



## In the Interest of Full Disclosure

15 February 2008

### Topics covered:

- *Newspaper claims that RMP has no money*
- *Story is repeated in other McClatchy papers*

### 15 February 2008 – Merced Sun-Star

#### **What was published. . .**

The *Merced Sun-Star* newspaper (Corinne Reilly, reporter) published a news story that states that CEO John Condren said under oath that RMP has no money. She quotes the full text of a deposition given in December as part of an lawsuit, filed by one creditor, which has not had been deliberated in a full legal process. The story does not report statements and interview comments provided by Riverside Motorsports Park in advance of the article.

#### **RMP's full disclosure. . .**

It is our opinion that this story was part of a continuing and obvious, over-the-top and campaign on the part of the *Merced Sun Star* to diminish the well-earned success and credibility of the Riverside Motorsports Park development project by trying to discredit the company's CEO and Founder, John Condren. The article contained misrepresented and misinterpreted information and omitted significant information provided to the reporter in advance of the story's being published. The article then was picked by affiliate newspapers so that the inaccurate information was promoted beyond the County in which the company and project are located. The following presents the information not covered, or incorrectly reported, in the story.

### Order of events

*Merced Sun-Star* reporter, Corinne Reilly, contacted Riverside Motorsports Park after 5:00pm on Tuesday afternoon, 12 February 2008, leaving a voicemail message that she was working on a story related to RMP's funding. She stated that the story deadline was Wednesday afternoon. She followed her voicemail message by sending RMP the following e-mail:

**From: Reilly, Corinne - Merced [mailto:creilly@mercedsun-star.com]**  
**Sent: Tuesday, February 12, 2008 5:25 PM**  
**To: Jeanne Harper; John Condren**  
**Subject:**



**Hi Jeanne and John:**

**I just left a phone message for you, but thought I'd email some questions, as I know you've preferred to respond that way in the past.**

**I'm working on a story for Thursday's paper based on transcripts from John's deposition on Dec. 27, conducted by Mike Vergara. I received the transcript from the deposition reporting company yesterday. I will be reporting some of the information contained in the transcripts about RMP's financial standing, particularly what John said during the interview about the fact that RMP has yet to secure the \$250 million in construction funding due to delays caused by the subprime implosion, the fact the company has had difficulty paying its bills, that RMP has no current source of income, and it's been selling stock to generate cash.**

**I'd prefer to talk by phone, as that is always the best way to communicate. But if you're not comfortable that, here are some questions I have.**

- 1. Is Mark Melville still employed by RMP and receiving a paycheck from RMP?**
- 2. What does this mean for RMP's future/ is the project still on track to break ground this year?**

**And of course, please let me know of any additional comments you'd like to make, either related to the contents of the deposition or otherwise.**

**My deadline is Wednesday afternoon.**

**Thank you,  
Corinne Reilly  
The Merced Sun-Star**

Riverside Motorsports Park responded to the Sun-Star that it would prepare a written statement that it would e-mail to Ms. Reilly on Wednesday, and it would provide a conference call line for Ms. Reilly to interview all 5 members of the Company's Board of Directors and its corporate attorney. Included on the conference call and in the discussion would be its investment banking partners from Stone & Youngberg LLC.



The written statement was sent to Ms. Reilly at 3:30pm. The text of that statement is presented below, in its entirety:

**13 February 2008**

**Memo To: Corrine Reilly**  
**From: John Condren**  
**Subject: Your e-mail of 12 Feb 08**

**Cc: Mr. Neal Sebbard, Vice Chairman of the Board**  
**Ms. Jeanne Harper, Secretary of the Board**  
**Mr. Mark Melville, Board Member**  
**Mr. Steve Nasser, Board Member**  
**Mr. Robert Sturges, Attorney-at-Law**

**Good day, Corrine -**

**Below, please find Riverside Motorsports Park's responses to the questions you outlined in your e-mail.**

**First, because the Merced Sun-Star is choosing to report information that was delivered in a deposition taken in a legal proceeding, Riverside Motorsports Park will decline to comment on anything related to the legal complaint or transaction of the deposition. Questions on the matter may be directed to our corporate attorney, Mr. Robert Sturges.**

**Regarding your statement: *"I will be reporting some of the information contained in the transcripts about RMP's financial standing, particularly what John said during the interview about the fact that RMP has yet to secure the \$250 million in construction funding due to delays caused by the subprime implosion..."***

**Riverside Motorsports Park's "financial standing" is more than operational and is not hampering our operations. The company's ongoing operations are not tied to the \$250 million required for construction funding. The company continues to operate from our new Merced offices and, under Mark Melville's direction as Vice President of Operations, proceeds with daily progress towards the next phase of project approvals. The unforeseen credit market condition that manifested itself last July (2007) with serious international financial losses is well understood by Riverside Motorsports Park's qualified and**

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educated investors. It was fully discussed with our investors in a year-end project update letter. Likewise, RMP has openly discussed the funding delay in a January 2008 “Fast Track” project newsletter that was distributed to our supporters and mailing list of more than 5,000 persons, and which is publicly available on our website.

Regarding your statement: “...RMP has no current source of income, and it's been selling stock to generate cash.”

Please note that the word “income” is quite different from “investment capital.” Riverside Motorsports Park, like any start-up company, does not, and will not, generate income (revenue) until business operations have begun. That said, every development or start-up company initiates its operations based on investment capital. In 99% of all start-up business situations, this involves the selling of stock or equity in the company. Riverside Motorsports Park is no different and has openly stated and disclosed its start-up and early operational funding plans – to fund the company through equity and debt investments – from the beginning. Qualified investors who purchase shares of stock become equity investors.

How does a development or start-up company raise investment capital or sell equity? First, the company must show potential investors that it has value and security for any investment. We have and continue to do so. Second, the company must show investors that it has a Business Plan that makes sense, is viable and that the company's management has the ability to execute that plan to a successful conclusion. Again, we have and continue to do so. Why does a company sell stock only when it needs to? The role of the CEO is to direct the company and to protect the investment of its shareholders. The selling of large portions of stock, early on or prior to added valuation, is completely counter to this directive. I seriously guard our investors against any premature dilution of our shareholder's equity position and, to that, I initiate the sale of stock (under the direction of the Executive Advisory Board) only when necessary. Even so, Security and Exchange Commission rules require that investors be qualified and meet legal requirements which, specifically, establish that the sale of RMP stock is not an immediate undertaking. RMP also applies some discretion when it selects investors, as we prefer those who understand the full importance and value of our Merced County project.



**If you have any additional questions regarding RMP's groundbreaking plans, please discuss these with Mr. Melville during the conference call, as I would also invite you to discuss our investment funding progress with Mr. Neal Sebbard.**

Then, at 4:00pm on Wednesday, 13 February 2008, the entire Executive Board of RMP spent approximately 25 minutes answering questions presented by Ms. Reilly on an open-format conference call – a call that Ms. Reilly required be recorded, even without asking for permission from any of the participants. The questions asked by Ms. Reilly went far beyond those presented in her e-mail; however, the RMP Board addressed each question directly. Ms. Reilly noted, immediately at the start of the conference call, that RMP's written statement addressed the issue of "income" vs. "investment capital" in the company and also provided an explanation for the sale of investment stock, although her acknowledgement of the importance of these explanations seemed significantly lacking.

Many times, to ensure that RMP's position was fully and completely understood by the junior reporter, a respondent to a question would ask Ms. Reilly if she recognized the full context of the answer that was provided to her. Ms. Reilly's response of, "Well, I'm not sure..." often required that a more detailed response, providing education to Ms. Reilly about start-up business operations, development funding, SEC Rule 144 stock sales, and other business matters that require the attention of most, if not all, start-up businesses such as Riverside Motorsports Park.

Many of the points addressing funding matters and construction financing for Riverside Motorsports Park had been previously covered in-depth with this Sun-Star reporter during two separate interviews over the last 6 months by one of RMP's investment banking partners and a senior RMP investor (and former Board member).

Riverside Motorsports Park finds it curious and suspiciously noteworthy that the Sun-Star did not publish the text of RMP's written statement provided to the paper. It is also striking that the Sun-Star did not release an audio file or transcript of the RMP-Corrine Reilly conference call and interview, even though they have posted similar items on their Web site in the past—including statements from Ms. Reilly about why she writes about Riverside Motorsports Park the way she does. Had the paper published the statement or posted the interview, the information provided to Ms. Reilly would have countered and corrected the multiple mis-statements of the article that was eventually published.



To this point, Riverside Motorsports Park's corporate counsel has formally requested that Ms. Reilly and the Merced Sun-Star provide him with a copy of the conference call recording. Once this has been received, RMP will post both a full transcript of the call and provide the audio recording on its website. Riverside Motorsports Park would then welcome anyone and everyone to compare the responses of Riverside Motorsports Park's Board of Directors and investment banking partners with the Sun-Star's story, as written.

Specifically, Riverside Motorsports Park would draw attention to the following completely misrepresented statements in the Sun-Star article:

- *“Riverside Motorsports Park is out of cash...”* A completely incorrect and assumptive statement by the Sun-Star, as RMP's bank records are confidential. Over and above the Company's investment cash position, RMP maintains a \$1.3 million line-of-credit through a single investor.
- RMP has *“recently issued stock in the private company in return for petty cash...”* Again, completely misrepresented, as offerings of RMP stock over the last 12 months (on average) have been issued in blocks of over 300,000 shares per issue, based on an average price of \$2.50 per share. This is not “petty cash” and further clarifies RMP's operational status based on investment capital.
- RMP has been *“unable to pay many of its creditors.”* Although one creditor, the law firm of Somach-Simmons-Dunn (SSD), has yet to be paid and has filed a lawsuit for collection, the SSD complaint is not completely attributed to RMP's 3-year business relationship with the Sacramento-based law firm, during which time RMP has paid SSD over \$700,000 in legal fees. Rather, the dispute emanates from the fact that RMP's two (2) lead attorneys at SSD (and other employees from the firm) bolted to join a rival practice, leaving SSD with a significant shortage of specialists in land-matter cases, and taking highly profitable business away, as well. RMP directed its business to this new firm, based on the 3-year history that its attorneys have with the RMP project. RMP would suggest that some amount of vindictiveness may exist.
- *“There's no value attached to the (RMP) shares.”* Which is true, as dictated by the Securities Act of 1933 and the California Securities Act of 1968. RMP's shares are unregistered and are subject to strict legal requirements. Furthermore, value in anything is only established once you have determined to sell something and you have a buyer. RMP could



establish a share value of \$100 million per share; however, finding a buyer at that price would be difficult. Riverside Motorsports Park LLC's Operating Agreement clearly states that all units of interest (stock) in the LLC maintain a Set Price and value, as determined by the Company's Board. To characterize the company's stock as worthless "pieces of paper" is far from the truth.

Riverside Motorsports Park, its investment bankers and investors have been sincere in providing interviews and detailed responses that provide education and discussion on the business matters key to Riverside Motorsports Park. It seems evident to all those on the interview call (and was discussed afterwards) that the positive facts of RMP's project and its financial position were not being understood and therefore details were being lost. The late contact by Ms. Reilly in requesting an interview with RMP, and the resulting story seem to indicate that the story had (in all probability) already been written, at least in concept, prior to the conference call, rendering the information and discussion a lost opportunity for the newspaper to accurately report the financial strategy and status of the project.