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Bruce D. Dawson,  
President, Liquid Capital of Colorado  
Liquid Capital Exchange, Inc.

August 30, 2011

**California Energy Commission  
1516 9<sup>th</sup> Street, M8 14  
Sacramento, CA 95814-5512**

**Attn: Commissioners Carla Peterman and James Boyd**

**Re: Energy Saving Pros, LLC., dba  
Energy Pros ("ESP")**

<b>DOCKET</b> 11-CA1-03
DATE <b>AUG 30 2011</b>
RECD. <b>SEP 13 2011</b>

Ladies and Gentlemen:

As you should know, Liquid Capital of Colorado, Inc. ("Liquid") has lent moneys to Energy Pros ("ESP") in reliance on the California Energy Commissions ("CEC") rebate system through its Energy Renewal Program ("Program").

Prior to accepting ESP as a client and advancing moneys to them, Liquid completed a thorough underwriting process of the Program. Our underwriting process included, but was not limited to, underwriting research of CEC and its employees, the program and its guidebook and an understanding of the key dates for inclusion into the Program. We also made several phone calls and emails to the CEC staff. The CEC staff assured us that if the rebate package (R2) packages were submitted properly the CEC would pay the rebates. In particular, Sarah Taheri was adamant that once reservations and supporting documentation was submitted with original signatures, the payments were not at risk. As a result, we came to the conclusion that our risk was minimal, due to the CEC contractual guarantee of the rebate and we approved ESP's application to borrow against all R2 packages in its possession, but added an extra step of having CEC's Program staff approve each package prior to funding and submission.

Notwithstanding the foregoing, on three occasions in May and June of this year, ESP delivered rebate contracts, assignments and supporting documentation to the CEC. CEC had approved these rebates prior to Liquid funding ESP. Additionally we had previously e-mailed copies of these packages to CEC's Renewable Energy Offices for review and approval. Your staff approved them as complete and proper for submission and we were assured Liquid would be paid. In reliance we advanced moneys to ESP.

On numerous occasions in the past, myself and Liquid's collections office, as well as, ESP have called and/or e-mailed multiple CEC employees including your accounts payable office. Consistently, over a one week period the following people refused to answer over 25 of our calls and e-mails:

**Sarah Taheri**  
**James Lee**  
**Tony Gonzalez**

These individuals had previously advised us and ESP that the rebates had been approved for payment. It is our contention that these three people willingly and knowingly misled Liquid to believe that these rebates would be paid, while simultaneously planning to default on the obligations, thus causing irreparable harm to both Liquid and our client ESP.

Specifically, after not hearing from these individuals, on July 27<sup>th</sup>, 2011, I called the office of the chairperson of CEC and learned of a CEC meeting that was to occur later that day to discuss the default of the CEC with respect to these rebates. Even though we were clearly an interested party, neither of the three people noted above or anyone else from CEC notified or communicated to neither Liquid nor ESP about the upcoming business meeting where this would be discussed. While CEC delivered an e-mail notification to other interested parties of this meeting we were not notified.

I immediately dialled into the webcast of the meeting. While on the webcast I found out about the complaint against DyoCore ("Dyo") and CEC placing a hold on all R2 rebate checks being issued for Dyo's small wind turbines. I made a statement to the Commissioners that I was very disappointed that the CEC was thinking about not honoring the R2's issued and it would cause substantial damages to financial Institutions such as Liquid. I further stated that we had been advised that the CEC would honor R2 requests that we had funded and we were shocked they were placing a hold on the issuance of the rebate check. I was advised that the Commissioner overseeing the Program would try to expedite the hearing process for a quick resolution, but have heard nothing since.

Liquid installed detailed procedures prior to providing funding to, ESP to be certain there were no contingencies associated with obtaining the rebates authorized by your Program. Installers and distributors like ESP did the same. Finally, consumers trusted in the contracts and agreements that CEC published. CEC approved this Program, approved the products, developed the documents, approved the submissions and as a result caused the market to move. Now that the market followed the direction and approval of CEC, we expect CEC to follow through with payment of the promised rebates.

As a result of the failure to pay as promised, Liquid has been forced to place ESP in default, which will have a negative effect on our client's credit standing. Further, Liquid may be forced into litigation with you and ESP as a result of your breach of contract, but would like to avoid such litigation if possible.

Accordingly, to the extent that you now owe or may in the future owe moneys to Liquid, such payments must be made payable to Liquid for the account of ESP at P.O. Box 17000, Greenville, SC 29606 as specified and submitted on the R5 and Payee Data Record to each file. Payments made in any other manner may expose you to liability.

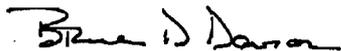
I have attached a statement of account detailing the amounts due to Liquid along with supporting documents. Your obligation to Liquid in the amount of \$285,000.00 is now past due. Please promptly pay your obligation in full to Liquid.

This letter is not intended to be the first in a series of collection letters, but rather a final demand for immediate arrangements to be made for payment to Liquid of the past due amounts owed by you. I trust that sound business judgment will prevail, so that any further time consuming, expensive and unpleasant steps will not be necessary.

If it is your position that the statements set forth herein are inaccurate, please immediately advise me in writing, setting forth all details concerning your dispute along with documentation supporting your claims. A general statement, without factual support and legal standing will not suffice.

We look forward to hearing from you.

Very truly yours,



Bruce D. Dawson,  
BDB Capital, Inc.  
Liquid Capital Exchange, Inc.  
Liquid Capital of Colorado