EXHIBIT C

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Ex-salesmen say leases are scams

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Several former salesmen of "purchase, renewal or return" (PRR) leases that some Utah finance firms push now say the leases are, in fact, scams, designed to trap the unwary into never-ending payments they cannot escape without big buy-outs.

The former salesmen decided to come forward after a Deseret Morning News story looked in-depth at such leases last month. They said they are doing so, in part, to counter what they say were deceptive statements by David DiCesaris, who first brought the leases to Utah.

DiCesaris declined to address most specifics they raised, saying only, "I do not, nor have I ever, fostered an environment of deception or management as your sources describe."

Craig Pruitt, a salesman who worked for DiCesaris at two companies, responded, "As usual, Dave is once again flat out telling lies."

But DiCesaris apparently finds others who believe him. Marquette Financial Companies of Minneapolis bought DiCesaris's Applied Financial, based in Fort Union, for undisclosed terms in a deal announced last week.

"We do not believe that the PRR lease is a deceptive business practice," Marquette CEO Jann Ozzello Wilcox told the Morning News. "We would not have acquired Applied if we were not comfortable with the industry or this specific company and management team."

The Morning News looked at PRR-type leases last month, in part, because Sen. Curt Bramble, R-Provo, worries the controversial leases are worsening Utah's already shady reputation for business deals, and may make Utah a haven for deceptive leases. He is looking at ways to restrict or ban them.

While the leases are legal in Utah, a New York court ruled that their automatic renewal provisions make them illegal in that state. In court documents, they were described as "unconscionable" because "renewal provisions make it almost impossible for a lessee to terminate its relationship with the lessor."

PRR-type leases (which go by many names and have many versions) offer companies that borrow money to lease equipment three options at the end of the term: purchase the equipment, renew the lease or return the equipment.

But standard PRR language contains what salesmen say is a trap. If the lessor and lessee do not agree on terms for purchase or return, the lease is automatically extended for 12 months. Then at the end of that extra year, the same may happen again and again, depending on the lease structure, effectively making the lease perpetual, even after the leased equipment no longer has value, unless a big buy-out is made.

"Dave told me, 'There's always an extension. Don't worry about it,' " Pruitt said. He said that occurred when he was first hired and found that a client had been paying rates high enough that he was expecting to be able to buy equipment at the end of term for only about $1. Instead, he was forced into an expensive renewal.

Utah companies Flying J and SOS Temporary Services filed suit previously against a company managed by DiCesaris, saying they were misled into believing they could buy equipment for low or market prices, only to be forced into expensive lease extensions or buy-outs. Both later settled their suits for undisclosed terms.

Pruitt said he was first hired by DiCesaris at Amplicon, a now-notorious California company. A 1998 Wall Street Journal article said Amplicon pioneered PRR-type leases and that the company had faced more than 100 lawsuits in eight years by firms claiming they had been tricked into signing misleading contracts.

DiCesaris said in the initial Morning News story that his four years with Amplicon was "not very long" and just his "first job out of college." He said working for Amplicon taught him what to do and what not to do with leases. He complained that pointing out his work with the company "reeks of people trying to link me to this horrible situation" at Amplicon.

Pruitt said DiCesaris was not just an employee at Amplicon, but a supervisor who headed a subsidiary that targeted health care companies. Pruitt said DiCesaris hired him, and also later convinced him to leave with him for Pacific Atlantic leasing in Arizona, with the promise that it would do only "straight deals" in the new location.

Pruitt went with DiCesaris to Pacific Atlantic but said DiCesaris continued making deceptive deals. "He was doing the same thing," Pruitt said. "I had just moved 500 miles and thought, 'I can't leave now — the nightmare continues.' "

He said DiCesaris was the only one in that company familiar with PRR leases, and he pushed them.

Vince Burke, who was also a salesman for DiCesaris at Pacific Atlantic, said, "What (DiCesaris) does is smoke and mirrors. It is not explained well and not disclosed well."

Pruitt and Burke said when customers negotiated changes to the standard PRR language, those addenda were sometimes "lost" or not included in the contracts actually sent for signature — so hurried or too-trusting customers expecting a low buy-out at the end of the term later would be told no such deal was actually made.

Burke said DiCesaris taught that 80 percent or 90 percent of the time, when the deal came to maturity, either the controller or the person who made the deal, or both, would no longer be with the company. So new personnel would not know what was agreed to other than what had actually been signed.

Pruitt said DiCesaris would also rub contracts between his legs in what he called "the magic rub," claiming they always came back signed when he sent them after the little ritual.

Burke and Pruitt also said DiCesaris tried to get his entire team to leave Pacific Atlantic and come to Utah with him to work for (now-defunct) Matrix. He urged them not to tell management. But they said salesmen tattled, and Pacific Atlantic showed DiCesaris the door.

DiCesaris said, "(Burke's and Pruitt's) exaggerated assertions regarding my character and business practices are false and without merit."

Brian Rollins also worked for DiCesaris at Matrix. He agreed that the PRR-type lease and selling strategies there were deceptive. "The lease/strategies prey upon the less sophisticated and uses lessee's presumption of fair market value (for future buy-outs) and fair treatment against them."

He adds that he remembers a comment from DiCesaris when he was being trained. "Dave said something like this, 'If you don't know the answer to a potential customer's question, just say what you think is best.' "

Rollins said, "I came to learn that Dave also relied on those of us that were new to the business to convey supposed fair treatment, when he knew it simply wasn't the case."

Melanie Rogers worked for DiCesaris at Applied Financial. When she saw the Morning News story last month, she said she questioned DiCesaris about how ethical the deals they pushed really are. She said she was fired two days later and was told she was not producing enough contracts. DiCesaris says, however, that Rogers quit without saying why.

"I'm not a banker. I'm a salesperson, and that's why I was hired," she said. She said she did not understand all of the fine print in deals. She was told to introduce herself in sales calls as a "lease banker," although Applied Financial is not a bank.

"We were also told to say we were with Republic Bank, or were representing Republic Bank," she said. DiCesaris has said Applied previously had a "special relationship" for financing with Republic Bank. However, Applied was not part of that bank.

Rogers said she believes all the instructions given to salespersons were to help build false confidence in customers that the company was regulated like a bank.

Also, she said, "In meetings, he told us to lie. He had us making up stories such as, 'We had a couple of leases that fell through, so we have in excess of $20 million we have to get off our hands, so we are offering low-market rates.' It was all just made up. It was really shady there."

DiCesaris said that many other businesses with which he deals would vouch for his integrity and the deals he makes. The most important of which, for him, is the Marquette Financial companies, which bought Applied Financial from DiCesaris and partners.

Marquette's Wilcox said it was aware of the controversy with PRR-type leases and looked closely at the business. She said after reviewing Applied's performance, controls, customer retention and management, it was pleased to acquire the company and keep its management and employees in place.

She said half of Applied's leases are PRR-types, and most of them are modified beyond standard PRR-type language. She said such modification "implies these con- tracts have been reviewed and are understood by the lessees."

Also, she said, even standard PRR language "clearly states that if parties do not agree on a purchase or a return, the default provision is a 12-month renewal. That is in black and white in the lease documents," she said.

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