPORATE STATUS

DR

Recording requested by)
 Leonard Clark Rhodes, Jr. and)
 Margaret Louise Rhodes, Owners)
)
 When Recorded Mail to:)
 Leonard Clark Rhodes, Jr)
 c/o Non-domestic)
 212 West Scott Avenue)
 Gilbert, Arizona, Arizona: near [85233])



OFFICIAL RECORDS OF
 PINAL COUNTY RECORDER
 LAURA DEAN-LYTTLE

DATE/TIME: 01/09/07 1426
 FEE: \$13.00
 PAGES: 4
 FEE NUMBER: 2007-003985

NOTICE OF PROPRIETARY RIGHT

Notice of Proprietary Right: All rights reserved re Proprietary Right of trade-names/trade-marks, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES - as well as any and all derivatives and variations in the spelling of said trade-names/trade-marks – Proprietary Right® 1971, A.D. by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes. Said trade-names/trade-marks, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, may neither be used nor reproduced either in whole nor in part, nor in any manner whatsoever without express, written consent and acknowledgement of Leonard Clark Rhodes, Jr. or Margaret Louise Rhodes as signified by the red ink signatures of Leonard Clark Rhodes, Jr. or Margaret Louise Rhodes, hereinafter "Secured Parties". **With the intent of being contractually bound**, any juristic person, as well as the agent of said juristic person, consents and agrees by this Notice of Proprietary Right that neither said juristic person nor the agent of said juristic person, shall display nor otherwise use in any manner, the trade names/trade-marks LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, nor the Proprietary Right described herein, nor any derivative of, nor any variation in the spelling of, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES without the prior, express, written consent and acknowledgement of Secured Parties as signified by Secured Parties signatures in **red ink**. Secured Parties neither grant nor imply, nor otherwise give consent for any unauthorized use of LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, and all such unauthorized use is strictly prohibited. Secured Parties are not now, nor have Secured Parties ever been, accommodation Parties or parties, nor sureties, for the purported debtors, i.e. LEONARD CLARK RHODES, JR. nor for any derivative of, nor any variation in the spelling of, said name, nor for any other juristic person, and are so-indemnified and held harmless by Debtors, i.e. LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, in Hold Harmless and Indemnity Agreement No. LCR-090971-HHIAP dated the *ninth day of ninth month in the year of our Lord nineteen hundred seventy one* against any and all claims, legal actions, orders, judgments, warrants, demands, liabilities, loses, depositions, summonses, lawsuits, costs, fines, liens, levies, penalties, damages, interests, and expenses whatsoever, both absolute and contingent, as are due and as might become due, now existing and as might hereafter arise, and as might be suffered by, imposed on and incurred by Debtor for any and every reason, purpose and cause whatsoever.

NOTICE OF PROPRIETARY RIGHT

Page 1 of 4

Self-executing Contract/Security Agreement in Event of Unauthorized Use: By this Notice of Proprietary Right, both the juristic person and the agent of said Juristic person, hereinafter severally "User", consent and agree that any use of LEONARD CLARK RHODES, JR.[®] or MARGARET LOUISE RHODES[®] other than authorized use as set forth above, constitutes unauthorized use, counterfeiting, of Secured Parties' Proprietary Right property, contractually binds User, renders this Notice of Proprietary Right a Security Agreement wherein User is debtor and Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes are Secured Parties and signifies that User:

1) Grants Secured Parties a security interest in all of User's assets, land, personal property, and all of User's interest in assets, land and personal property, in the sum certain amount of one hundred thousand dollars (\$100,000.00) per **each occurrence** of use of the -Proprietary Righted trade-names/trade-marks LEONARD CLARK RHODES, JR. or MARGARET LOUISE RHODES, as well as for each and every occurrence of use of any and all derivatives of, and variations in the spelling of, LEONARD CLARK RHODES, JR. or MARGARET LOUISE RHODES, plus costs plus triple damages;

2) Authenticates this Security Agreement wherein User is debtor and Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes are Secured Parties and wherein User pledges all of User's assets, land, consumer goods, farm products, inventory, equipment, money, investment property, commercial tort claims, letters of credit, letter-of-credit rights, chattel paper, instruments, deposit accounts, documents, general intangibles, and all User's interest in all such foregoing property, now owned and hereinafter acquired, now existing and hereafter arising, and wherever located, as collateral for securing User's contractual obligation in favor of Secured Parties for User's unauthorized use of Secured Parties' - Proprietary Righted property;

3) Consents and agrees with Secured Parties' filing of a UCC Financing Statement in the UCC filing office, as well as in any county recorder's office, wherein User is debtor and Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes are Secured Parties;

4) Consents and agrees that said UCC Financing Statement described above in paragraph "3" is a continuing financing statement and further consents and agrees with Secured Parties' filing of any continuation statement necessary for maintaining Secured Parties' perfected security interest in all of User's property and interest in property, pledged as collateral in this Security Agreement and described above in paragraph "2", until User's contractual obligation therefore incurred has been fully satisfied;

5) Consents and agrees with Secured Parties' filing of any UCC Financing Statement, as described above in paragraphs "3" and "4" as well as the filing of any Security Agreement, as described above in paragraph "2", in the UCC filing office, as well as in any county recorder's office;

6) Consents and agrees that any and all such filings described in paragraphs "4" and "5" above are not, and may not be considered, bogus, and that User will not claim that any such filings are bogus;

7) Waives all defenses and

8) Appoints Secured Parties as Authorized Representatives of User, effective upon User's default re User's contractual obligations in favor of Secured Parties as set forth below under "Payment Terms" and

NOTICE OF PROPRIETARY RIGHT

"Default Terms" granting Secured Parties full authorization and power for engaging in any and all actions on behalf of User including, but not limited by, authentication of a record on behalf of User, at Secured Parties' sole discretion, deems appropriate, and User further consents and agrees that this appointment of Secured Parties as Authorized Representative for User, effective upon User's default, is irrevocable and coupled with security interest.

User further Consents and Agrees with all of the following additional terms of self executing Contract/Security Agreement in Event of Unauthorized Use: Payment Terms: In accordance with fees for unauthorized use of LEONARD CLARK RHODES, JR and/or MARGARET LOUISE RHODES as set forth above. User hereby consents and agrees that user shall pay Secured Parties all unauthorized use fees in full within ten (10) days of the date User is sent Secured Parties' invoice, hereinafter "invoice", itemizing said fees. Default Terms: In the event of non-payment in full of all unauthorized-use fees by User within ten (10) days of date invoice is sent, User shall be deemed in default and: **a)** all of User's property and property pledged as collateral by User, as set forth in above paragraph "2", immediately becomes, i.e. is the property of Secured Parties; **b)** Secured Parties is appointed User's Authorized Representative as set forth above in paragraph "8" and **c)** User consents and agrees that Secured Parties may take possession of, as well as otherwise dispose of in any manner that Secured Parties, at Secured Parties' sole discretion, deems appropriate, included, but not limited by, sale at auction, at any time following User's default and, without further notice, any and all of User's property and interest, described above in paragraph "2" formerly pledged as collateral by User, now property of Secured Parties, in respect of this "Self-executing Contract/Security Agreement in the event of Unauthorized Use," that Secured Parties, again in Secured Parties' sole discretion, deems appropriate.

Terms for Curing Default: Upon event of default, as set forth above under "Default Terms", irrespective of any and all of User's former property and interest in property, described above in paragraph "2", in the possession of, as well as disposed of by, Secured Parties, as authorized above under "Default Terms", User may cure User's default only re the remainder of User's said former property and interest in property, formerly pledged as collateral that is neither in the possession of, nor otherwise disposed of by Secured Parties within twenty (20) days of date of User's default only by payment in full.

Terms of Strict Foreclosure: User's non-payment in full of all unauthorized use fees itemized by invoice within said twenty (20) day period for curing default as set forth above under "Terms for Curing Default" authorizes Secured Parties' immediate non-judicial strict foreclosure on any and all remaining former property and interest in property, formerly pledged as collateral by User, now property of Secured Parties, which is not in the possession of, nor otherwise disposed of by, Secured Parties upon expiration of said twenty (20) day default-curing period. Ownership is subject to Proprietary Right and UCC Financing Statement and Security Agreement Filed with the UCC filing office. Record owner LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, Autograph Proprietary Right © 1971. Unauthorized use of any of Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes incurs

NOTICE OF PROPRIETARY RIGHT

same unauthorized use fees as those associated with LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, as set forth above in paragraph "1" under "Self-executing Contract/Security Agreement in event of Unauthorized Use."

Leonard Clark Rhodes, Jr.

Leonard Clark Rhodes, Jr
c/o Non-domestic
212 West Scott Avenue
Gilbert, Arizona [85233]

Margaret Louise Rhodes

Margaret Louise Rhodes
c/o Non-domestic
212 West Scott Avenue
Gilbert, Arizona, [85233]

VERIFICATION

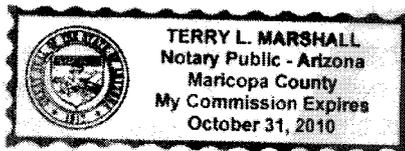
STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

Use of a Notary Public on this document does not constitute an adhesion or waiver of sovereign rights retained by Affiants nor does it alter Affiants' Neutral standing *in itinere* in original Jurisdiction. The foregoing Affidavit was acknowledged before me this 8 day of JANUARY, 2007 by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes known to me to be the sovereigns who executed the foregoing Notice of Proprietary Right.

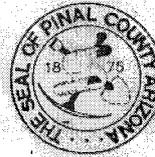
Terry L. Marshall

Notary Public

My commission expires OC 31, 10



3 K



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLER

When recorded mail to:
Leonard Clark Rhodes Jr
c/o Non-domestic
212 West Scott Avenue
Gilbert, Arizona [85233]

DATE/TIME: 01/09/07 1426
FEE: \$13.00
PAGES: 5
FEE NUMBER: 2007-003986

(The above space reserved for recording information)

CAPTION HEADING

HOLD HARMLESS AND INDEMNITY AGREEMENT
No. LCR-090971-HHIAP

DO NOT DISCARD THIS PAGE. THIS COVER PAGE IS RECORDED AS PART OF YOUR DOCUMENT. THE CERTIFICATE OF RECORDATION WITH THE FEE NUMBER IN THE UPPER RIGHT CORNER IS THE PERMANENT REFERENCE NUMBER OF THIS DOCUMENT IN THE PINAL COUNTY RECORDER'S OFFICE.

HOLD HARMLESS AND INDEMNITY AGREEMENT

No. LCR-090971-HHIAP

Non-Negotiable-Private between the Parties

PARTIES:

| | |
|--|--|
| Debtor: RHODES, LEONARD CLARK JR. and RHODES, MARGARET trade names (*) 212 W. Scott Ave. Gilbert, AZ 85233 | Creditor: Leonard Clark Rhodes, Jr Margaret Louise Rhodes % Non-domestic 212 West Scott Avenue Gilbert, Arizona [85233] |
|--|--|

(*LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES
and any and all derivatives and variations in the spelling of said name.)
SSN 527-02-5302 and 585-46-2230 respectively.

This Private Agreement is mutually agreed upon and entered on this Ninth Day of the Ninth Month in the Year of Our Lord Nineteen Hundred Seventy One between the juristic entity, LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, and any and all derivatives and variations in the spelling of said name hereinafter jointly and severally "Debtors," and the living, breathing, flesh-and-blood man known by the distinctive appellation Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes, hereinafter "Creditor/Secured Party".

In consideration for Creditor (a) constituting the source, origin, substance, and being, *i.e.* basis of "preexisting claim," from which the existence of Debtor is derived, and the basis upon which the Debtor functions as a transmitting utility, *i.e.* serves as a conduit, granting Creditor capacity for interacting, contracting, and exchanging goods and services in commerce with other artificial/juristic persons; (b) constituting the source of Debtor's, via the sentient existence, exercise of faculties, and labor of Creditor, which provides valuable consideration sufficient for supporting any contract whatsoever that Debtor may execute and concerning which Debtor may be regarded as bound, and (c) providing the security for payment of all sums now due and owing, and as might become due and owing, by Debtor, Debtor, for valuable consideration, does hereby and herewith Agree and Covenant that Debtor shall undertake the obligation of (i) functioning and serving as a transmitting utility for the benefit of Creditor, granting Creditor ability to engage in commerce with other juristic persons, and (ii) indemnifying, defending, and holding Creditor harmless from and against any and all liability, claims, demands, orders, summonses, warrants, judgments, damages, costs, losses, liens, levies, depositions, lawsuits, legal actions, penalties, fines, interests, and expenses whatsoever, both absolute and contingent, due and as might become due, now existing and hereafter arising, howsoever evidenced, suffered, incurred by, and imposed by Debtor, and for whatever reason, purpose, and cause whatsoever. Debtor, for valuable consideration, does also hereby and herewith expressly acknowledge, consent, and agree that Creditor cannot and must not, under any circumstance, nor in any manner whatsoever, be deemed an accommodation party, nor a surety, for Debtor.

HOLD HARMLESS AND INDEMNITY AGREEMENT - LCR-090971-HHIAP

Words Defined; Glossary of Terms. As used in this private agreement, the following words and terms express the meanings set forth as follows, *non obstante*:

Appellation. In this Private Agreement the term "appellation" means: A general term that introduces and specifies a particular term which may be used in addressing, greeting, calling out for, and making appeals of a particular living, breathing, flesh-and-blood man.

Conduit. In this Private Agreement the term "conduit" signifies a means of transmitting and distributing energy and the effects/produce of labor, such as goods and services, via the name "LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES," also known by any and all derivatives and variations in the spelling of said names of Debtor except "Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes."

Creditor. In this Private Agreement the term "Creditor" means Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes .

Debtor. In this Private Agreement the term "Debtor" means LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES, also known by any and all derivatives and variations in the spelling of said name except "Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes"

Derivative. In this Private Agreement the word "derivative" means coming from another; taken from something preceding; secondary; that which has not the origin in itself, but obtains existence from something foregoing and of a more primal and fundamental nature; anything derived from another.

Ens legis. In this Private Agreement the term "*ens legis*" means a creature of the law; an artificial being, as contrasted with a natural person, e.g. a corporation, considered as deriving its existence entirely from the law.

LEONARD CLARK RHODES, JR. AND MARGARET LOUISE RHODES. In this Private Agreement the term "LEONARD CLARK RHODES, JR. and/or MARGARET LOUISE RHODES " means LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, and any and all derivatives and variations in the spelling of said name, Proprietary Right 1971 by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes . All Right Reserved.

Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes. In this Private Agreement the terms "Leonard Clark Rhodes, Jr. and/or Margaret Louise Rhodes " mean the sentient, living beings known by the distinctive appellation "Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes." All rights are reserved re use of LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES, Autograph Proprietary Right 1971 by Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes .

Juristic person. In this Private Agreement the term "juristic person" means an abstract, legal entity *ens legis*, such as a corporation, created by construct of law and considered possessing certain legal rights and duties of a human being; an imaginary entity, such as Debtor, i.e. LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES which, on the basis of legal reasoning, are legally treated as

HOLD HARMLESS AND INDEMNITY AGREEMENT – LCR-090971-HHIAP

human beings for the purpose of conducting commercial activity for the benefit of a biological, living being, such as Creditor.

"From the earliest times the law has enforced rights and exacted liabilities by utilizing a corporate concept, by recognizing, that is, juristic persons other than human beings. The theories by which this mode of legal operation has developed, has been justified, qualified, and defined are the subject matter of a very sizable library. The historic roots of a particular society, economic pressures, philosophic notions, all have had their share in the law's response to the ways of men in carrying on their affairs through what is now the familiar device of the corporation i.e. Attribution of legal rights and duties to a juristic person other than man is necessarily a metaphorical process. And none the worse for it. No doubt, "Metaphors in law are to be narrowly watched." Cardozo, J., in Berkey v. Third Avenue R. Co., 244 N.Y. 84, 94. "But all instruments of thought should be narrowly watched lest they be abused and fail in their service to reason." See U.S. V. SCOPHONY CORP. OF AMERICA, 333 U.S. 795; 68 S.Ct. 855; 1948 U.S.

Living, breathing, flesh-and blood-man. In this Private Agreement the term "living, breathing, flesh-and blood-man" means the Creditor, Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes, sentient, living being, as distinguished from artificial legal constructs, *ens legis*, i.e. a juristic person, created by construct of law.

Non obstante. In this Private Agreement the term "*non obstante*" means: Words anciently used in public and private instruments with the intent of precluding, in advance, any interpretation other than certain declared objects, purposes.

"There, every man is independent of all laws, except those prescribed by nature. He is not bound by any institutions formed by his fellowmen without his consent." CRUDEN v. NEALE, 2 N.C. 338 (1796)
2 S.E. 70

Private Agreement. In this Private Agreement the term "Private Agreement" means the written, express, Private Agreement No. LCR-090971-HHIAP dated the Ninth Day of the Ninth Month in the Year of Our Lord Nineteen Hundred and Seventy One, between Creditor and Debtor, together with all modifications of and substitutions for said Private Agreement.

Sentient, living, being. In this Private Agreement the term "sentient, living, beings means the Creditor, i.e. Leonard Clark Rhodes, Jr. and Margaret Louise Rhodes, living, breathing, flesh-and-blood man, as distinguished from an abstract legal construct such as an artificial entity, juristic person, corporation, partnership, association, and the like.

Signature. See UCC Sec. 3-401(b) (what is considered signature).

Signed. See UCC Sec. 1-201(39) (what is considered signed).

Transmitting Utility. In this Private Agreement the term "transmitting utility" means a conduit, e.g. the Debtor, i.e. LEONARD CLARK RHODES, JR. AND MARGARET LOUISE RHODES®.

HOLD HARMLESS AND INDEMNITY AGREEMENT – LCR-090971-HHIAP

UCC. In this Private Agreement the term "UCC" means Uniform Commercial Code.

This is a continuing Private Agreement and perpetuates in effect until the death, i.e. the permanent cessation of all vital functions and faculties, of Creditors.

This Private Agreement No. LCR-090971-HHIAP is dated: the Ninth Day of the Ninth Month in the Year of Our Lord Nineteen Hundred Seventy One.

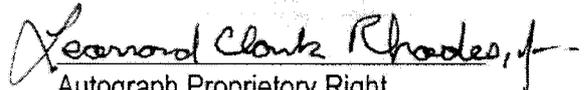
Debtor: LEONARD CLARK RHODES, JR. and MARGARET LOUISE RHODES

LEONARD CLARK RHODES, JR. MARGARET LOUISE RHODES

Debtor's Signature

Creditor accepts Debtor's signature in accord with UCC Secs. 1-201(39), 3-401(b)

Creditors' Signature:



Autograph Proprietary Right
1971 by Leonard Clark Rhodes, Jr.
and



Margaret Louise Rhodes.
All rights reserved.



Witness autograph



Witness autograph



Witness name



Witness name

RECEIVED

2007 JUN 29 A 10:15

BEFORE THE ARIZONA CORPORATION COMMISSION
AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

| | | |
|------------------------------------|---|--|
| In the matter of: |) | DOCKET NO. S-20537A-07-0390 |
| LEONARD CLARK RHODES, JR. and |) | NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER, TO CEASE AND DESIST, ORDER FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION |
| MARGARET RHODES, husband and wife, |) | |
| Respondents. |) | |
| |) | |
| |) | |

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondent Leonard Clark Rhodes, Jr. has engaged in acts, practices and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENT

2. Leonard Clark Rhodes, Jr. ("Rhodes") is a resident of Gilbert, Arizona.

1 address. When mail was received there, it was again forwarded. Through use of the Canadian
2 accommodation address, none of the investors were aware of the Phoenix or other subsequent
3 addresses. The few investment returns that investors received were made through use of money
4 orders.

5 10. Rhodes suggested that investors let their returns accumulate, rather than taking returns
6 out of Semper Libera. Although the investors received minimal payments back, those payments
7 stopped. When the investors attempted to contact Semper Libera, they were unable to do so. During
8 this time, Rhodes continued to provide assurances to investors that their funds would be available.

9 11. At least two of the Arizona investors were over 80 years old when they made their
10 investments in Semper Libera. Through Rhodes, investors put at least \$127,000 into Semper Libera.

11 **The Universal Lease Investment**

12 12. Yucatan Resorts, Inc. ("Yucatan") along with Yucatan Resorts, S.A. ("Yucatan-
13 S.A."), designed, promoted and operated a "Universal lease" timeshare program involving
14 investments in hotel units in Cancun, Mexico and other Central American locales from
15 approximately March 2000 to December 2002.

16 13. Resort Holdings International, Inc. ("RHI") and Resort Holding International, S.A.
17 ("RHI-S.A.") began replacing Yucatan as the primary promoter and operator of the Universal lease
18 timeshare program within the State of Arizona in or around May 2002.

19 14. Rhodes, directly or indirectly, entered into agreements with Yucatan Resorts, *et al.*
20 and/or Resort Holding International, *et al.*, which authorized Rhodes to market and sell investment
21 contracts in the form of leases in the Universal lease program within or from the State of Arizona.

22 15. Under the terms of the Universal lease program, investors were required to invest a
23 minimum of \$5,000, but were allowed to invest any amount in excess of that sum.

24 16. According to Universal lease promotional materials, investors were presented with the
25 opportunity to select one of three separate Universal lease "options."

26

1 17. Under "Option 1" of the Universal lease, investors could choose to forego any returns
2 on their investments, and instead elect to utilize a timeshare unit themselves. Pursuant to this option,
3 an investor would be assigned a specific unit, for a specific week, and at a specific location, and only
4 after a minimum investment of \$5,000 had been paid. The investor had no input as to the date,
5 quality or location of the timeshare assignment. Additionally, an Option 1 purchaser was required to
6 pay annual management fees, ranging from \$380 to \$645 per year with said amounts subject to
7 increases in the Consumer Price Index. The amounts to be charged for annual management fees
8 resulted in an effective surcharge of \$9,000 to \$16,125 (or more) over the life of the 25 year
9 timeshare lease. For a \$5,000 purchaser, this would amount to a total payment of \$14,000 to \$21,125
10 in return for 12 weeks of timeshare access (over a 25 year period) at an unknown unit, at an
11 undisclosed location, during an undisclosed time of year.

12 18. Option 1 was minimally included in the Universal lease promotional materials, and
13 the selection received little or no coverage in Universal lease recruitment seminars for prospective
14 salespeople. Option 1 had little or no applicability to the many elderly investors placing retirement
15 funds into the Universal lease program.

16 19. Upon information and belief, Rhodes did not sell a single Universal lease under
17 Option 1.

18 20. The Universal lease "Option 2," presented investors the opportunity to rent out
19 assigned timeshare units themselves and contained many of the same costs and conditions associated
20 with Option 1. Option 2 again required the purchaser to forego any guaranteed investment returns,
21 and instead imposed annual maintenance fees on the purchaser for the full 25 year lease term.
22 Prospective Option 2 purchasers were unaware, until after the purchase had been made, of the
23 location, resort type and permitted dates of use for the timeshare. Sales material warned that this self-
24 renting option would not bring in the same level of revenues as would a professional third party
25 servicing agent as offered in Option 3. Promotional materials provided a discussion of the financial
26 disincentives, but no discussion, comments or guidance of the advantages of selecting option 2, other

1 than the brief suggestion that the self-renting option could be carried out through the "placing of an
2 advertisement in the local paper."

3 21. Upon information and belief, Rhodes did not sell a single Universal lease under
4 Option 2.

5 22. Sales and promotional materials focused on and emphasized Option 3. According to
6 Universal lease promotional brochures, investors who chose Option 3 would be eligible to receive a
7 guaranteed 11 percent (subsequently lowered to 9 percent) annual return on their timeshare
8 investments for a period of 25 years, after which time the lease could be renewed for another 20
9 years. For an investor to reap the 11 and later 9 percent per annum return under Option 3, the
10 investor was required, as part of the investment, to hire a "third party" management company to lease
11 the investor's timeshare unit.

12 23. The Universal lease materials identified World Phantasy Tours Inc. ("World
13 Phantasy") as the designated third party management company responsible for leasing the investor's
14 timeshare unit. World Phantasy was alleged to be a resort management company and travel agency
15 operating as the servicing agent for the Yucatan Universal lease program.

16 24. Selecting World Phantasy, the only management company identified or offered, as the
17 leasing agent was the only method under which investors could earn the promised 11 or 9 percent
18 rate of return on their Universal lease investments.

19 25. Once investors had made their investments in the Universal lease program and had
20 signed the Management Agreement with World Phantasy, the investors were to receive an 11 and
21 later 9 percent per annum return on their investments for the life of the Universal lease. The investors
22 had no duties or responsibilities following their investments, and relied solely on others for
23 development of new units and/or management of existing rental units to generate the rental profits
24 that would purportedly support the investors' investment returns.

25 26. According to the marketing materials for the Universal lease, Option 3 of the
26 Universal lease provided a multitude of advantages to more traditional investments. Among them

1 was the assertion that Option 3 provided a superior rate of return over most other investments and
2 that the Universal lease was supported by "debt-free" resort properties which resulted in the
3 Universal lease program being "safe and secure."

4 27. Option 3 was also the only Universal lease option that allowed investors to recoup up
5 to 5 percent of any liquidation penalty incurred during the process of rolling other investments into
6 the Universal lease program. This feature was an added incentive for investors to exchange their
7 existing investment portfolios, including individual retirement accounts and annuities, into Option 3
8 of the Universal lease program.

9 28. Upon information and belief, all investors who purchased contracts from Rhodes
10 selected Option 3.

11 29. Rhodes was paid a commission for the sale of the Universal Leases.

12 30. Rhodes sold Universal leases to approximately 2 individuals or entities within or from
13 the State of Arizona from February 1, 2002 through October 31, 2003. Total sales made by Rhodes
14 were approximately \$60,052 and resulted in receipt of commissions by Rhodes of approximately
15 \$6,105.20.

16 31. Prior to and during the period of Rhodes's sales to investors in Arizona, Yucatan and
17 its related entities had been subject to investigations and orders in multiple states involving its
18 development, marketing and sale of promissory notes and Universal leases. Rhodes failed to disclose
19 this information to the investors with whom he dealt.

20 32. The orders that Rhodes could have revealed to investors include:

21 a) May 18, 1999 administrative order by the New Mexico Securities Division
22 related to Yucatan Investment Corp. for the sale of unregistered, non-exempt securities – in the form
23 of 9 month promissory notes – through unlicensed sales agents. Michael Eugene Kelly ("Kelly") was
24 the sole incorporator, statutory agent, president and secretary of Yucatan Investments, and Yucatan
25 Investment was based out of the same business address as Yucatan, Yucatan-S.A., RHI, and RHI-
26 S.A. Yucatan Investments' operation was the immediate predecessor to the current Universal lease

1 program; Kelly was the founder, president and owner of Yucatan and was a director, officer and
2 owner of Yucatan S.A. Kelly is the founder, chairman and owner of RHI.

3 b) July 26, 1999, Consent with the South Carolina Securities Division signed by
4 Kelly on behalf of himself and Yucatan Investment Corp. for the sale of unregistered, nonexempt
5 securities in the form of 9 month promissory notes through unregistered sales agents;

6 c) October 4, 1999, Consent Order to Cease and Desist with the Minnesota
7 Department of Commerce signed by Kelly as president for the sale of unregistered, nonexempt
8 securities;

9 d) November 7, 2000, Order to Cease and Desist, which became permanent on
10 December 21, 2000, by the Connecticut Department of Banking related to Yucatan Investment Corp.
11 for the sale of unregistered, nonexempt securities in the form of promissory notes through unlicensed
12 sales agents;

13 e) March 28, 2001, Order of Prohibition and Revocation by the Wisconsin
14 Securities Division related to Kelly, Yucatan Resorts, Inc., Yucatan Resorts, S.A., RHI, Inc. and
15 RHI-S.A. for the sale of unregistered securities by unlicensed sales agents and for securities fraud in
16 violation of Wisconsin law (revoked by subsequent order dated April 4, 2003);

17 f) October 22, 2002, Summary Order to Cease and Desist from the Pennsylvania
18 Securities Commission related to Yucatan-S.A. arising out of multiple registration and fraud
19 violations as prescribed by the Pennsylvania Securities Act (rescinded by subsequent order dated
20 January 20, 2004);

21 g) On May 20, 2003, the Division issued a Temporary Order to Cease and Desist
22 and Notice of Opportunity for Hearing ("Order") regarding Yucatan Resorts, Yucatan Resorts S.A.,
23 RHI, RHI-S.A., World Phantasy, Majesty Travel and Kelly.

24 33. Yucatan informed its Arizona based sales agents of the existence of the Order.

25 34. Despite the existence of the Order, after its effective date, Rhodes sold at least one
26 Universal lease within or from the State of Arizona. Rhodes had the investor use a Hawaii address

1 for the investment, despite the fact that the investor was a resident of Arizona. Rhodes told the
2 investor that the Universal Lease had not been licensed for sale in Arizona and thus she would need
3 to use the Hawaii address in order to purchase the investment.

4
5 **IV.**

6 **VIOLATION OF A.R.S. § 44-1841**

7 **(Offer or Sale of Unregistered Securities)**

8 35. From on or about 2001, Rhodes offered or sold securities in the form of investment
9 contracts, within or from Arizona.

10 36. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
11 Securities Act.

12 37. This conduct violates A.R.S. § 44-1841.

13 **V.**

14 **VIOLATION OF A.R.S. § 44-1842**

15 **(Transactions by Unregistered Dealers or Salesmen)**

16 38. Rhodes offered or sold securities within or from Arizona while not registered as a
17 dealer or salesman pursuant to Article 9 of the Securities Act.

18 39. This conduct violates A.R.S. § 44-1842.

19 **VI.**

20 **VIOLATION OF A.R.S. § 44-1991**

21 **(Fraud in Connection with the Offer or Sale of Securities)**

22 40. In connection with the offer or sale of securities within or from Arizona, Rhodes
23 directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue
24 statements of material fact or omitted to state material facts which were necessary in order to make
25 the statements made not misleading in light of the circumstances under which they were made; or
26 (iii) engaged in transactions, practices or courses of business which operated or would operate as a

1 fraud or deceit upon offerees and investors. Rhodes conduct includes, but is not limited to, the
2 following:

3 a) Failing to disclose to investors any necessary information about the Semper
4 Libera investment, including risk, financial status of Semper Libera, the location of any assets of
5 Semper Libera and the method that Semper Libera used to pay any investors;

6 b) Failing to disclose to investors that the address used by Semper Libera in
7 Canada was an accommodation address, leaving the investors with no method to contact Semper
8 Libera;

9 c) Failing to disclose to at least one Arizona Universal lease investor that it was
10 in violation of Arizona law to sell the Universal lease to her after the Commission had ordered all
11 sales to stop;

12 d) Failing to disclose to Universal Lease investors of the commissions he
13 received for selling the investment; and

14 e) Failing to disclose to Universal Lease investors the various orders entered
15 against the companies and Michael E. Kelly.

16 41. This conduct violates A.R.S. § 44-1991.

17 **XII.**

18 **REQUESTED RELIEF**

19 The Division requests that the Commission grant the following relief:

20 1. Order Rhodes to permanently cease and desist from violating the Securities Act, pursuant to
21 A.R.S. § 44-2032;

22 2. Order Rhodes to take affirmative action to correct the conditions resulting from his acts,
23 practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

24 3. Order Rhodes to pay the state of Arizona administrative penalties of up to five thousand
25 dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

26

1 Pursuant to A.A.C. R14-4-305, if Rhodes or M. Rhodes requests a hearing, Rhodes or M.
2 Rhodes must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket
3 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within
4 30 calendar days after the date of service of this Notice. A Docket Control cover sheet must
5 accompany the Answer. A cover sheet form and instructions may be obtained from Docket
6 Control by calling (602) 542-3477 or on the Commission's Internet web site at
7 <http://www.azcc.gov/divisions/util/forms/>.

8 Additionally, Rhodes or M. Rhodes must serve the Answer upon the Division. Pursuant to
9 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
10 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
11 addressed to Mark Dinell.

12 The Answer shall contain an admission or denial of each allegation in this Notice and the
13 original signature of each Respondent or their attorney. A statement of a lack of sufficient
14 knowledge or information shall be considered a denial of an allegation. An allegation not denied
15 shall be considered admitted.

16 When Rhodes or M. Rhodes intends in good faith to deny only a part or a qualification of
17 an allegation, Rhodes or M. Rhodes shall specify that part or qualification of the allegation and
18 shall admit the remainder. Rhodes or M. Rhodes waive any affirmative defense not raised in the
19 answer.

20 The officer presiding over the hearing may grant relief from the requirement to file an
21 Answer for good cause shown.

22 Dated this 28 day of June, 2007.

23
24 

25 Matthew J. Neuber
26 Director of Securities