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In The Narrative Form: From Karl and Helen Rehberg

We have read through the deposition and "testimony" of Randall Duane Simonson (hereinafter referred to as Randy) and were quite amused by the fairytale he told you. He must have thought he was back at Universal Studios' Fantasy Land. Between his "not having any knowledge" etc.... and convenient forgettery, one would think he lived in a coma during 2006-2012. After reading Randy's testimony his nose should have grown substantially longer.

It is obvious and plane to see that we were neither officers nor directors of SEED Corporation or Fiesta Mesa LLC., we were not in control of anything, and didn't authorize anything we were not signers on bank accounts nor were we authorized to do anything with SEED Corporation or Fiesta Mesa LLC., and there was no agreement to do so. We had a simple arrangement with clients. We would explain the there was a Regulation D which was an exemption from a full registration and that it allowed developing businesses to raise money privately. That they could have 35 non accredited and any number of accredited investors and explained the differences between them. That there would be a "Form D" to file which was a fill in the blanks type with parts to go to Washington and parts to go to states in which they may acquire shareholders.

I told Randy that I DID NOT solicit shareholders or investors, no exceptions. There was a very good reason for this; we didn't know anyone to call without jeopardizing ourselves. I developed the process for making biodiesel fuel out of used cooking oil. It took me 6 years to develop the process from the kitchen counter to three pilot plants and another 4 years getting approvals and building a big plant. I hired a securities attorney Ronald Murphy to do the securities work and paid him \$99,000 to do so. We produced a PPM and raised 21.6 million dollars. All the money went into the plant, as proven by two audits, one by the state of Florida and another by a firm shareholders hired. The plant was state of the art, computer controlled and it could produce 32 million gallons of biodiesel. Murphy never filed anything with the SEC. I would repeatedly go to his office and ask if everything was OK and he would say, "No problems, if there are any problems, we'll tell them that we'll take care of them." Yeah, he took care of everything alright. We couldn't understand why the prosecutor wanted to come after us, all my wife and I did was work our tails off to improve diesel fuel. We went to Washington DC and got with John Kats who was at that time the department head and we sat down with him and actually rewrote the alternate fuels policy for the United States.

Our attorneys told us that the prosecutor (Runyon) was a real SOB and wanted to make a name for him-self with us. He would go on TV and brag he could indite a ham sandwich or anyone who had been in the United States for more than two weeks. So we left Florida and went to AZ. In the meantime Runyon was caught on the TV show Date Line with Brian Williams "To Catch A Predator". Several months later he blew his brains out; no tears at out house.

Now as for Randy, on that August, Friday night in 2007, Randy called Shields Fair, as he was still in his office and we were in the front of the building working in our offices. He had Shields call us to see if we were still there. Then he told Shields to call the Mesa Police to report a suspicious car (our car) in front of the building and a possible burglary going on. That's when I got arrested and then released a few hours later. Randy knew all about it, he orchestrated it. So when he said in his testimony to you he didn't know anything about it, that's a lie. And it isn't the only lie he's told you as I read through what he said that you sent me. The irony of this was as I recall I was finishing up on the Regulation D filing for the SEC and the States of Arizona, Florida and California.

He was interested in the air conditioning system. One afternoon he says to me "Shields (Shields Fair, president of Alter Air) tells me you helped him put his business together for him, showed him how to get funding and also showed him engineering wise how to make the unit work better." Randy Continues: "I want to develop a self-storage business, I found a piece of property and I have a man who has built these things, here are some pictures of storage facilities he's built. They don't even look like the storage facilities you usually see." Randy: "Do you think you would have an interest in something like this?" Karl: "Maybe, I would have do some due diligence and know more about it first." At that point Randy shows me some more facilities and a plan for a 120,000 sq. ft. building of four (4) floors. (The building would have one floor below ground and three above ground.) Randy had some crude figures that suggested the facility could bring so much revenue at various stages of occupancy. I told him I would think about it.

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Some days later in another meeting there was more discussion about the storage unit project and we were introduced to a man Herman Menze. Herman was the man who built the units that Randy showed me and had actually won some awards for their design.

Sometime after that I told Randy I was very busy and wasn't sure I could help him. Randy likes to tell stories about the times he had at Universal Studios. He had a way of telling them that was extremely funny and you could help but like the guy. I said on one occasion I would try to help him out. He says, "Where do we start." I asked how much money is it going to take to get the land, the engineering for the building, plans, and permits and to build and equip the building? At the time he estimated about \$14,000,000+. I said how much do you have? Randy said: not much, can you bring in some investors and raise some money. I told him I didn't know any investors nor did I know anyone to bring in. Randy indicates shrugging his arms and shoulders like "now what?" I said we need to get the numbers together. Then under Regulation D 504 you can have a private offering to raise a million dollars. At that time you could have 35 non accredited investors and any number of accredited investors. Using the first million dollars to get things started and next have an offering under Regulation D 505 or preferably under D 506. I told him in essence, that when you have a Private Placement Memorandum (PPM) and you show people that the numbers are good, realistic and not "hockey-stick" projections, they will ask you if they can invest. You won't even have to ask them to do so; if everything you're telling me about this they will ask you because everything makes good sense. I emphasized that the PPM had to be factual NOT ASSUMPTIONS.

At one point we all made a trip to Las Vegas, NV, to go to a convention/exposition that was generally for the storage business. That's where we learned about the document storage business from a man from Texas. (I do not recall the name). He showed us that instead of renting self-storage space, say for \$0.75 per floor square foot per unit. That it was possible to rent a space of 1.2 cu. ft. from floor to ceiling. So if the ceiling were 10 feet high from the floor, you could put 10 boxes in almost the same floor space but stack them 10 high, one-on-top-of-the-other, at \$0.35 per box. Now instead of getting \$0.75 per floor square foot, you are getting 10 times \$0.35 = \$3.50 for file boxes stacked 10 feet high, or 4.6 times more revenue. This I found interesting. There were quite a few financial institutions there banks such as Wells Fargo, Countrywide, Chase even Merrill Lynch. They would ask what you were doing, and when you responded with wanting to build a storage unit facility, they all but tackled you to get your attention; I had never seen anything like it in my life. These people were extremely aggressive.

A few days after going back to Mesa, they all decided to focus on the document storage business. This gave a whole different expectation as to what may be possible. Inquiries were made to shelving companies for movable shelves or compact shelving that rolled together. Therefore only two or three isles were necessary per floor instead of one four foot isle per row of shelves. This would also about double the capacity, because we had calculated we would have needed about 40 isles for the whole building. Having two isles would be 38 fewer isles and more shelf space.

The charges for putting a box on the shelf were \$2.15 and another \$2.15 to take it off the shelf, in addition to the \$0.35 per month to store it for the client. If they wanted something copied or faxed to them out of the box it was \$1.00 per page. Delivery was according to how many boxes and the distance and time of day etc.

The building was being redesigned to accommodate 1,200,000 boxes at \$0.35 per box, plus another \$1.60 on average service charges per box. Not all boxes would necessarily need service, but according to the man from Texas the \$1.60 would be an average amount of additional revenue of all the boxes.

Using the approximate facts and figures above is what Randy structured his presentation around when talking to people. This and the energy efficiency of using LED lighting and Alter-Airs air conditioning system. However, the real focus was on the possible revenue projections.

Q. Who were the officers of SEED Corporation? Randy: "I'm president; my wife was secretary-treasurer, vice president. Just the two of us."

With reference to "I don't know anything about doing what you're talking about. I don't know how that works. Don't really want to know". Our beginning meetings with Randy, was at Alter Air's offices in Tempe. Page 16 lines 8-10 Randy wanted to know everything about it, if someone was going to help you with your company wouldn't you want to know

how what was needed to be done? He wanted to know everything about it; after all he was the one that would be responsible for everything.

I wanted to make sure that everything was perfectly clear, we didn't want anything left to chance that could come back and cause a problem that could draw us into it. Randy may want to plea ignorance, but I showed him exactly what the process was and let him decide what he wanted to do. I simply show him what he could do and told him it was up to him if he wanted to do it.

I never tell anyone to do anything, I simply show them the choices and they decide. There were one or two investors who asked me if I thought they should invest in SEED. I told them NO, I couldn't tell them what to do, I wasn't an investment advisor. That they had to do their own risk assessment as it pertained to them and then decide if they can stand the risk. I told them this was a start-up and it was a high risk investment; that this wasn't any double your money back Sears guarantee investment, especially being that it wasn't a really functioning company; there were only offices, no income producing operations.

I have never asked anyone to invest in anything I was involved in; I never solicited anyone to invest. Even with the 21.6 million dollars, no one was ever asked to invest; they all asked if they could. And they were all told the same thing: "Don't invest any money you can't afford to lose or do without for some years. This is not a double your money back Sears guarantee situation." And when someone asked me about SEED, I told them the same thing.

Page 17, 07/06 '11. "He, Sean Pierce was supposed to get 50% of it. But then he was funny. So the wife and I decided there's something weird going on here. We don't know what it is, and in a period of a month he imploded."

I explained to Randy that if anything I only would take a 4% share option. That is only 4% of what was to be outstanding from the Private Offering. And it was to be at the same price as anyone else paid. I explained that taking 50% was completely inequitable to shareholders and by far and away too much of a dilution. There was enough of a dilution factor in what Randy took for himself as 50% without making any significant capital contribution.

For the first month or so that the Wells Fargo account was established I could see what the cash balances were. I kept noticing substantial checks going out to individuals that had nothing to do with the company. There were several checks drawn to Shields Fair and/or Alter Air for \$10,000, Ron Barraclough for \$15,000 8/8/2007, and Stu Keller. There were others but I don't recall their names or didn't ever meet them. I saw Randy slip out the front door of the building and meet Barraclough on the sidewalk to give him the \$15,000 check. He among others were in real estate deals that were in trouble and being that Randy had access to the SEED bank account. Randy was using SEED's funds as his personal piggy bank to bail out his friends in bad real estate deals or ones they were having problems with.

When I took exception to his use of shareholder moneys, I could no longer view the Wells Fargo account. This is his interpretation of my "Imploding". As noted above August 8, 2007, the following Friday is when he orchestrated calling the Mesa Police by having Shields Fair call and filing a false police report saying there was a suspicious car in the parking lot and a possible burglary going on. Again another lie on his part, that he didn't know anything about it. Randy: "As a matter of fact I really didn't like the guy. There was just something about him that was just." Actually everything was going along well all the way around, he would invite us to his house for special dinners and had us celebrate his birthday with just him and his wife and me and my wife, no one else. The "something about him that was just" "I didn't really like the guy" was the fact of my insisting on him being accountable for what he was doing with SEED's funds is what he didn't like.

Randy: "So I spent a hundred grand with them (Fennemore Craig) which pretty much cleaned the clock. They rewrote the agreement. They rewrote the part for the shareholders. We went back to them, asked for rescissions. Who wanted out, what the conditions would be; when we got money in, we would take those people out. Furthermore, Randy has plenty of assets, valuable things from pictures he was involved in; he has 65 boats on his property. And not just any boats, boats with a history like Ms. Bardahl and other famous ones with a history worth many hundreds of thousands of dollars. He told me once that when he runs out of money he sells something and that is enough to keep him going for a year or more.

**A major requirement of a rescission offer is there must be money available to fund it all.** It cannot be for just some of it. Furthermore, the only way a company can legally buy back its own stock is to do out of surplus earnings, not by bringing in new shareholder's money to take out an old shareholder; that's a Ponzi scheme.

Another lie. Randy: ...(line 4)...and Sean's purpose was to see if he could find a source of money."

Remember, I told everyone that I don't solicit investors or money or possible investors. I will show you what can enable you to interest investors, but that is not what I will do for you.

Another lie. Randy: "He (Sean) found a group that kept in touch with him, they had invested in different things that he did, and so he started bringing money to us." There was no such thing, the investors I had before in Florida for the 21.6 million dollars weren't any one I could call on, nor would I, we wouldn't dare do so. Especially sense we were wanted by the Feds.

Page 21. Line 25. Q. Now with regards to Sean, so you know how he reached out to individuals? Page 22. Line 1-4.

Randy: "No, he just had a source; and how he did it, it was his source, and he kept it close to him.---- Every once in a while we would have a webinar where people would call in, and we would have it on the net--- And then after that he (Sean) would do whatever he did. Q. and how much money, do you know, did Sean raise during his engagement?

Randy: "There is, I think a total of 1.3 million dollars that went through us, or right in that range."

Q. In regards to the 1.3 million that was raised from Sean, how many people were we talking about in that group?

Page 23. Line 2. It would have been 47 I think, is approximately the number.

Line 4. Okay, so all 47 came originally from Sean.

A. Randy: "Yeah they were all through him."

**COMMENT: What about the shareholders Tim Hennessy brought in and Randy paid a commission to? Another case of convenient forgettery!**

**As for the WEBINARS this was not going on while we were there. There wasn't a website to solicit shareholders and we never talked to anyone over the internet as stated by Randy. The computer system was a makeshift of old equipment Randy bought and George was trying to make work. It wasn't very operational; it was down most of the time. Furthermore, I never spoke to anyone in any of these so called WEBINARS during the time we were there, because it wasn't operational. In fact we didn't know about the "WEBINARS" until we read about it on the disk you sent us.**

As a matter of fact when we left Florida in 1998 we broke all ties with everyone we knew or knew us, including our children. We had no contact with anyone we knew, our children, until 2008. We couldn't take a chance with anyone knowing us, and certainly not well enough to be asking them for money to invest. We only slightly knew one neighbor where we lived in Mesa and the other people we knew were Shields Fair his girlfriend, Randy and his wife, and George and Denise Gholson. Everyone else we came in contact with came through Randy when it comes to SEED. I could count on one hand those people and not all of them were shareholders in SEED.

Tim Hennessy (I think he was from California) was part of an investment club. I think he found out about SEED through Wayne Gathers. He (Tim) and Randy would get on the phone with some of the club members and tell them about SEED. Randy did most of the talking emphasizing that this whole thing was a "matter of trust" and kept repeating that over and over: I just sat and listened and said nothing. I didn't solicit any of these people in any way whatsoever. I didn't know them at all; however they seemly had a long acquaintance with Tim Hennessy and a number of investors came through him, I don't know how many, but it was for pretty big money \$50,000+ each.

So again, another one of Randy's obvious lies exposed. As I stated in my first response last year, during the time I was there, I was only aware of a very few shareholders. Tim Hennessy came there to SEED's offices, in the early part of August, if I remember correctly, I don't know exactly how many shareholders he brought in, but it was quite a few and I think most of them were for \$50,000 each or more and he was the one who with Randy pitched the investors, this was shortly before we were arrested.

Randy: "When Sean was arrested on was on a Friday night, and I got a call from the guy that runs the air conditioning business... He said Sean has been arrested, and I said what? He said yeah, the cops are all in your office and Sean has been arrested. I said for what. He said I don't know."

Now the truth of the matter is this: I didn't have ID so I told one of the cops to call Randy, (this is before Shields Fair supposedly called Randy) the cop asked Randy who I was as Sean Pierce, and Randy said to the cop, as the cop told me, "I don't know who the hell he is".

Page 38. Line 11. **Q.** Did you have any interactions with any of the shareholders prior to their purchasing shares in SEED Corporation?

A. Randy: "Only through those webinars. Just Sean would have somebody call and we would put it on the screen and did it through the webinar. That's the only contact."

**Q.** And what was on the website, if you recall, in regards to the offering?

A. Randy: Basically it was what our project was, what the Fiesta Mesa project was. And if Sean gave them a pass word, they could get in and get a copy of the book. Not the thick one, but the medium size book, do they could down load it themselves.

**Q.** Did you or Sean set up any websites about the project offering?

A. Randy: "There was, but it's a copy of what you have verbatim in the book. It shows pages on the website, yeah. But it wasn't a big thing. It wasn't a big one. It was a little one."

When we were there, there wasn't a website. I guess Randy never thought I would see any of this.

**Q.** Okay and did you have any other interactions or oversight in regards to the raising of the capital besides hiring Sean?

A. Randy: "Only one person which is Ed Welday. Herman Menze, which is the designer of the project, has a friend, a girl friend. It's his wife's friend. And she said she had a friend down in Tucson (Ed Welday) that would like to invest in us.

**COMMENT:** What about Tim Hennessy and Wayne Gathers and there were others I just don't recall their names.