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Docket No. S-20660A-09-0107

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2009 APR 15 P 12: 26

AZ CORP COMMISSION  
DOCKET CONTROL

Attorneys for Respondents HORIZON PARTNERS, L.L.C., an Arizona limited liability company; TOM HIRSCH and DIANE ROSE HIRSCH, husband and wife; BERTA FRIEDMAN WALDER (aka BUNNY WALDER), a married person; HOWARD EVAN WALDER, a married person; HARISH PANNALAL SHAH and MADHAVI H. SHAH, husband and wife

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

Docket No. S-20660A-09-0107

RADICAL BUNNY, an Arizona limited liability company,

ANSWER

Arizona Corporation Commission  
DOCKETED

HORIZON PARTNERS, L.L.C., an Arizona limited liability company,

APR 15 2009

TOM HIRSCH (aka TOMAS N. HIRSCH) and DIANE ROSE HIRSCH, husband and wife,

DOCKETED BY

BERTA FRIEDMAN WALDER (aka BUNNY WALDER), a married person,

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HOWARD EVAN WALDER, a married person,

APR 13 2009

HARISH PANNALAL SHAH and MADHAVI H. SHAH, husband and wife,

ARIZONA CORP. COMM  
400 W CONGRESS STE 218 TUCSON AZ 85701

Respondents.

SUMMARY OF ANSWER

Respondents

Only Respondents named below answer the NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION. Those named Respondents do **not** answer for

1 Radical Bunny, L.L.C. (Radical Bunny), that is in bankruptcy, subject to a Trustee  
2 and the U.S. Bankruptcy Court.

3 Documents

4 Many of the allegations refer to documents. Reading those documents  
5 determine what those documents state. Some of the allegations refer to public  
6 records, including documents and registrations filed or not filed with the Arizona  
7 Corporation Commission (Commission). Because the Securities Division filed this  
8 Notice, the Securities Division should know what was or was not filed with the  
9 Commission and what is or is not a public record.

10 This Proceeding

11 Unfortunately, but not uncommonly, the Securities Division initiated this  
12 proceeding long **after** people lost money. Not uncommonly, this Notice was not filed  
13 to **prevent** people from losing money. The Securities Division did not complain,  
14 months or years ago, despite Mortgages Ltd. Securities, L.L.C. (MLS) being  
15 licensed with the Securities Division (**Exhibit 1**), MLS being subject to monitoring by  
16 the Securities Division, and Radical Bunny, openly and for years, dealing with  
17 licensee MLS.

18 The Radical Bunny Targets

19 As promised in **Exhibit 2**, the Securities Division “monitors the conduct of  
20 (securities licensees) . . . investigates possible violations; etc.” MLS was licensed  
21 and Radical Bunny was an approximately 20% customer of MLS. Obviously, the  
22 question is—why the Securities Division did not approach Radical Bunny years ago?

23 Also, this Notice is filed against the weakest of targets, and certainly not those  
24 who have assets to reimburse those who lost money. As stated above, Radical  
25 Bunny is in bankruptcy. The remaining Respondents are not engaged in any  
26 business activity that the Securities Division complains of. As the Securities Division  
27 knows, Respondents have no securities licenses. Respondents acted in reliance on  
28

1 and pursuant to their lawyers' legal advice. Respondents have no assets. Thus, this  
2 proceeding is against the "paper tiger."

3 The answering Respondents all submitted sworn personal financial  
4 statements to prove their lack of assets. The Respondents so believed in Radical  
5 Bunny that they put all of their assets, including retirement accounts, into Radical  
6 Bunny. Respondents' families and friends joined the Radical Bunny family. They  
7 (Respondents and their families and friends) lost, as others lost. Why would  
8 Respondents pay for and then ignore their own lawyers' alleged legal advice, so that  
9 Respondents would lose all of their money? These Respondents waived all  
10 privileges so that they could and did answer all questions about Radical Bunny.

11 The Lawyers (Quarles & Brady, LLP)

12 As much as the Securities Division complains, this Notice does not and  
13 cannot cease any business activity (because the business activity ceased long ago),  
14 cannot revoke licenses (because Respondents have no securities licenses), and  
15 cannot recover or result in any money for those who lost money (because  
16 Respondents have no money).

17 So, the people who lost money were not protected while any business activity  
18 was ongoing and this proceeding is not intended to and will not result in money to  
19 reimburse those people who lost money.

20 Following the proper course, these Respondents hired Quarles & Brady, LLP  
21 (QB) to advise them. QB is a large, national law firm. Respondents followed their  
22 lawyers' legal advice, paid their lawyers, and ended up in this mess, while their  
23 lawyers avoided all such problems and responsibilities. The lawyers did not lose a  
24 cent.

25 Respondents hired QB to obtain and follow QB's legal advice to comply with  
26 laws regarding the business of Radical Bunny, state and federal securities laws, the  
27 secured interests of the Radical Bunny family in MLtd,. Respondents never had and  
28

1 still do not have the legal education or ability to structure or restructure a business,  
2 determine issues regarding liens, or correct liens, comply with complex securities  
3 laws, deal with or obtain securities licenses, or any other legal issue that QB was  
4 hired to handle for Respondents. Respondents were not required to do their lawyers'  
5 work.

6 Whatever the current excuse, QB always had the duty to effectively  
7 communicate with Respondents so that Respondents understood QB's legal advice.  
8 QB did not write down what now is claimed to be its oral legal advice to  
9 Respondents. Respondents deny QB's alleged oral legal advice, that is alleged to  
10 be so critical.

11 Is one QB lawyer to be believed, despite four Respondents' sworn testimony  
12 to the contrary? Is credibility to be determined solely because someone is a lawyer  
13 and the four others are not lawyers?

14 Almost all (198 of 202) of the Radical Bunny family's losses are the result of  
15 defaulted loans that started when QB represented Radical Bunny and Respondents.

16 Respondents' Answer

17 Respondents HORIZON PARTNERS, L.L.C., TOM HIRSCH (aka TOMAS N.  
18 HIRSCH) and DIANE ROSE HIRSCH, BERTA FRIEDMAN WALDER (aka BUNNY  
19 WALDER), HOWARD EVAN WALDER, and HARISH PANNALAL SHAH and  
20 MADHAVI H. SHAH answer as follows.

21 No Horizon Partners participant lost money.

22 All of Respondents' financial reporting for Horizon Partners and Radical  
23 Bunny was correct. Respondents did not "impose" or "assess" a "management fee"  
24 or "solicit" people to join the Radical Bunny family. Respondents admit that they did  
25 required due diligence, accurately reported information to the Radical Bunny family,  
26 and followed their lawyers' legal advice.

1 Respondents deny that they have engaged in acts, practices, and  
2 transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-  
3 1801 *et seq.* ("Securities Act"). If found to have violated any law, Respondents'  
4 violation was unknowing and an act of omission. Depending on the date, such an  
5 unknowing violation was caused by following legal advice.

6 Respondents deny that they are persons controlling Radical Bunny within the  
7 meaning of A.R.S. § 44-1999, so that they are jointly and severally liable under  
8 A.R.S. § 44-1999 to the same extent as Radical Bunny for violations of the  
9 Securities Act. As the Securities Division knows, Radical Bunny is in bankruptcy,  
10 controlled by a Trustee and subject to the U.S. Bankruptcy Court.

11 Respondents' answers correlate to the paragraph numbers in the Notice.

12 I.

13 JURISDICTION

14 1. Admit.

15 II.

16 RESPONDENTS

17 2. Admit; Radical Bunny truthfully so informed the Commission since 1999  
18 (see **Exhibit 3**).

19 3. Admit.

20 4. Admit; Horizon Partners truthfully so informed the Commission since  
21 1997 (see **Exhibit 4**).

22 5. Admit.

23 6. Admit, except deny the Tomas N. Hirsch.

24 7. Admit; Ms. Walder is a principal of an elementary school.

25 8. Admit; Mr. Walder is a pharmacist.

26 9. Admit.

27 10. Admit.



1           21. Deny that MLtd actively is conducting business. MLtd ceased funding  
2 loans. However, this was their business model or platform.

3           22. Deny the implication that securities laws applied. No Horizon Partners  
4 participant lost money in Horizon Partners. No Radical Bunny participant lost money  
5 prior to June, 2008, and the amount of loss, if any, is yet to be determined, if at all.

6           23. Admit that some participants may have so learned and others may have  
7 learned by other means, but Respondents did not solicit and deny the implication  
8 that securities laws applied and, of this date, cannot confirm the residencies of  
9 participants. Respondents' lawyers knew the states where the Radical Bunny family  
10 members resided. Only some or a few participants learned of Horizon Partners  
11 and/or Radical Bunny from their accountants Hirsch & Shah, CPA. There were no  
12 solicitations, advertisements, promotions, sales personnel, cold calling, radio and/or  
13 TV spots, prospectuses, referral fees, finders fees, commissions, public relations  
14 firm, yellow pages, signage, or solicitations of any type.

15           24. Admit.

16           25. As to Horizon Partners, admit and the Securities Division should have  
17 known this when Horizon Partners in 1997 and Radical Bunny in 1999 were legally  
18 organized through the Commission.

19           26. Admit and the Securities Division should have known this long ago.

20                           ***Horizon Partners: January 1998 through 2005***

21           27. Admit that Horizon Partners so dealt with MLtd, but deny any securities  
22 laws application.

23           28. Deny as to raising money, sales, or any application of securities laws.  
24 Horizon Partners did business with participants. Respondents never raised monies  
25 or sold a participation interest in Horizon Partners. Horizon Partners was not a  
26 mutual fund. Participants did not share in the profits, losses, or any liability. The form  
27  
28

1 of partnership was an accounting and a tax vehicle only. No partnership interest was  
2 sold.

3 29. Deny the obligation to do so and the Securities Division should know  
4 this. Horizon Partners did not offer or sell a partnership interest. Each participant  
5 had a fractional interest in a specific deed of trust. The accounting treatment was not  
6 a mutual fund or a pool. Each participant received a Direction to Purchase which  
7 identified the property, the fractional interest, and the total amount of the loan held  
8 by each participant.

9 30. Admit, except deny any application of securities laws. There was no  
10 capital account whatsoever. The participant's entire principal amount was invested  
11 in a specific loan. This allegation is contrary to the Securities Division's allegations in  
12 paragraphs 28 and 29.

13 31. Admit, except deny any application of securities laws. The option to roll-  
14 over the participants' interest in a new loan, partial and/or full redemption, did not  
15 end in 2005. These options always were available to the participants.

16 32. Deny, specifically "management fee," "imposed," and "assessed." A  
17 management fee never was imposed or assessed. There never was a management  
18 fee agreement. The difference between the stated note rate and the interest rate  
19 paid to the participant, "a spread," was received by the entity (Horizon Partners  
20 and/or Radical Bunny) **only** when payment was received from MLtd and  
21 subsequently distributed to the participants.

22 33. Admit, except deny any application of securities laws and that Hirsch  
23 "made all investments."

24 34. Admit for new participants only, except deny any application of  
25 securities laws.

**Radical Bunny: June 1999 through 2005**

1  
2 35. Subsequent to June, 2008, any possible loss is yet to be determined.  
3 No member of the Radical Bunny lost any money from June, 1999, through June,  
4 2008. Deny any application of securities laws and rely on public records. The option  
5 for a passthrough entity was a decision for participants.

6 36. Deny any application of securities laws. The repeated, continued use of  
7 the terms "invest" and "raised" is misleading. Respondents did not raise any funds or  
8 sell any partnership interests. In 2005, Radical Bunny changed from an IRS form  
9 1065 Schedule K-1 to an IRS form 1099 INT. The change was pursuant to legal  
10 advice.

11 37. The Securities Division should know this. Respondents never offered or  
12 sold limited liability interest.

13 38. Admit, except deny any application of securities laws and refer to the  
14 actual documents. See answer to paragraph 30.

15 39. Admit, except deny any application of securities laws. The options  
16 summarized were available. See answer to paragraph 31.

17 40. Deny the "management fee," "imposed," and "assessed" and any  
18 application of securities laws. Respondents never "imposed" or "assessed" a  
19 management fee. See answer to paragraph 32. Radical Bunny acted as an agent or  
20 a servicer for participants. All decisions were made by the participants, as proved by  
21 the Direction to Purchase and Directions for Maturing Funds. Those instructions, by  
22 participants, were followed. The Securities Division admits that Radical Bunny acted  
23 as purchasers' agent. See allegation of paragraph 51.

24 41. Admit, except deny any application of securities laws.

25 42. As admitted by the Securities Division in footnote 4, this allegation is  
26 confusing.





- 1 • Family members' names were checked against a master list
- 2 • Radical Bunny family members were checked in as they arrived
- 3 at the meetings
- 4 • On advice of lawyers, a new program was implemented. Tickets
- 5 were issued and required for participants to attend meetings.

6 51. Respondents do not answer as to Radical Bunny. Respondents  
7 followed their lawyers' advice. The "net" was specified and agreed to by the Radical  
8 Bunny family. Deny the application of securities laws. Radical Bunny did not "invest"  
9 in MLtd. Radical Bunny consistently and repeatedly told family members that  
10 Radical Bunny was a lender to MLtd.

11 52. Deny as confusing. All terms were agreed to in advance. Deny the  
12 "imposed." Radical Bunny did not "impose" or "assess" an additional 2% interest  
13 rate above the stated interest rate. The stated interest rate was reduced by 2%  
14 retroactive to the investment date. At no time was the principal compromised by the  
15 2% reduction in the interest rate. Terms for early redemption were communicated to  
16 the family members verbally and by the Direction to Purchase. A worksheet detailing  
17 the early redemption amount was provided to the family member.

18 53. No assets of Radical Bunny were used to pay participants' redemption  
19 requests. Maturity of loans, and/or new investor money were strictly used to redeem  
20 participants' requests. New funds were used to replace a participants' position in an  
21 exiting loan. New funds were never used to redeem principal or pay interest to an  
22 existing participant.

23 54. Admit. Almost all Radical Bunny debt owed to Radical Bunny family  
24 members was incurred during the time Respondents were represented by legal  
25 counsel QB.

1           55. Admit that Respondents properly did due diligence as required by law.  
2 Deny any application of securities laws. Since inception of both entities, distributions  
3 of interest and/or principal to participants were made timely and accurately.

4           56. Admit. No participant ever held a membership interest in Horizon  
5 Partners. See allegations of paragraph 28.

6           57. Admit. The Securities Division correctly should spell "Madhavi," as in  
7 paragraphs 12 and 13. No participant held a membership interest in Radical Bunny.  
8 See allegations of paragraph 28.

9           58. Respondents do not answer for Radical Bunny. Radical Bunny is not  
10 owed the principal sum of \$3,748,000. Radical Bunny assigned the security interest  
11 of these notes directly to the participants.

12           59. Do not answer for Radical Bunny. Admit, except deny "management  
13 fee" and any application of securities laws. The "offerees" are not identified. Hirsch  
14 never received a management fee from Radical Bunny.

15           60. Do not answer for Radical Bunny. Admit, except deny "management  
16 fee" and any application of securities laws. See answer to paragraph 59.

17           61. Do not answer for Radical Bunny. Admit, except deny any application of  
18 securities laws. See answer to paragraph 59.

19           62. Respondents do not answer for Radical Bunny. Admit, except deny  
20 "management fee" and any application of securities laws. H. Walder never was  
21 involved with any family member. H. Walder had limited contact with any participant.  
22 H. Walder's role was the IT (Information Technology Specialist). H. Walder's role  
23 was limited to that capacity.

24           63. Do not answer for Radical Bunny. Admit and Hirsch followed that  
25 suggestion and contacted a number of lawyers before hiring QB. The Securities  
26 Division correctly should spell "Hirsch."

27  
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1           64. Do not answer for Radical Bunny. Deny. Respondents hired QB in  
2 January, 2007, and followed QB's advice. Before January, 2007, a lawyer that  
3 Respondents did not retain gave Respondents advice, but not as alleged in  
4 paragraph 64. QB never gave Respondents legal advice, such as that alleged in  
5 paragraph 64.

6           65. Do not answer for Radical Bunny. Deny. Radical Bunny and  
7 Respondents hired QB from January, 2007, to June, 2008, about 1-1/2 years. At no  
8 time, not once, did any QB lawyer so advise. If QB, in the first quarter of 2007,  
9 advised Respondents that they may be violating securities laws, why did QB  
10 continue to represent Respondents from January, 2007, to June, 2008, a period of  
11 1-1/2 years? Respondents did not "raise" funds from "investors."

12                   At one point, Respondent Berta (Bunny) Walder recommended that QB  
13 contact the United States Securities and Exchange Commission (SEC) to ask the  
14 SEC for advice regarding securities laws. One senior QB lawyer **laughed** at Ms.  
15 Walder, his own client, and instructed Ms. Walder never to contact the SEC because  
16 asking the SEC was the last thing to do regarding a securities law question. In the  
17 first few meetings with Q&B, Respondents were advised by QB that QB would  
18 research and advise Respondents **if** there was a securities issue.

19           66. Do not answer for Radical Bunny. Deny. Of course, this is inconsistent  
20 and puzzling given 65 above. From January, 2007, to June, 2008, QB knew that  
21 Radical Bunny continued to do business as usual. However, on May 2, 2007, no QB  
22 lawyer so advised. This alleged legal advice is not in any letter, email, or even in any  
23 bill from QB to Respondents. QB never, orally, by email, by letter, or in any way,  
24 gave such advice, on May 2, 2007, or ever.

25                   Even in June, 2008, when QB **fired** Respondents, QB did not even  
26 allege that QB instructed Radical Bunny or Respondents to stop doing anything, at  
27 all. QB's reference to "going forward" is not defined. In any event, as QB knows,  
28

1 Radical Bunny went "forward" from January, 2007, and from May 2, 2007, with the  
2 help of QB. Prior to this June 10, 2008, letter, one QB lawyer told Respondents that  
3 QB **expected** Respondents to sue QB and the QB lawyers after QB dumped  
4 Respondents as clients (**Exhibit 9**). If QB really advised Respondents "that they  
5 were, in fact, engaged in the offer and sale of unregistered securities... etc.," why  
6 did QB continue to represent Respondents for more than one year? As stated in  
7 QB's billing (**Exhibit 5**), on May 3, 2007, QB continued to bill for work on "securities  
8 law." After May 2, 2007, even two days later, on May 4, 2007 (**Exhibit 6**), QB sent  
9 legal forms to Respondents to use in the future. Respondents followed QB's advice  
10 and used the forms (**Exhibits 7 and 8**). **Exhibit 7** is for "new investors." The term  
11 "new investors" is QB's term. These forms that QB sent do not, anywhere, state  
12 "**DRAFT**" or "**DO NOT USE**." Also, why did QB continue to represent and give forms  
13 to Radical Bunny from May 2, 2007, to June, 2008, over one year?

14 67. Deny the application of securities laws and deny "raised" money.

15 68. From January, 2007, to June, 2008, Respondents were represented by  
16 QB and conducted business as usual. During this time, QB visited Respondents a  
17 number of times **at** the Radical Bunny place of business. QB knew, as fact, that  
18 Radical Bunny continued to do business as usual. Again, "Hirsch" is misspelled.  
19 There were no "offerees." Radical Bunny never was advised by their lawyers about  
20 security issues. QB worked on a PPM, that the Respondents disclosed openly at the  
21 November, 2007, and May, 2008, Orange Tree meetings.

22 69. Deny. Again, "Hirsch" is misspelled. There were no "offerees." This  
23 contradicts the Securities Division's allegations in paragraph 51. Participants knew  
24 that Radical Bunny family members were lenders to MLtd. There was no investment  
25 in Radical Bunny. Radical Bunny was an agent and/or servicer.

26 70. Deny. The Radical Bunny family was secured. QB **never** advised  
27 Radical Bunny that Radical Bunny was **not secured** or to inform the Radical Bunny  
28

1 family that they were not secured. Respondents relied on and trusted QB for all legal  
2 advice, as non-lawyers should do. There were no “offerees.” Now, even “Radical” is  
3 misspelled. Legal documents were prepared by MLtd. Additional proof of secured  
4 status was:

- 5 • Audited financial statements by an outside CPA firm
- 6 • Testimony of the Chief Financial Officer of MLtd in Bankruptcy  
7 Court
- 8 • Global agreement signed by MLtd, stipulating to the secured  
9 status of Radical Bunny
- 10 • Answer to the secured status filed in 2008
- 11 • A consensual plan of reorganization submitted to attest to the  
12 secured status of Radical Bunny
- 13 • Internal financial statements from MLtd identifying the secured  
14 collateral of Radical Bunny
- 15 • The employees of MLtd and MLS communicated with several  
16 participants expressing their understanding and belief of the  
17 secured status of Radical Bunny
- 18 • Statements by Scott Coles as to the secured status of Radical  
19 Bunny.

20 71. Deny. Although QB discussed security, QB never advised Radical  
21 Bunny to inform the Radical Bunny family that the Radical Bunny family was not  
22 secured. Respondents are not lawyers, did not understand legal terms or  
23 differences between legal terms, and understood “perfected” to **mean** “perfected.”  
24 One QB lawyer communicated and shared letters and emails with Respondents. At  
25 least, that QB lawyer does not now attempt to rely on alleged, self-serving oral  
26 communications with Respondents, that all Respondents deny.

1           72. Admit that H. Walder followed QB's legal advice. QB was paid for and  
2 had the duty to Respondents and QB had the legal expertise to resolve secured  
3 property issues, not Respondents. H. Walder did not have interactions with the  
4 family. See Respondent's answer to paragraph 71.

5           73. Do not answer for Radical Bunny. Admit that the loan-to-value ratio  
6 should not be higher than 65% of the asset.

7           74. Admit, except that MLtd loans committed to follow the requirements  
8 stated in paragraph 73. The limited use of Radical Bunny loan proceeds was  
9 promised by Scott Coles and the officers of MLtd. This was a firm understanding.

10          75. Deny. This allegation does not identify that one person. B. Walder did  
11 not state that funds would not be used for the construction of condominiums. The  
12 statement that was made refers to the cessation of funding towards conversion of  
13 apartments to condominiums.

14          76. Do not answer for Radical Bunny. Deny and Coles' personal assets  
15 were substantial. This allegation does not identify any Radical Bunny family  
16 member. There were no "offerees." The value and nature of Scott Coles personal  
17 assets was ascertained and derived from other sources such as:

- 18           • Personal income tax returns
- 19           • Tax returns for the Coles Family Trust
- 20           • Scott Coles was the sole owner and shareholder of MLtd, which  
21            had a market value exceeding \$50,000,000.
- 22           • Real estate holdings owned by Scott Coles
- 23           • Scott Coles' personal collectible art, sports paraphernalia, and  
24            jewelry.

25          77. Deny any application of securities laws or "raised." Money was never  
26 "raised." Radical Bunny did not "solicit" money.

1 78. Respondents do not answer for Radical Bunny. The U.S. Bankruptcy  
2 Proof of Claim states that the amount loaned to MLtd was \$197,232,000.

3 **IV.**

4 **VIOLATION OF A.R.S. § 44-1841**

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

6 79. Deny. Horizon Partners and/or Hirsch never offered to sell investment  
7 contracts.

8 80. Do not answer for Radical Bunny. Deny.

9 81. Deny.

10 82. Deny.

11 83. The Securities Division should know about registration and deny.

12 84. Deny.

13 **V.**

14 **VIOLATION OF A.R.S. § 44-1842**

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

16 85. Do not answer for Radical Bunny. Deny.

17 86. Deny.

18 **VI.**

19 **VIOLATION OF A.R.S. § 44-1991**

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

21 87. Do not answer for Radical Bunny and deny.

22 a) Deny. At no time did Participants acquire any interest in Radical  
23 Bunny. Radical Bunny always acted as an agent, servicer,  
24 conduit, facilitator to Participants, as the Radical Bunny family  
25 knew and understood. Respondents followed Participants'  
26 instructions and directions as evidenced by Direction to Purchase  
27 and Instructions for Maturing Funds. These documents reflected

1 the percentage ownership and the deed of trust or investment.

2 The Securities Division's allegations contradict the allegations of  
3 paragraph 51. See Respondents' answer to paragraph 51.

4 b) Deny and relied on and followed the advice of lawyers of QB. See  
5 answer to paragraph 70.

6 c) Admit, following the advice of lawyers of QB. H. Walder had  
7 minimal contact with Participants. H. Walder's main function was  
8 information technology.

9 d) Deny. See Respondents' answer to paragraph 76.

10 e) Admit, following the advice of lawyers of QB. QB reviewed the  
11 Promissory Notes prepared by MLtd. At no time did QB make any  
12 comments regarding the Promissory notes regarding any  
13 additional language the Promissory notes needed to contain.

14 f) Deny because QB lawyers never told any Respondent, at any  
15 time, that. Again, the Securities Division misspelled "Hirsch." See  
16 Respondents' answers to paragraphs 64, 68, and 70.

17 88. Deny.

18 89. Deny.

19 **VII.**

20 **REQUESTED RELIEF**

21 1. As the Securities Division well knows, Respondents some time ago  
22 ceased and desisted business and Radical Bunny is in bankruptcy.

23 2. As the Securities Division well knows, Respondents have no assets.

24 3. As the Securities Division well knows, Respondents have no assets to  
25 pay the State of Arizona administrative penalties.



- 1 a. Radical Bunny and/or Respondents had been or were violating
- 2 securities laws;
- 3 b. to stop the Radical Bunny business;
- 4 c. to inform the Radical Bunny family that Radical Bunny and/or
- 5 Respondents were violating securities laws;
- 6 d. Radical Bunny was unsecured as to MLtd;
- 7 e. to inform the Radical Bunny family that Radical Bunny and/or the
- 8 Radical Bunny family was unsecured.

9 8. If QB had informed Radical Bunny and/or Respondents of any of the  
10 above, Radical Bunny and Respondents **immediately** would have followed QB's  
11 legal advice.

12 9. If QB had informed Radical Bunny and/or Respondents that there was  
13 any, **any**, legal issue and to stop the Radical Bunny business, in January, 2007, or  
14 May 2, 2007, or at any time, Radical Bunny and Respondents immediately would  
15 have followed QB's legal advice and

- 16 a. stopped Radical Bunny business
- 17 b. informed the Radical Bunny family
- 18 c. sold all assets, in the **booming** Maricopa County real estate
- 19 market in January, 2007, or May 2, 2007, and
- 20 d. refunded, **in full**, all money to the Radical Bunny family
- 21 Participants. Funds in excess of \$2,000,000 received after
- 22 June 2, 2008, immediately were refunded to the Participants.

23 10. At all times, before and after QB, Respondents acted truthfully, in good  
24 faith, legally, and for the best interests of the Radical Bunny family.

25 11. Respondents have no assets because Respondents believed in Radical  
26 Bunny and put all assets, including retirement accounts, to join as Participants of  
27 the Radical Bunny family.

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12. If the Securities Division allegations had any truth, Respondents would not have lost all assets.

13. Respondents, to this day and in the future, seek to recover funds for the Radical Bunny family.

Dated: April 13, 2009



---

Bruce R. Heurlin, SBN 003214  
HEURLIN SHERLOCK PANAH  
1636 N. Swan Road, Suite 200  
Tucson, AZ 85712-4096  
Tel: (520) 319-1200  
Fax: (520) 319-1221  
Attorneys for Respondents HORIZON  
PARTNERS, L.L.C., an Arizona limited  
liability company; TOM HIRSCH and  
DIANE ROSE HIRSCH, husband and wife;  
BERTA FRIEDMAN WALDER (aka  
BUNNY WALDER), a married person;  
HOWARD EVAN WALDER, a married  
person; HARISH PANNALAL SHAH and  
MADHAVI H. SHAH, husband and wife

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Original and 13 copies filed April 13, 2009, with:

Arizona Corporation Commission  
400 West Congress  
Tucson, Arizona 85701-1347

Copy mailed and emailed April 13, 2009, to:

Julie Coleman  
Arizona Corporation Commission  
Securities Division  
1300 West Washington, Third Floor  
Phoenix AZ 85007  
Email: [jcoleman@azcc.gov](mailto:jcoleman@azcc.gov)

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VERIFICATION

STATE OF ARIZONA     )  
  ) ss.  
COUNTY OF MARICOPA )

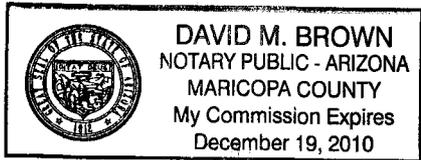
Tom Hirsch, being first duly sworn, upon oath deposes and says:  
That he is one of the Respondents named in the foregoing Answer; that he  
has read the Answer and knows the contents thereof; that the responses therein contained  
are true of his own knowledge, except for those matters alleged on information and belief,  
and as to those matters, he believes them to be true.

Tom Hirsch  
Tom Hirsch

SUBSCRIBED AND SWORN to before me this 11<sup>th</sup> day of April, 2009, by  
Tom Hirsch.

David M. Brown  
Notary Public

My Commission Expires: 12/19/2010





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VERIFICATION

STATE OF ARIZONA     )  
  ) ss.  
COUNTY OF MARICOPA )

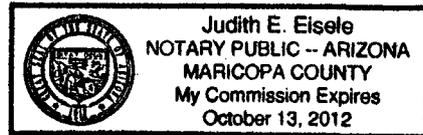
Howard Evan Walder, being first duly sworn, upon oath deposes and says:  
That he is one of the Respondents named in the foregoing Answer; that he  
has read the Answer and knows the contents thereof; that the responses therein contained  
are true of his own knowledge, except for those matters alleged on information and belief,  
and as to those matters, he believes them to be true.

Howard Evan Walder  
Howard Evan Walder

SUBSCRIBED AND SWORN to before me this 11 day of April, 2009, by  
Howard Evan Walder.

Judith E. Eisele  
Notary Public

My Commission Expires:  
Oct 13, 2012





**1**

Arizona Corporation Commission  
 State of Arizona Public Access System

04/01/2009

11:43 AM

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<b>Corporate Inquiry</b>	
<b>File Number:</b> L-0977775-3 <b>LATEST DATE TO DISSOLVE</b> 12/31/2050	<input type="button" value="Check Corporate Status"/>
<b>Corp. Name:</b> MORTGAGES LTD. SECURITIES, L.L.C.	

<b>Domestic Address</b>
4455 E CAMELBACK RD
PHOENIX, AZ 85018

<b>Statutory Agent Information</b>
<b>Agent Name:</b> GEORGE A EVERETTE
<b>Agent Mailing/Physical Address:</b>
4455 E CAMELBACK RD
BLDG B-#100
PHOENIX, AZ 85018
<b>Agent Status:</b> APPOINTED 09/05/2008
<b>Agent Last Updated:</b> 10/29/2008

<b>Additional Corporate Information</b>	
<b>Corporation Type:</b> DOMESTIC L.L.C.	<b>Business Type:</b>
<b>Incorporation Date:</b> 02/01/2001	<b>Corporate Life Period:</b>
<b>Domicile:</b> ARIZONA	<b>County:</b> MARICOPA
<b>Approval Date:</b> 02/01/2001	<b>Original Publish Date:</b> 03/29/2001
<b>Status:</b> LATEST DATE TO DISSOLVE	<b>Dissolution/Withdrawal Date:</b> 12/31/2050

**Member Information**

CHRISTOPHER J OLSON  
MANAGER

4455 E CAMELBACK RD  
BLDG B - #100  
PHOENIX, AZ 85018

**Date of Taking Office:** 09/05/2008

**Last Updated:** 10/29/2008

GERALD K SMITH TRUSTEE  
MEMBER

SMC REVOCABLE TRUST  
40 N CENTRAL AVE  
#1900

PHOENIX, AZ 85004

**Date of Taking Office:** 09/05/2008

**Last Updated:** 10/29/2008

### Scanned Documents

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Document Number	Description	Date Received
02391551	CHANGE(S)	04/24/2008
02572806	AMENDMENT	10/08/2008

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### Amendments

Amendment Date	Amendment Type	Publish Date	Publish Exception
09/05/2008	AMENDMENT		WAIVE
01/17/2006	AMENDMENT		WAIVE
01/17/2006	AMENDMENT		WAIVE

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### Microfilm

Location	Date Received	Description
11445022022	02/01/2001	ARTICLES OF ORGANIZATION
20273067047	03/29/2001	PUBLICATION OF ARTICLES OF ORGANIZATION
11736004007	01/17/2006	AMENDMENT
11736004008	01/17/2006	AMENDMENT

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**2**



## Arizona Corporation Commission

### Securities Division Matthew J. Neubert - Director

1300 W. Washington St. 3<sup>rd</sup> Floor  
Phoenix, AZ 85007  
(602) 542-4242  
(866) 837-4399

### Disclaimer / About Our Division

*This site is provided as a public service for general informational purposes only; it does not attempt to address specific business transactions or legal disputes. This service is not intended to be legal advice, and should not be construed as a replacement for competent legal counsel. Although every effort has been made to present the most accurate and current information possible, we cannot and do not warrant that the information on this site is absolutely current and accurate. Inadvertent mistakes can occur, and laws often change.*

The Securities Division strives to ensure the integrity of the securities marketplace through investigative actions as well as the registration and oversight of securities, securities dealers and salespersons, and investment advisers and their representatives; to enhance legitimate capital formation; and to minimize the burden and expense of regulatory compliance by legitimate business.

The Division reviews prospective offerings of securities to ascertain that full and fair disclosure is made to potential securities investors and that the terms of offerings are not inherently fraudulent.

Certain securities dealers, salespersons, investment advisers, and investment adviser representatives are required to register with the Division. The Division reviews these applications and monitors the conduct of investment advisers, dealers, and salespersons; investigates possible violations; and, when the evidence warrants, initiates administrative, civil, or criminal enforcement actions.

Phone: (602) 542-4242 Fax: (602) 594-7470  
E-Mail: [securitiesdiv@azcc.gov](mailto:securitiesdiv@azcc.gov)

3

**Jump To...**[Scanned Documents](#)   [Amendments](#)   [Microfilm](#)**Corporate Inquiry****File Number: L-0879688-7   LATEST DATE TO DISSOLVE  
06/30/2025****Check Corporate Status****Corp. Name: RADICAL BUNNY, L.L.C.****Domestic Address**4527 N 16TH ST #101  
PHOENIX, AZ 85016**Statutory Agent Information****Agent Name: TOM HIRSCH****Agent Mailing/Physical Address:**4527 N 16TH ST #101  
PHOENIX, AZ 85016**Agent Status: APPOINTED 06/24/1999****Additional Corporate Information**

<b>Corporation Type: DOMESTIC L.L.C.</b>	<b>Business Type:</b>
<b>Incorporation Date: 06/24/1999</b>	<b>Corporate Life Period:</b>
<b>Domicile: ARIZONA</b>	<b>County: MARICOPA</b>
<b>Approval Date: 06/24/1999</b>	<b>Original Publish Date: 05/22/2006</b>
<b>Status: LATEST DATE TO DISSOLVE</b>	<b>Dissolution/Withdrawal Date: 06/30/2025</b>

**Member Information**

<p>TOM HIRSCH                  MANAGER                  4527 N 16TH ST #101                  PHOENIX,AZ 85016  <b>Date of Taking Office:</b> 06/24/1999  <b>Last Updated:</b> 07/27/1999</p>	<p>HARISH SHAH                  MEMBER                  4527 N 16TH ST STE 101                  PHOENIX,AZ 85016  <b>Date of Taking Office:</b> 07/15/2008  <b>Last Updated:</b> 07/23/2008</p>
<p>TOM HIRSCH TRUSTEE/THE HIRSCH                  MEMBER                  FAMILY TRUST DTD 10/20/99                  4527 N 16TH ST STE 101                  PHOENIX,AZ 85016  <b>Date of Taking Office:</b> 07/15/2008  <b>Last Updated:</b> 07/23/2008</p>	<p>HOWARD WALDER/BERTA WALDER                  MEMBER                  TRUSTEES/THE WALDER FAMILY TRU                  4527 N 16TH ST STE 101                  PHOENIX,AZ 85016  <b>Date of Taking Office:</b> 07/15/2008  <b>Last Updated:</b> 07/23/2008</p>

## Scanned Documents

(Click on gray button to view document - will open in a new window)

Document Number	Description	Date Received
01597151	PUB OF ARTICLES OF ORGANIZATION	05/22/2006
02492467	AMENDMENT	07/15/2008

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## Amendments

Amendment Date	Amendment Type	Publish Date	Publish Exception
07/15/2008	AMENDMENT		WAIVE

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Location	Date Received	Description
11331014003	06/24/1999	ARTICLES OF ORGANIZATION

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Arizona Corporation Commission

03/25/2009

State of Arizona Public Access System

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Microfilm

<b>Corporate Inquiry</b>	
<b>File Number:</b> L-0816387-0 <b>LATEST DATE TO DISSOLVE</b> 12/31/2020	<input type="button" value="Check Corporate Status"/>
<b>Corp. Name:</b> HORIZON PARTNERS, L.L.C.	

<b>Domestic Address</b>
4527 N 16TH ST PHOENIX, AZ 85016

<b>Statutory Agent Information</b>
<b>Agent Name:</b> TOM HIRSCH
<b>Agent Mailing/Physical Address:</b> 4527 N 16TH ST PHOENIX, AZ 85016
<b>Agent Status:</b> APPOINTED 08/19/1997

<b>Additional Corporate Information</b>	
<b>Corporation Type:</b> DOMESTIC L.L.C.	<b>Business Type:</b> UNKNOWN
<b>Incorporation Date:</b> 08/19/1997	<b>Corporate Life Period:</b>
<b>Domicile:</b> ARIZONA	<b>County:</b> MARICOPA
<b>Approval Date:</b> 08/19/1997	<b>Original Publish Date:</b> 10/07/1997
<b>Status:</b> LATEST DATE TO DISSOLVE	<b>Dissolution/Withdrawal Date:</b> 12/31/2020

<b>Member Information</b>	
TOM HIRSCH MANAGER 4527 N 16TH ST #101 PHOENIX, AZ 85016 <b>Date of Taking Office:</b> 08/19/1997 <b>Last Updated:</b> 08/29/1997	TOM HIRSCH MEMBER 4527 N 16TH ST #101 PHOENIX, AZ 85016 <b>Date of Taking Office:</b> 08/19/1997 <b>Last Updated:</b> 08/29/1997

**Microfilm**

<b>Location</b>	<b>Date Received</b>	<b>Description</b>
11158008021	08/19/1997	ARTICLES OF ORGANIZATION
20211077040	10/07/1997	PUBLICATION OF ARTICLES OF ORGANIZATION

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**5**

<i>Date</i>	<i>Description</i>	<i>Professional</i>	<i>Hours</i>	<i>Amount</i>
05/01/07	Several discussions regarding status of loan and security matters and structure issues.	RSB	0.60	204.00
05/01/07	Phone call with B. Bornhoft re status; follow up with C. Hoffmann.	SSHULLAW	0.30	60.00
05/02/07	Prepares for and conference call with Tom Hirsch, Bunny and Howard Walder; and research relating to structure of securities offering.	CHOFFMAN	2.20	957.00
05/02/07	Discussion with B. Moya regarding structure and loan and security issues.	RSB	0.40	136.00
05/02/07	Conference call with Radical Bunny; discuss going forward with C. Hoffmann and begin questionnaire.	SSHULLAW	1.70	340.00
05/03/07	Discussions regarding import on Mortgages Limited and structure involving Messrs. Hoffmann, Kant and Bornhoft.	PRM	1.60	696.00
05/03/07	Telephone conference with Bob Moya and conference call with Bob Kant, Bob Moya and Bob Bornhoft; conference with Bob Bornhoft after conference call regarding financing documents and securities law issue.	CHOFFMAN	1.90	826.50
05/03/07	Conference call with B. Kant and Quarles & Brady attorneys to discuss loan and security issues and transaction structural issues.	RSB	1.30	442.00
05/03/07	Meet with C. Hoffmann and B. Bornhoft; conference call with Mtg Ltd counsel; additional follow up on securities plan; complete questionnaire.	SSHULLAW	2.30	460.00
05/04/07	Phone call with Bunny Walder; forward questionnaire; discuss offering summary with C Hoffmann.	SSHULLAW	0.70	140.00
05/07/07	Complete draft of letter for current investors; begin working on Participation Agreement.	SSHULLAW	1.80	360.00
05/07/07	Telephone conference call with client; review and revise questionnaire/letter.	CHOFFMAN	1.60	696.00
05/08/07	Conference call with client representatives to discuss status; prepare draft of security agreement.	RSB	1.40	476.00

PRB/B 2-1

<i>Date</i>	<i>Description</i>	<i>Professional</i>	<i>Hours</i>	<i>Amount</i>
→ 06/01/07	Phone call with B. Bornhoft to discuss status and various options for merger and/or selling securities; discuss same with C. Hoffmann.	SSHULLAW	0.50	100.00
→ 06/04/07	Phone call with B. Bornhoft re Real Estate Investment Advisor to confirm that no such exemption exists under the Securities Act.	SSHULLAW	1.40	280.00
06/12/07	Conference call with client representatives to discuss transaction structure and security issues; meet with C. Hoffmann and G. Shullaw to discuss same.	RSB	1.40	476.00
06/12/07	Conference call with R. Bunny, C. Hoffmann and B. Bornhoft; discuss securities issues with C. Hoffmann.	SSHULLAW	2.20	440.00
06/12/07	Research prior to conference call and participate in conference call with Tom Hirsch, Bunny and Howard Walder, Bob Bornhoft and Gary Shullaw.	CHOFFMAN	1.90	826.50
06/13/07	Research Arizona statutes re exceptions relating to number of shareholders.	SSHULLAW	0.40	80.00
06/14/07	Prepare draft of letter to B. Kant regarding requirement for security from Mortgages Ltd.; review documents.	RSB	0.50	170.00
06/14/07	Review participation agreement.	SSHULLAW	0.10	20.00
06/15/07	Review letter from B. Bornhoft and attachments send letter phone call to R. Bunny to arrange call.	SSHULLAW	0.60	120.00
06/19/07	Conference call with R. Bunny to discuss participation agreement and related documents; review changes with C. Hoffmann.	SSHULLAW	1.60	320.00
06/19/07	Prepare for and participate in conference call with client - Tom Hirsch, Bunny and Howard Walder.	CHOFFMAN	1.30	565.50
06/21/07	Make edits to Participation Agreement and related disclosure document; consult with C. Hoffmann re same; begin drafting Investors disclosure document.	SSHULLAW	2.70	540.00
06/22/07	Complete Investors disclosure documents and provide draft of same to C. Hoffmann.	SSHULLAW	0.40	80.00

DRGB 115

<i>Date</i>	<i>Description</i>	<i>Professional</i>	<i>Hours</i>	<i>Amount</i>
11/02/07	Discussion with client regarding insurance licensing matters.	RSB	0.30	109.50
11/05/07	Consideration of investment limitations for insurers.	WJT	0.50	192.50
11/05/07	Several discussions regarding insurance and annuity options; research insurance department procedures.	RSB	0.90	328.50
11/05/07	Phone call with B. Bornhoft to discuss insurance issues; research the same and begin working on response.	SSHULLAW	2.10	462.00
11/06/07	Several discussions regarding insurance issues and proposed annuity transactions.	RSB	0.70	255.50
11/06/07	Continue review of insurance statutes and provide comprehensive review of restrictions as well as potential securities implications to B. Bornhoft.	SSHULLAW	2.80	616.00
11/08/07	Discussion with G. Shullaw regarding insurance issues.	RSB	0.20	73.00
11/08/07	Phone call with B. Bornhoft regarding additional insurance questions.	SSHULLAW	0.30	66.00
11/14/07	Phone call with B. Bornhoft to discuss becoming insurance company and review of statutes.	SSHULLAW	0.40	88.00
11/15/07	Discussion with client representatives regarding POM and insurance issues.	RSB	0.20	73.00
11/21/07	Discussions regarding insurance and POM issues.	RSB	0.20	73.00
11/21/07	Phone call with Department of Insurance; phone call with B. Bornhoft to discuss Radical Bunny becoming insurance company exempt from securities laws; prepare memo regarding the same.	SSHULLAW	2.30	506.00
11/26/07	Review email from B. Bornhoft to Radical Bunny.	SSHULLAW	0.10	22.00
11/29/07	Discussion with client regarding status of POM and insurance matters.	RSB	0.20	73.00

DP:GP:100

6



One Renaissance Square  
Two North Central Avenue  
Phoenix, Arizona 85004-2391  
602/229-5200  
FAX: 802/228-6690

Attorneys at Law in  
Milwaukee and Madison, Wisconsin  
Phoenix and Tucson, Arizona  
Chicago, Illinois  
Naples, Florida

FAX TRANSMITTAL COVER SHEET

To: Radical Bunny  
Company:  
Fax number: 6026825154  
Phone number:

From: S. Gary Shullaw  
Phone number:  
Sender's direct fax: 602-420-5198

Number of Pages (including cover sheet): 04  
Date & Time Faxed: Friday, May 04, 2007 2:57:52 PM

Client - Matter #: 999999.99999

Message:  
All,

Once you have had a chance to review, let's discuss.

Best,  
Gary

THE INFORMATION CONTAINED IN THIS MESSAGE IS PERSONAL AND CONFIDENTIAL  
FOR THE RECIPIENT(S) NAMED ABOVE.  
IF YOU HAVE RECEIVED THIS MESSAGE IN ERROR,  
PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND  
RETURN THIS MESSAGE TO US BY MAIL. THANK YOU.

IN CASE OF ANY TRANSMISSION PROBLEM,  
CALL (602) 229-5200

RADICAL BUNNY, LLC

QUESTIONNAIRE

The following information is being furnished by the undersigned in conjunction with the undersigned's participation in promissory note(s) ("Participation") issued by Mortgages Ltd to Radical Bunny, LLC (the "Company"), and to determine how the Company should manage the undersigned's investments in the future under the Securities Act of 1933, as amended (the "Securities Act"), and comparable provisions of applicable state securities laws. By signing below, the undersigned represents that the undersigned understands that the Company will rely upon the following information for purposes of such determination.

The undersigned further understands that the undersigned may be required to supply a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate the undersigned status as an Accredited Investor if such status is claimed.

ALL INFORMATION CONTAINED IN THIS SUBSCRIPTION AGREEMENT WILL BE TREATED CONFIDENTIALLY. However, it is agreed that the Company may present this document to such parties as the Company deems appropriate if called upon to establish that the Participation is exempt from registration under the Securities Act or meets the requirements of applicable state securities laws.

The undersigned Subscriber hereby supplies the Company with the following information and representations: (Note: if the Subscriber is a Revocable or Grantor Trust, the Trustees should complete this Questionnaire with the Trust as the Subscriber and provide all information below on that basis on behalf of the Trust.)

1. Full Name: \_\_\_\_\_
2. Residence Address (no P.O. Boxes) and Telephone Number:  
\_\_\_\_\_  
\_\_\_\_\_  
( ) \_\_\_\_\_ - \_\_\_\_\_
3. Business Address and Telephone Number:  
\_\_\_\_\_  
\_\_\_\_\_  
( ) \_\_\_\_\_ - \_\_\_\_\_
4. State in which the undersigned maintains principal residence:
5. State in which the undersigned is registered to vote:
6. If this investment is to be made by an Entity (i.e. Company, Corporation, Pension Plan, Profit-Sharing Plan), the undersigned further represents to you as follows:

- (i) Name and Address of Entity Making Purchase (use full legal name):
- (ii) Name and address of Person Making Investment Decision on behalf of Above Entity:
- (iii) Position or Title of Person Making Investment Decision in the Above Entity:

7A. I certify that I am an Accredited Investor because I fall within one of the following categories (if none apply, see 7B):

(PLEASE CHECK APPROPRIATE CATEGORY)

- a.  **\$1,000,000 Net Worth Natural Person.**  
A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000.
- b.  **\$200,000 Income Natural Person.**  
A natural person who had "Individual Income" in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- c.  **Company, Corporate or Other Entity Investors.**  
The investor is a partnership, corporation or unincorporated association and all of the equity owners of that entity qualify as Accredited Investors under subparagraph (a) or (b) above. Investors that check this subparagraph (c) must furnish a separate copy of this Questionnaire for each equity owner with items 1 through 7A completed and executed on the signature page by such equity owner.
- d.  **Revocable or Grantor Trust.**  
The Investor is a revocable or grantor trust and each Person with the power to revoke the trust qualifies as an Accredited Investor under (a) or (b) above. If the trust qualifies as an Accredited Investor under this subparagraph (d), each Person with the power to revoke the trust must furnish a separate copy of this Questionnaire with items 1 through 7A completed and executed on the signature page by such Person.
- e.  **Investment Decision by Plan Fiduciary.**  
The Investor is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 and the investment decision is made by a Plan fiduciary, as defined in Section 3(21) of such Act, which is a bank, savings and loan association, insurance company or registered investment advisor.
- f.  **Self-Directed Plan — Investment Decision Solely by Accredited Investor.**  
The Investor is a qualified profit sharing or defined contribution Plan, the Plan provides for segregated accounts for each Plan Participant, the governing documents of the Plan

provide that each participant may direct the trustee to invest his or her funds in the investment vehicles of his or her choice and the purchase of the Participation is made pursuant to an exercise by the Plan Participant, who is an Accredited Investor under subparagraph (a) or (b) above, of such power to direct the investments of his or her segregated account. This Questionnaire must be completed and executed by such Plan Participant.

**g. Institutional Investor.**

Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purposes of acquiring the Units offered through the Memorandum, with total assets in excess of \$5,000,000.

**If I have checked 7A.c or & 7A.d above, I further represent to you as follows:**

(i) **Employer and Position of Person Making Investment Decision:**

\_\_\_\_\_  
\_\_\_\_\_

(ii) **Prior Employment (five years) of Person Making Investment Decision:**

Employer (1) \_\_\_\_\_  
(2) \_\_\_\_\_

Nature of (1) \_\_\_\_\_  
Duties (2) \_\_\_\_\_

Dates of (1) \_\_\_\_\_  
Employment (2) \_\_\_\_\_

**7B. I do not fit into any of the foregoing categories and am therefore not an Accredited Investor \_\_\_\_\_ (check if appropriate).**

**The forgoing statements are true and correct as of the date hereof:**

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**7**



One Renaissance Square  
Two North Central Avenue  
Phoenix, Arizona 85004-2391  
602/229-5200  
FAX: 602/228-6880

Attorneys at Law in  
Milwaukee and Madison, Wisconsin  
Phoenix and Tucson, Arizona  
Chicago, Illinois  
Naples, Florida

FAX TRANSMITTAL COVER SHEET

To: Radical Bunny  
Company:  
Fax number: 6026825154  
Phone number:

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From: Gary Shullaw  
Phone number:  
Sender's direct fax: 602-420-5198

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Number of Pages (including cover sheet): 03  
Date & Time Faxed: Wednesday, May 23, 2007 9:23:26 AM

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Client - Matter #: 999999.99999

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Message:

All,

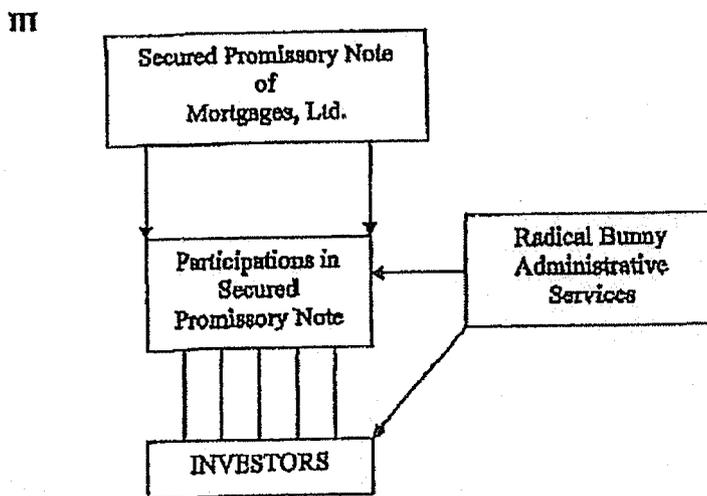
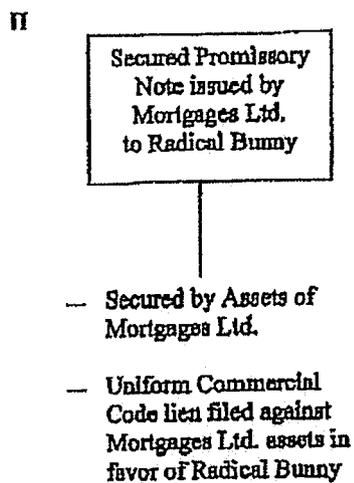
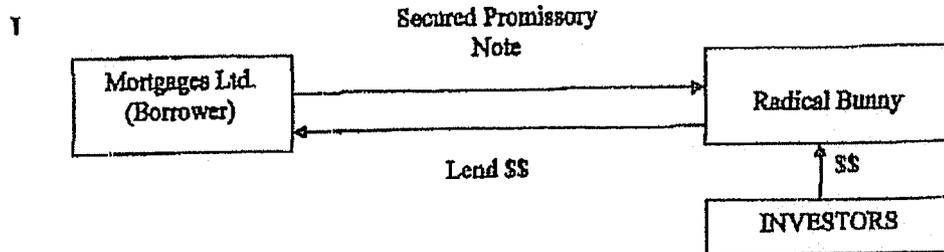
Attached please find a process summary to be used for new investors along with a flow chart of the process for your use. If you have any questions or would like to see any changes made, please let me know.

Best,  
Gary

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IN CASE OF ANY TRANSMISSION PROBLEM,  
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One Renaissance Square  
Two North Central Avenue  
Phoenix, Arizona 85004-2391  
602/229-5200  
FAX: 602/229-6880

Attorneys at Law in  
Milwaukee and Madison, Wisconsin  
Phoenix and Tucson, Arizona  
Chicago, Illinois  
Naples, Florida

FAX TRANSMITTAL COVER SHEET

To: Radical Bunny, LLC

Company:

Fax number: 6026825154

Phone number:

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From:

Phone number:

Sender's direct fax: 420-5198

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Number of Pages (including cover sheet): 03

Date & Time Faxed: Tuesday, June 12, 2007 5:53:24 PM

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Client - Matter #: 999999.99999

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Message:

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**Radical Bunny, LLC**

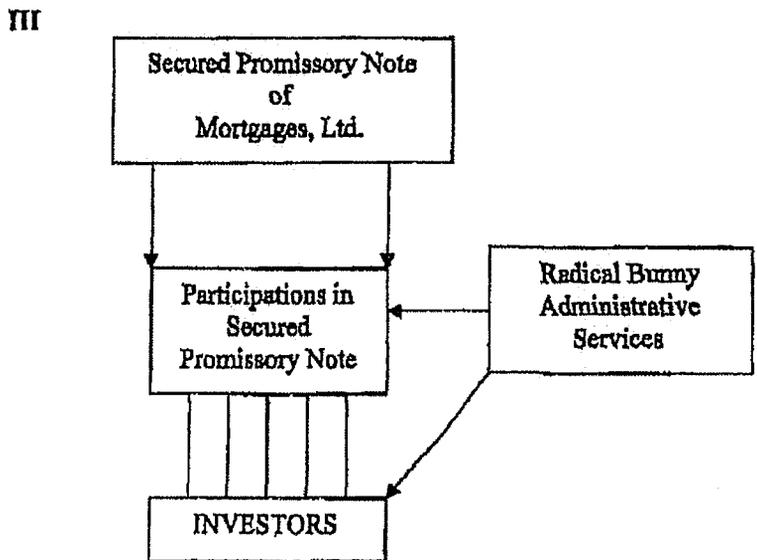
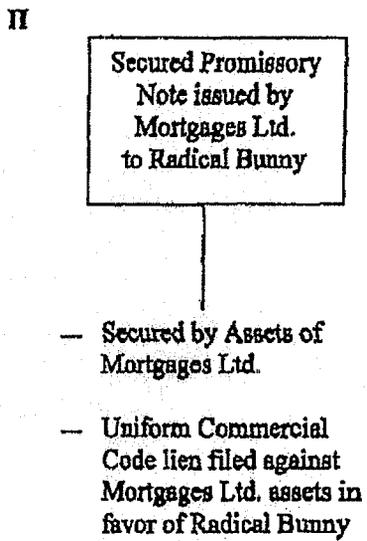
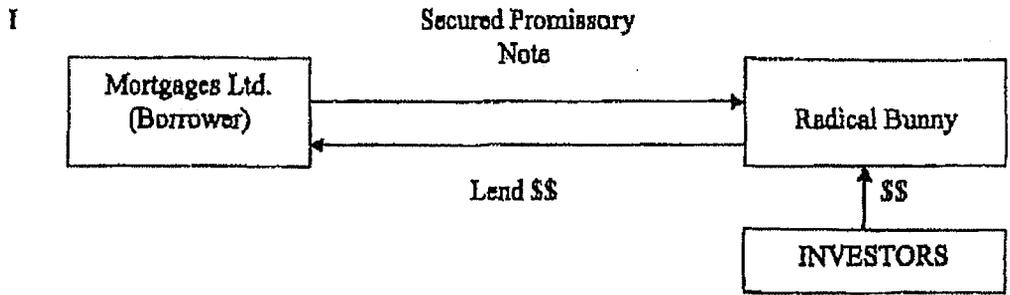
**INVESTOR SUBSCRIPTION PROCEDURES**

Investors interested in subscribing for participations in secured promissory notes issued to Radical Bunny, LLC by Mortgages, Ltd shall:

- 1) Review and complete the Participation Agreement which gives investors an undivided percentage interest in a secured promissory note;
- 2) Review and complete the Loan Participation Disclosure Statement attached to the Participation Agreement as Exhibit C. The Loan Participation Disclosure Statement includes a section where the investor must represent to Radical Bunny that he or she is an accredited investor. For individuals, accredited investors are:
  - i) Persons with net worth (or joint net worth with their spouse) in excess of \$1,000,000 inclusive of home, home furnishings and automobiles; or
  - ii) Persons who have had individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years; and
- 3) Submit payment for the amount invested as set forth in the Participation Agreement.

Upon completion of the items listed above and Radical Bunny's acceptance of the same, investors will receive:

- 1) A signed copy of the Participation Agreement;
  - 2) A copy of the secured promissory note issued by Mortgages, Ltd to Radical Bunny in which the investor is participating (Exhibit A to the Participation Agreement)\*; and
  - 3) A copy of the Security Agreement between Radical Bunny and Mortgages, Ltd (Exhibit B to the Participation Agreement).
- \* Depending on when the secured promissory note is received from Mortgages, Ltd., delivery of a copy of the secured promissory note to investors may take up to 10 business days



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E-Mail: [rbornholt@quarles.com](mailto:rbornholt@quarles.com)

June 10, 2008

**VIA E-MAIL**

Radical Bunny, LLC  
2222 E. Camelback Road, Suite 105  
Phoenix, AZ 85016

**RE: Conclusion of Representation**

Bunny and Gentlemen:

We are writing to confirm that our representation of your company has ended. As we discussed yesterday, the termination of our representation has been brought about by the recent events involving Mortgages Ltd., including the very strong likelihood of a bankruptcy filing by or against Mortgages Ltd. in the near future. Further, it is almost certain that Mortgages, Ltd. will not be able to pay its note obligations to Radical Bunny in accordance with their terms moving forward, and this will prevent Radical Bunny from being able to service its own accounts. The inevitable claims which will follow will address the previous advice Quarles & Brady provided to Radical Bunny. This advice expressly dealt with procedures necessary to comply with securities laws going forward, correcting information and documentation previously provided to Radical Bunny's customers, addressing its collateral position and addressing various licensing issues and banking regulations. This creates a conflict which we believe makes it appropriate for Quarles & Brady to terminate further representation. In addition, Radical Bunny has over 900 customers who will have potential claims to assert against the company. Without a conflict check of all 900 customers, we could not advise you whether Quarles & Brady represents any of those customers. If any of those customers were existing clients of Quarles & Brady, this would add to the conflict situation.

Because the lawyer-client relationship between us has ceased, we will not further advise you in connection with your matters or as to future legal developments that may have a bearing on your matters, and we disclaim any duty to do so. However, we will reasonably endeavor to assist you in your efforts to find new counsel. We believe that you should act promptly in this regard.

We would be glad to deliver our files to you or your new counsel at your request. Please feel free to contact us (or have your new counsel contact us) to make such arrangements.

Radical Bunny, LLC  
June 10, 2008  
Page 2

We are pleased to have had the opportunity to be of service to you, and we thank you for asking us to do so. We wish you the best in your future endeavors.

Very truly yours,

QUARLES & BRADY LLP



Robert S. Bornhoff

RSB/pag