Memorandum

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1. The last financial data regarding HL Leasing is dated as of December 31, 2000. This information includes a financial statement on Heritage Pacific, a tax return for Heritage Pacific, a personal financial statement for John Otto, and a personal tax return for John Otto. Is a current financial statement similar to this available?

2. Could you provide written documentation regarding the relationship between John Otto, American Express, Manufacturer's Acceptance Corp, and HL Leasing?

3. Are we invested in leases that have been secured from American Express, or are we invested in credit card debt? Are there documentation available that shows the relationship between American express and HL Leasing and/or John Otto?

4. Is there documentation that shows what leases we are invested in, and are we part of a pool of investors in the same note? Does the equipment on the lease secure us, and if so can we see documentation that shows our security?

5. If the lessee defaults on a note what action is taken, and how are we secured?

6. Is American Express servicing these leases or is HL Leasing doing the servicing?

7. Why has the program changed over the years from 12 or 18 months to 36 months, and why are we offered two different programs, one a return of principal and interest, and the other option interest only? How does this relate to a standard lease?

8. How can HL Leasing pay us 9% on an interest only note when a typical lease for equipment is only 9%?

9. If we are invested in seasoned leases, what is the total term of the lease and how much time is left on the lease when we become involved?

10. How has your business model changed over the years? Originally Danny said there was security through a recorded lean with the State of California.

11. The old adage of "don't invest in anything you don't understand might apply to our investments in HL Leasing. Could you walk us through the money flow of a 36-month note paying 9% interest only and a 36-month note paying 10% principle and interest?

12. We have all been burned recently with investments in real estate where the underlying asset was over valued. Could this happen with HL Leasing?

13. With higher rates of return come increased risks. What is the extra risk exposure with returns of 9, and 10 percent?

14. We are investing money that is, or will be needed for retirement. Are these investments a prudent vehicle where a total loss could be devastating?