

SECURED DIVERSIFIED INVESTMENT LTD  
Form PRE 14A  
May 11, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**SECURED DIVERSIFIED INVESTMENT, LTD.**  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
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**Secured Diversified Investment, Ltd.  
5205 EAST LINCOLN DRIVE  
PARADISE VALLEY, ARIZONA 85253**

May 22, 2006

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Secured Diversified Investment, Ltd., which will be held at 3273 E. Warm Springs, Rd., Las Vegas, Nevada 89120 on June 2, 2006, at 10:00 a.m. Pacific Daylight Time.

Details of the business to be conducted at the annual meeting are given in the attached Notice of Annual Meeting of Shareholders and Proxy Statement.

Whether or not you attend the annual meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to sign, date, and promptly return the enclosed proxy. If you decide to attend the annual meeting and vote in person, you will of course have that opportunity.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of Secured Diversified Investment, Ltd.

Sincerely,

/s/ Jan Wallace

Jan Wallace

Chief Executive Officer, President and Director

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**SECURED DIVERSIFIED INVESTMENT, LTD.**  
**5205 East Lincoln Drive**  
**Paradise Valley, Arizona 85253 Telephone: (949) 851-1069**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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May 22, 2006

To the Shareholders of Secured Diversified Investment, Ltd.:

The annual meeting of the shareholders of Secured Diversified Investment, Ltd. will be held at 3273 E. Warm Springs, Rd., Las Vegas, Nevada 89120 on June 2, 2006, at 10:00 a.m. Pacific Daylight Time, for the following purposes:

- 1) To elect directors to serve until the next annual meeting or until their successors are elected and qualified;
- 2) To approve the 2006 Stock Option Plan;
- 3) To transact any other business that may properly come before the meeting or any adjournment of the meeting.

Shareholders of record at the close of business on April 20, 2006 are entitled to notice of and to vote at the meeting. The Company's proxy statement accompanies this notice.

All shareholders are invited to attend the meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ Jan Wallace

Jan Wallace

Chief Executive Officer, President and Director

May 22, 2006

**IMPORTANT**

**Whether or not you expect to attend in person, we urge you to sign, date, and return the enclosed Proxy at your earliest convenience. This will ensure the presence of a quorum at the meeting. PROMPTLY SIGNING, DATING, AND RETURNING THE PROXY WILL SAVE SECURED DIVERSIFIED INVESTMENT, LTD. THE EXPENSE AND EXTRA WORK OF ADDITIONAL SOLICITATION. Sending in your Proxy will not prevent you from voting your stock at the meeting if you desire to do so, as your Proxy is revocable at your option.**



**Secured Diversified Investment, Ltd.**  
**5030 Campus Drive**  
**Newport Beach, CA 92660**  
**Telephone: (949) 851-1069**

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**PROXY STATEMENT**

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**FOR THE ANNUAL MEETING OF SHAREHOLDERS**  
**To be held June 2, 2006**

NO PERSONS HAVE BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT IN CONNECTION WITH THE SOLICITATION OF PROXIES MADE HEREBY, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY SECURED DIVERSIFIED INVESTMENT, LTD. OR ANY OTHER PERSON.

**MATTERS TO BE CONSIDERED**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Secured Diversified Investment, Ltd. for use at the annual meeting of the shareholders, or any adjournments thereof. The meeting will be held at 3273 E. Warm Springs, Rd., Las Vegas, Nevada 89120 on June 2, 2006, at 10:00 a.m. Pacific Daylight Time, to elect directors to serve until the next annual meeting or until their successors are elected and qualified, to approve the 2006 Stock Option Plan, and to transact any other business that may properly come before or any adjournment of the meeting. This proxy statement and the enclosed form of proxy are first being mailed to shareholders on or about May 22, 2006.

**RECORD DATE**

The Board of Directors of Secured Diversified Investment, Ltd. has fixed the close of business on April 20, 2006, as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting.

**PROXY SOLICITATION**

In addition to the solicitation of proxies by the Board of Directors through use of the mails, proxies may also be solicited by Secured Diversified Investment, Ltd. and its directors, officers and employees (who will receive no additional compensation therefore) by telephone, telegram, facsimile transmission or other electronic communication, and/or by personal interview. We will reimburse banks, brokerage houses, custodians and other fiduciaries that hold shares of common stock in their name or custody, or in the name of nominees for others, for their out-of-pocket expenses incurred in forwarding copies of the proxy materials to those persons for whom they hold such shares. We will bear the costs of the annual meeting and of soliciting proxies therefore, including the cost of printing and mailing this proxy statement and related materials. We have spent approximately \$2,000 in legal and other expenses in the preparation of this proxy statement and other expenses connected with the solicitation of security holders. It is anticipated that we will spend an additional \$1,000 in solicitation of security holders before the meeting is held.

Any questions or requests for assistance regarding our proxies and related materials may be directed in writing to Jan Wallace, at 5205 East Lincoln Drive, Paradise Valley, Arizona 85253.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The presence, in person, of the holders of a majority of the outstanding voting shares is necessary to constitute a quorum at the annual meeting. The above matters require for their approval the affirmative vote of a majority of the shares represented at a meeting at which a quorum is present.

We have two (2) classes of voting securities entitled to vote at the annual meeting: Common Stock and Series A Preferred Stock. On the record date, there were 30,334,611 shares of Common Stock outstanding held by approximately 428 shareholders of record. Each share of Common Stock is entitled to one vote on each matter to be considered. There were also outstanding at the record date 7,234,600 shares of Series A Preferred Stock held by approximately 159 shareholders of record. Each share of Series A Preferred Stock is entitled to one vote on each matter to be considered. Holders of our outstanding voting shares do not have cumulative voting rights.

You may vote by either attending the meeting in person or by filling out and sending in your proxy. Voting shares that are represented by properly executed proxies, unless such proxies shall have previously been properly revoked (as provided herein), will be voted in accordance with the instructions indicated in such proxies. If no contrary instructions are indicated, such shares will be voted for the named nominees for the Board of Directors identified herein and for approval of the 2006 Stock Option Plan. Shares represented by proxies that have voted against the propositions presented at the meeting cannot be used to postpone or adjourn the meeting in order to solicit more votes for the proposition.

Brokers who hold shares in a street name have the authority to vote when they have not received instructions from the beneficial owners. Brokers who do not receive instructions, but who are present in person or by proxy at the meeting will be counted as present for quorum purposes.

### **OTHER MATTERS**

It is not expected that any matters other than those referred to in this proxy statement will be brought before the meeting. If other matters are properly presented, however, the persons named as proxy appointees will vote in accordance with their best judgment on such matters. The grant of a proxy also will confer discretionary authority on the persons named as proxy appointees to vote in accordance with their best judgment on matters incident to the conduct of the meeting.

### **DISSENTERS' RIGHT OF APPRAISAL**

There are no rights of appraisal or similar rights of dissenters with respect to any of the scheduled matters to be acted upon at the Annual Meeting.

### **REVOCAION OF PROXY**

Any shareholder may revoke his, her, or its proxy (other than an irrevocable proxy coupled with an interest) at any time before it is voted, by: (1) filing with the corporate secretary of Secured Diversified Investment, Ltd. an instrument revoking the proxy; (2) returning a duly executed proxy bearing a later date; or (3) attending the meeting and voting in person. Attendance at the meeting will not by itself constitute revocation of a proxy.

**SHAREHOLDERS ARE URGED TO READ AND CAREFULLY CONSIDER THE INFORMATION PRESENTED IN THIS PROXY STATEMENT, AND SHAREHOLDERS ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY.**

### **PROPOSAL NO. 1: ELECTION OF DIRECTORS**

Four directors are to be elected at the annual meeting, to hold office for one year until the next annual meeting of shareholders, and until their successors are elected and qualified. It is intended that the accompanying proxy will be voted in favor of the following persons to serve as directors unless the shareholder indicates to the contrary on the proxy. Management expects that each of the nominees will be available for election, but if any of them are not candidates at the time the election occurs, it is intended that such proxy will be voted for the election of another nominee to be designated by the Board of Directors to fill any such vacancy.

### **NOMINEES**

The following sets forth information regarding each nominee.

<b>Name</b>	<b>Age</b>	<b>All Positions and Offices with SDI</b>	<b>Dates of Service</b>
Jan Wallace	51	CEO, President & Director	April 2005 - present
Peter Richman	39	Director	January 2006 - present
Patrick McNiven	45	Director	December 2005 - present
Jay Kister	31	Director	September 2002 - present

**Jan Wallace.** Ms. Wallace is our Chief Executive Officer, President, and Director. She is also the President of Wallace Black Financial & Investment Services, a private consulting company to private and public companies and individuals for business, financial and investment strategies. Ms. Wallace has served as the President and CEO of three public companies listed on the Over-The-Counter Bulletin Board: MW Medical from 1998 to 2001; Dynamic and Associates, Inc.; and Claire Technologies, Inc. from 1994 to 1995. From 1987 to 1996, Ms. Wallace was associated with four Canadian companies: Active Systems as Executive Vice President; The Heafey Group, as financial consultant; Mailhouse Plus, Ltd., owner and President; and Pitney Bowes, first female sales executive. Ms. Wallace has a BA in Political Science and Economics from Queens University, Kingston, Ontario, Canada.

**Peter Richman.** Dr. Richman is one of our Directors. Dr. Richman is a Board Certified and Licensed Physician in three states. Since 2003, Dr. Richman has been an Assistant Professor at the Mayo Clinic of Medicine, Scottsdale, Arizona. From 1997 to 2001, Dr. Richman served as attending emergency physician and attending physician at Morristown Memorial Hospital, Morristown New Jersey. From 2001 to 2004, Dr. Richman was Senior Associate Consultant at the Mayo Clinic Hospital, Scottsdale, Arizona. Dr. Richman is the author and co-author of numerous medical publications and currently involved in a number of medical research projects. Dr. Richman was the co-founder and editor-in-chief of Choicemedia.com recently acquired by the Polaris, Sequoia, and Allen Group in



2005.

Dr. Richman earned a Bachelor of Arts in Political Science from Brandeis University in 1989. Dr. Richman earned his medical degree from S.U.N.Y Health Science Center at Syracuse in 1993 and his MBA from Arizona State University in 2005.

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**Patrick McNevin.** Mr. McNevin is one of our Directors. Currently Mr. McNevin is President of Fazoql, Inc. From 2004 to 2005, Mr. McNevin was the Director of Land Acquisition for Chrlevoix Homes, LLC managing all aspects of the business while developing over 15 communities and 400 single-family homes. From 1989-2004 Mr. McNevin was employed by Archway-Mother Cookies the third largest cookie company in the country. From 1999 to 2004, Mr. McNevin was Division Manager responsible for all aspects including operations, accounting, sales and 120 sales representatives covering four major distribution centers across eight states. Mr. McNevin attended Ohlone College, Fremont, California and Food Industry Executive Program, Marshall School of Business at the University of Southern California, Los Angeles, California.

**Jay Kister.** Mr. Kister is one of our Directors. Since June 2001, Mr. Kister has been employed with Blossom Valley Mortgage, Inc. Mr. Kister currently serves as a Loan Broker. From April 1999 to June 2001, Mr. Kister was a Personal Banker for San Diego National Bank. He was primarily responsible for opening and servicing commercial accounts and commercial loans. From May 1998 to April 1999, Mr. Kister worked for Bank of America performing essentially the same functions as he performed for San Diego National Bank. Mr. Kister earned a Bachelor of Arts degree in Spanish from Weber State University in Ogden, Utah in August 1997.

### **TERMS OF OFFICE**

Our directors are appointed for a one-year term to hold office until the next annual meeting of our shareholders or until removed from office in accordance with our bylaws.

### **MEETINGS OF THE BOARD OF DIRECTORS**

During the fiscal year ended December 31, 2005, our Board of Directors met 9 times, in person or by telephonic conference. Each incumbent Director serving during the fiscal year ended December 31, 2005 attended at least 75% of the meetings.

### **STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Historically, we have not adopted a formal process for stockholder communications with the Board. Nevertheless, every effort has been made to ensure that the Board or individual directors, as applicable, hear the views of stockholders and that appropriate responses are provided to stockholders in a timely manner. Any matter intended for the Board, or for any individual member or members of the Board, should be directed to our Chief Executive Officer, Ms. Jan Wallace, with a request to forward the same to the intended recipient. All such communications will be forwarded unopened.

### **COMPANY COMMITTEES**

#### **Audit Committee**

Our Board of Directors has appointed an audit Committee to oversee our financial reporting and auditing matters. The Audit Committee is responsible for reviewing and making recommendations concerning the selection of outside auditors, reviewing the scope, results and effectiveness of the annual audit of our financial statements and other services provided by our independent public accountants. The Audit Committee also reviews our internal accounting controls, practices and policies. The sole member of the Audit Committee is Peter Richman. We do not currently have a written audit committee charter.

We do not have an audit committee financial expert because of the size of our company and our board of directors at this time. We believe that we do not require an audit committee financial expert at this time because we retain outside consultants who possess these attributes.

### **Compensation Committee**

Our Board of Directors does not maintain a standing compensation committee or other committees performing similar functions. The Board of Directors reviews the salaries and benefits of all employees, consultants, directors and other individuals that we compensate. The Board of Directors has no existing policy with respect to the specific relationship of corporate performance to executive compensation. The Board has set executive compensation at what the Board considers to be the minimal acceptable level necessary to retain and compensate the officer for his activities on our behalf.

### **The Nominating Committee**

We do not currently have a standing nominating committee. Although we are not required to appoint and maintain a standing nominating committee, our full Board of Directors has evaluated the nomination process and abides by certain principals in the nomination of director candidates. In particular, when evaluating potential director nominees, the Board considers the following factors:

- à The appropriate size of our Board of Directors;
- à Our needs with respect to the particular talents and experience of our directors;
- à The knowledge, skills and experience of nominees, including experience in finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;
- à Experience in political affairs;
- à Experience with accounting rules and practices; and
- à The desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by new board members.

Our goal is to assemble a Board of Directors that brings together a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Board will also consider candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the Board of Directors may also consider such other factors as it may deem are in our best interests. In addition, the Board of Directors identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service or if the Board decides not to re-nominate a member for re-election, the Board then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Board of Directors are polled for suggestions as to individuals meeting the criteria described above. The Board may also engage in research to identify qualified individuals. To date, we have not engaged third parties to identify or evaluate or assist in identifying



potential nominees, although we reserve the right in the future to retain a third party search firm, if necessary.

### EXECUTIVE OFFICERS

The following information sets forth the names of our executive officers, their ages and their present positions.

Name	Age	All Positions and Offices with SDI	Dates of Service
Jan Wallace	51	CEO, President & Director	April 2005 - present
Munjit Johal	50	CFO	September 2002 - present

Set forth below is a brief description of the background and business experience of the foregoing officers. Information describing the background and experience of Ms. Wallace is set forth above.

**Munjit Johal.** Mr. Johal is our Chief Financial Officer. Mr. Johal has broad experience in accounting, finance, and management in the public sector. Since 1998, Mr. Johal has served as the Chief Financial Officer for Diffy Foods, Inc. Mr. Johal held the same position with Bengal Recycling from 1996 to 1997. As the Chief Financial Officer for these companies, Mr. Johal was primarily responsible for overseeing the financial affairs of these entities and ensuring that their financial statements of these were accurate, complete, and complied with all applicable reporting requirements. From 1990 to 1995, Mr. Johal served as the Executive VP for Pacific Heritage Bank in Torrance, California. Mr. Johal earned his MBA degree from the University of San Francisco in 1980. He received his BS degree in History from the University of California in Los Angeles in 1978.

### SIGNIFICANT EMPLOYEES

We have no significant employees other than our officers and directors.

### FAMILY RELATIONSHIPS

There are no family relationships between or among the directors, executive officers, or persons nominated to become directors.

### INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.



## **OFFICER AND DIRECTOR LEGAL PROCEEDINGS**

Except as set forth below, we are not a party to any pending legal proceeding and we are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

### **Luis Leon v. Secured Diversified Investment, Ltd.**

On April 6, 2005, we were served with a complaint in the matter of Luis Leon v. Secured Diversified Investment, Ltd. (case no. 05CC04651), filed in the Superior Court of California, County of Orange. The complaint contains causes of action for breach of contract, promissory estoppel, intentional misrepresentation, violations of the California Labor Code. The complaint seeks damages in an amount to be determined at trial but including \$116,359 of unpaid salary, \$16,667 for one month unpaid vacation time, \$5,548 for unpaid insurance benefits through August 15, 2005, reimbursable expenses of \$288 plus a statutory penalty of \$16,666 pursuant to Labor Code Section 201. Mr. Leon also seeks a grant of options to purchase \$250,000 of our common stock. On April 17, 2006, plaintiffs filed a notice of settlement with the court indicating that the parties settled on April 7, 2006. The parties settled for \$65,000 plus options for 150,000 shares of common stock at \$0.15. Each party is responsible for their own attorney's fees and costs.

### **Alliance Title Company, Inc. v. Secured Diversified**

On January 13, 2006, Alliance Title Company, Inc. ("Alliance") filed a complaint in the matter of Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129) in the Superior Court of California, County of Orange.

The complaint alleges that Alliance, our escrow agent, was entrusted with \$267,000 pursuant to escrow instructions, and that a mutual written agreement among the parties to the escrow was required to properly disperse the funds. Alliance further alleges that no instructions were provided to disperse the funds, but instead, competing claims for the funds were made by Secured Diversified Investment, Ltd., Clifford L. Strand, William S. Biddle, Gernot Trolf, Nationwide Commercial Brokers, Inc., and Prime Time Auctions, Inc.

Alliance has deposited the funds with the court and has asked for a declaration of rights regarding the funds. We are contesting the case vigorously and are proceeding with discovery. At this time we cannot make any evaluation of the outcome of this litigation. Alliance has requested that its reasonable costs and attorney's fees be paid from the deposited funds.

### **Clifford L. Strand v. Secured Diversified Investment, Ltd.**

On January 20, 2006, Clifford L. Strand, William S. Biddle, Gernot Trolf, our former management, and Nationwide Commercial Brokers, Inc., our former subsidiary (collectively, "Plaintiffs"), filed a complaint in the matter of Clifford L. Strand v. Secured Diversified Investment, Ltd. (case no. 06CC02350) in the Superior Court of California, County of Orange. Secured Diversified Investment, Ltd. and Ms. Jan Wallace have been named in this lawsuit. The complaint contains causes of action for fraud and misrepresentation, negligent misrepresentation, breach of contract, breach of the covenant of good faith and fair dealing, conversion, common counts, money had and received, and declaratory relief. These allegations arise out of the hold over of funds at issue in Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129), described above. To date, however, the matters have not been consolidated.

We filed a cross-complaint against all Plaintiffs, Alliance Title Company and Brenda Burnett, a former employee of Alliance. Our cross-complaint contains causes of action for breach of contract, breach of fiduciary duty, negligent supervision, civil conspiracy, intentional interference with economic relations, negligent interference with economic relations, breach of oral agreement, breach of employment contract, breach of director/officers' fiduciary duty, fraud/intentional misrepresentation, and declaratory relief. We are defending and prosecuting this case vigorously and are proceeding with discovery. At this time, we cannot make any evaluation of the outcome of this litigation.

**William S. Biddle v. Secured Diversified Investment, Ltd.**

On March 10, 2006, some of our shareholders, including Clifford L. Strand, Robert J. Leonard, William S. Biddle, and Gernot Trolf (collectively, "Plaintiffs") filed a complaint in the matter of William S. Biddle v. Secured Diversified Investment, Ltd. (case no. 06CC03959) in the Superior Court of California, County of Orange. Plaintiff seek declaratory relief as to whether we are a foreign corporation under California Corporation Code Section 2115(a) and whether Plaintiff's alleged demand for our shareholder list and for an inspection of the accounting books and records and minutes of shareholders, board of directors and committees of such board is governed under California Corporation Code Sections 1600 and 1601. We are contesting this case vigorously and are proceeding with discovery. At this time, we cannot make any evaluation of the outcome of this litigation.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Except as disclosed below, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction over the last three fiscal years or in any presently proposed transaction which, in either case, has or will materially affect us.

1. On March 31, 2003, we completed an Asset Purchase Agreement with Seashore Diversified Investment Company ("Seashore"). Seashore was a related party through common management, control and shareholders. The Asset Purchase Agreement provided us a period to conduct due diligence to determine whether the assets were fair and reasonable. However, Seashore did not have the necessary books and records for us to properly evaluate the value and merit of the transaction. Nevertheless, our board of directors decided to forebear due diligence afforded under the Asset Purchase Agreement. We ultimately issued 2,461,607 common shares and 4,997,807 Series A preferred shares to Seashore to acquire Katella Center in Orange, California, T-Rex Plaza Mall in Dickinson, North Dakota, 50% interest in Spencer Springs LLC and 50% interest in Decatur Center LLC. Spencer Springs and Decatur Center each own a shopping center in Las Vegas, Nevada.
2. In the first quarter 2003, Mr. Wayne Sutterfield paid a \$25,000 commission to Mr. Clifford L. Strand for services rendered in connection with the land sale and ground lease back of the 6.66 acres underlying the T-Rex Mall. Subsequently, on June 30, 2003, we impaired the property.
3. In March 2003, we formed Nationwide Commercial Brokers ("NCB") as our wholly-owned subsidiary. We capitalized NCB in the amount of \$12,000 from which Messrs. Biddle and Strand were compensated for serving as broker of record and an officer, respectively, of NCB.
4. In April 2003, we acquired the remaining 50% interest in Decatur Center, LLC. The selling members of Decatur Center, LLC, including William S. Biddle, received shares of our Preferred



B Preferred Stock in connection with the sale. Mr. Biddle and Mr. Clifford L. Strand received commissions on the transaction in the amount of 60,000 shares and 50,000 shares of our Series B Preferred Stock, respectively.

5. In November 2003, we acquired the remaining 50% interest in Spencer Springs, LLC. The selling members of Spencer Springs, LLC, including William S. Biddle, received shares of our Preferred B Preferred Stock in connection with the sale. Mr. Biddle and Mr. Clifford L. Strand received commissions on the transaction in the amount of 128,000 shares and 124,000 shares of our Series B Preferred Stock, respectively.
6. In August 2003, we acquired the Hospitality Inn and Dickinson Management Company from Seacrest Partners, L.P. in exchange for shares of our common stock and preferred A stock. Certain of our officers, directors and a major shareholder owned a majority of the limited partnership interests of Seacrest Partners, L.P. We received no independent appraisal of the Hospitality Inn. However, the related parties involved certified that the transaction was fair and reasonable. We issued 1,445,029 shares of common stock and 2,464,971 shares of preferred A stock to acquire the Hospitality Inn.
7. In February 2004, William S. Biddle, Robert Leonard and Sumiye Onodera-Leonard, through their trusts, loaned us \$150,000 bearing an interest rate of 12%. Messrs. Biddle and Leonard each received 50,000 shares of common stock for loaning us this money. The obligation was secured by Spencer Springs Shopping Center, and was later paid out in full from the proceeds of the sale of the property.
8. In December 2004, William S. Biddle and Robert J. Leonard together purchased a 37% membership interest in Spencer Springs, LLC valued at \$350,000 for \$200,000. The sole asset of Spencer Springs, LLC was the promissory note of Roger Anderson in the principal amount of \$950,000 due October 28, 2007. The note was secured by the Spencer Springs Shopping Center.
9. In October, 2004, William S. Biddle and Clifford L. Strand along with our tenant-in-common partner, Denver Fund I, agreed to pay our property manager, Shaw & Associates, a \$50,000 commission for bringing the Flamingo Road Arts and Antiques in as a lessee for the Cannery West Shopping Mall. Under the agreement, Nationwide Commercial Brokers, our wholly-owned subsidiary, was to receive a portion of the commission amounting to \$16,500. However, subsequently, this commission was divided between Clifford L. Strand and William S. Biddle.
10. In late 2004, we were informed by Clifford L. Strand and William S. Biddle that a prospective tenant of the Cannery West Shopping Center, known as the Flamingo Road Arts and Antiques, needed financial assistance. Messrs. Strand and Biddle indicated that having this tenant was essential to stabilize the Cannery West Shopping Center and solicited among our board of directors interested persons to invest in the Flamingo Road Arts and Antiques. While no other board member decided to invest, William S. Biddle and a shareholder of our company loaned \$150,000 to the Flamingo Road Arts and Antiques. At the same time, Mr. Biddle, on behalf of our company, afforded the Flamingo Road Arts and Antiques rental abatements of two months and no CAMS for the first year of the five year lease. Because the Flamingo Road Arts and Antiques was in arrears on rent payments and received certain concessions on the lease, the appraisal came in at \$500,000 less than the original sales price. As a result, the buyer requested a reduction in the sales price of \$500,000.
11. Initially, the proposed contract for sale of the Cannery West Shopping Center in July of 2005 listed two brokers for a total of 4% commissions: 2% for KB Morris representing the buyer and

2% for National Commercial Properties representing us. Mr. Biddle thereafter revised the agreement to include another 2% in commissions to Nationwide Commercial Brokers ("NCB"). Mr. Biddle told the board of directors that the 2% commission to NCB would go to two brokers, 1% for Certified Realty and another 1% for NCB, broken down as 20% to NCB and 80% to us. On July 13, 2005, Mr. Biddle, acting as our officer, submitted escrow instructions to Alliance Title, the escrow agent on this sales transaction, without the approval of the board of directors, requesting 20% of the sales price (or \$18,000) be paid to NCB and the remaining 80% of the sales price (or \$72,000) be paid to himself. After Mr. Biddle resigned as one of our officers and directors, he continued to submit escrow instructions to Alliance. The final escrow instruction listed \$18,000 to NCB, \$36,000 to Mr. Biddle and \$36,000 to Mr. Cliff L. Strand.

12. In July 2005, we sold our 100% interest in NCB to Robert Leonard for \$50,000, a large shareholder of our company and the Chairman of NCB.