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Fee Pd 1/20/06

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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CENTRAL JUSTICE CENTER

MAY 04 2006

ALAN SLATER, Clerk of the Court
BY N. WALBERRA

SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

JUDGE WILLIAM M. MONROE
DEPT. C11

CLIFFORD STRAND, an individual; WILLIAM BIDDLE, an individual; GERNOT TROLF, an individual; and NATIONWIDE COMMERCIAL BROKERS, a California corporation, Plaintiffs, vs. JAN WALLACE, an individual; SECURED DIVERSIFIED INVESTMENTS, LTD, a Nevada corporation; ALLIANCE TITLE COMPANY, a California corporation & DOES 1 through 100, inclusive, Defendants.	Case No. 06CC02350 **FIRST AMENDED COMPLAINT:** 1. FRAUD AND MISREPRESENTATION 2. NEGLIGENT MISREPRESENTATION 3. BREACH OF CONTRACT 4. BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING 5. CONVERSION 6. COMMON COUNTS, MONEY HAD AND RECEIVED **DEMAND FOR A JURY TRIAL**

PARTIES AND JURISDICTION

COMES NOW, Plaintiffs CLIFFORD STRAND, WILLIAM BIDDLE, GERNOT TROLF and NATIONWIDE COMMERCIAL BROKERS, and upon information and belief, herein alleges as follows:

1. Plaintiff CLIFFORD STRAND (hereinafter "STRAND"), is now and at all times relevant hereto was a resident of the County of Orange, State of California.

2. Plaintiff WILLIAM BIDDLE (hereinafter "BIDDLE") is now and at all times relevant hereto was an individual residing in and/or doing business in the County of Orange, State of California.

3. Plaintiff GERNOT TROLF (hereinafter "TROLF") is now and at all times relevant hereto was an individual, either residing in and/or doing business in the County of Orange, State of California.

4. Plaintiff NATIONWIDE COMMERCIAL BROKERS (hereinafter "NATIONWIDE"), is now and at all times relevant hereto was a California Corporation, with its principle place of business located in the County of Orange, State of California.

5. Defendant JAN WALLACE (hereinafter "WALLACE"), is now and at all times relevant hereto was an individual doing business in the County of Orange, State of California.

6. Defendant SECURED DIVERSIFIED INVESTMENTS, LTD (hereinafter "SDI"), is now and at all times relevant hereto is believed to be a Nevada Corporation, doing business in California, with its principle place of business located in the County of Orange, State of California.

7. Defendant ALLIANCE TITLE COMPANY (hereinafter "ALLIANCE"), is now and at all times relevant hereto has been a California Corporation doing business in the County of Orange, State of California.

8. The true names and capacities of the Defendants named herein as DOES 1 to 100, inclusive, whether individual, corporate, associate, or otherwise, are unknown to Plaintiffs who therefore sue such defendants by such fictitious names pursuant to *California Code of Civil Procedure §474*. Each of the DOE defendants are California residents or are registered and/or doing business in California. Plaintiffs will amend this Complaint to show such true names and capacities when the same have been determined.

9. Each of the named defendants herein, and the fictitiously named defendants, were in some way responsible, in some manner, and share equally in the liability for the occurrences and happenings alleged in this Complaint. All of the injuries and damages, as herein alleged,

were and are the direct and proximate results equally of the actions of all named defendants and of the defendants designated as DOES 1 through 100.

10. Each of the Defendants herein were at all times relevant hereto the agent, servant, employee or representative of the remaining defendants, and in performing the acts alleged herein was acting within the course and scope of such agency and employment with the full knowledge, consent, ratification, active assistance and encouragement, express or implied, of each of the other defendants. Accordingly, reference to one defendant herein, automatically is a reference to each and every other defendant herein.

11. Each of the parties herein, whether Plaintiffs, Defendants, Cross-Complainants, Cross-Defendants or DOES 1 through 100, whether individual, corporation or any entity unknown, domestic or foreign, have availed itself of the privileges and immunities of the State of California within the County of Orange for its own benefit. In having availed itself of such rights and privileges, each and every party herein also subject itself to the laws of the state and the jurisdiction of the courts of the state and county herein. Damages at issue are in excess of the minimum jurisdictional limit of this court. Accordingly, the above-entitled Court is the proper court for this action.

GENERAL ALLEGATIONS

12. Defendant SDI hired Plaintiff STRAND as "Executive" pursuant to a written employment contract dated May 1, 2003. Plaintiff STRAND was elected Chairman of the Board of Directors by the shareholders and received a vote of confidence at all shareholder meetings up to and including February 2005. (A true and correct copy of Plaintiff's employment contract dated May 1, 2003 is attached hereto as Exhibit A and is incorporated herein by reference.)

13. Defendant SDI also hired Plaintiffs BIDDLE as an Officer and TROLF as Director of Operations pursuant to respective written employment contracts. Plaintiff BIDDLE was also elected to the board of directors. Plaintiffs STRAND, BIDDLE and TROLF served competently in their respective capacities until the time of their resignation in separate letters of resignation, each dated August 31, 2005. (A true and correct of

Plaintiffs Strand, Biddle and Trolf's letters of resignation dated August 31, 2005 are attached hereto as Exhibit B and are incorporated herein by reference.)

14. In or about March 2005, Defendant SDI retained Defendant WALLACE as a consultant to the board and eventually hired her as company President. Defendant WALLACE was hired primarily on her promise that she would improve the company's net worth, and that she would bring in additional capital to the company.

15. Immediately upon her hire, Defendant WALLACE initiated a campaign primarily designed to personally gain complete control of the corporation, financially destroy Defendant SDI, and to craft financial interests designed for her own personal profit. In complete disregard for the welfare of the corporation and the of stockholders, Defendant WALLACE fragmented the board of directors, polarized board members against management, bought a small amount of stock and immediately threatened a minority shareholder lawsuit. As a direct result of Defendant's destructive actions, the income of the corporation was substantially reduced, assets were diminished, and the value of stock plunged from about $1.00 per share, to about $.05 per share.

16. Plaintiffs STRAND, BIDDLE and TROLF, pursuant to their respective employment contracts, were owed unpaid salaries that remain outstanding on the books of Defendant SDI. In an effort to deprive Plaintiffs of their unpaid salaries, in or about April 2005, Defendant WALLACE initiated new employment contracts for Plaintiffs that "forgave" accrued and unpaid salaries, with the promise that salaries would be replaced with stock incentives. The contracts also included indemnification and hold harmless provisions by which Defendant WALLACE mandated that employees would surrender any and all claims of redress for lost salaries and other benefits against the corporation.

17. Plaintiff STRAND refused to sign the new employment contract, drafted his own version, signed it and presented it to Defendant WALLACE. Plaintiff is unaware whether Defendant SDI signed this employment contract, although in public filings with the Security and Exchange Commission ("SEC"), Defendant SDI represented that the general terms and conditions of the employment contract with Plaintiff STRAND is in full force and effect.

(A true and correct copy of Plaintiff STRAND's revised contract and the contracts of Plaintiffs BIDDLE and TROLF, each dated April 1, 2005, are attached hereto as Exhibit C and are incorporated herein by reference.)

18. On or about July 1, 2005, Defendant SDI entered into a buy-sell agreement regarding the sale of certain property, known as Cannery West Shopping Center, held by Defendant SDI. Pursuant to the agreement, an investor bought the property from Defendant SDI for the sum of approximately $9,000,000. Defendant SDI hired Defendant ALLIANCE as the title company managing the escrow account for sale of the property.

19. Pursuant to Section 16 of the sales agreement, escrow instructions required that the escrow agent, Defendant ALLIANCE, pay commissions to certain parties from proceeds of the sale of the property. Pursuant to the broker instructions, Defendant ALLIANCE is required to pay Plaintiff NATIONWIDE commissions in the amount of $180,000 at the close of escrow. Escrow closed on or about December 2, 2005, and Defendant ALLIANCE refused to pay Plaintiff NATIONWIDE the commission due and owing. (A true and correct copy of the Cannery West Shopping Center sales agreement, page 1 and Section 16, are attached hereto as Exhibit D and is incorporated herein by reference.)

20. Also, in or about July 2005, Defendant WALLACE, on behalf of her own financial interest, and on behalf of Defendant SDI, approached Plaintiffs STRAND, BIDDLE and TROLF. Defendant WALLACE represented to Plaintiffs that she would make arrangements for them to receive their unpaid salaries provided they make certain concessions. Defendant WALLACE told Plaintiffs that if Plaintiffs would resign their positions with Defendant SDI, and reduce their salary demands, that she would arrange for Plaintiffs' past due salaries to be paid out of the Cannery West Shopping Center escrow when it closed. Additionally, Defendant WALLACE also told each Plaintiff that they would receive a new consulting contract with Defendant SDI, and that each would receive other valuable SDI stock incentives and employment benefits. Plaintiffs' reduced salary demands in the amounts of $90,000, $45,000 and $42,000 respectively, remain unpaid.

21. Thereafter, Defendant WALLACE represented her promises to Plaintiffs before

Defendant SDI board of directors. In or about August 2005, the board of directors approved Defendant WALLACE's plan to pay Plaintiffs' reduced salaries. Pursuant to the purported agreements, Plaintiffs would resign their positions with Defendant SDI, each effective August 31, 2005, and each would be paid reduced salary and benefits at the close of the escrow account. Further, Plaintiffs would receive new consulting contracts with Defendant SDI containing stock incentives and other employment benefits.

22. On or about August 31, 2005, in reliance upon Defendant WALLACE's representation, Plaintiffs tendered their resignations and then forwarded amended escrow instructions to Defendant ALLIANCE demanding payments upon close of escrow. However, unknown to Plaintiffs, Defendant WALLACE fraudulently removed certain benefits and incentives from the respective agreements prior to presenting them to the board of directors. Unknown to the board of directors, the board approved the fraudulent agreements.

23. Plaintiff BIDDLE is the broker for Plaintiff NATIONWIDE in the sale of the Cannery West Shopping Center project and is entitled to receive the $180,000 commission on behalf of Plaintiff NATIONWIDE. Prior to the close of escrow, also in or about July 2005, Defendant WALLACE, again on behalf of her own financial interest and on behalf of Defendant SDI, represented to Plaintiff NATIONWIDE, through Plaintiff BIDDLE, that Plaintiff NATIONWIDE would receive its commission in the amount of $180,000 at the close of escrow pursuant to the escrow instructions.

24. At the time Defendant WALLACE made these representations to Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE, she had no intention of honoring her promises. Defendant knew with substantial certainty that her representations were false, and she made them with the intent that Plaintiffs would rely upon them and would surrender money, property and legal rights. Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE had no reason to suspect that Defendant WALLACE was misrepresenting the truth and detrimentally relied upon her representations, all to their damages.

25. Unknown to Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE,

Defendant WALLACE, on four separate occasions, forwarded escrow instructions to Defendant ALLIANCE demanding that it withhold Plaintiffs' STRAND, BIDDLE, TROLF and NATIONWIDE payment at the close of escrow.

26. First, in an email dated November 29, 2005, Defendant WALLACE demanded that Defendant ALLIANCE withhold escrow payment to Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE. Again, on or about November 30, 2005, Defendant WALLACE submitted a Defendant SDI resolution to Defendant ALLIANCE, again demanding that it withhold escrow payment to Plaintiffs. Once again, on November 30, 2005, Defendant WALLACE submitted "hold back instructions," demanding that Defendant ALLIANCE withhold escrow payment to Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE. Again on December 2, 2005, Defendant WALLACE submitted revised "hold back instructions" to Defendant ALLIANCE, once more demanding that it withhold escrow payment to Plaintiffs.

27. Defendant WALLACE presented the "hold back" instructions to Defendant ALLIANCE with the intent to further her own financial interest and to purposely defraud Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE of their salaries and commissions. (A true and correct copy of Defendant WALLACE's "hold back instructions" escrow instructions, are attached hereto as Exhibit E and are incorporated herein by reference.)

28. After escrow closed on or about December 2, 2005, a majority shareholder contacted Plaintiff STRAND, and informed him that if he wanted to be paid his past due salary, he must surrender his stock to Defendant WALLACE. Plaintiff STRAND refused to do so. Additionally, Defendant WALLACE contacted Plaintiff BIDDLE and told him that if he wanted his past due salary, that he would have to give her control of his stock via proxy. Plaintiff BIDDLE refused to do so.

29. Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE have repeatedly made demand upon Defendant WALLACE, Defendant SDI, and Defendant ALLIANCE

for payment of the monies owed them out of the escrow account. However, Defendants steadfastly refuse to pay Plaintiffs those monies due and owing, resulting in the necessity of this lawsuit.

FIRST CAUSE OF ACTION

(Fraud and Misrepresentation by Plaintiffs Strand, Biddle, Trolf and Nationwide against Defendants Wallace and SDI and DOES 1-100)

30. Plaintiffs incorporates herein paragraphs 1 through 29, inclusive, of this Complaint as if fully set forth.

31. Defendants WALLACE, on her own behalf and/or on behalf of SDI, made certain false and fraudulent representations to Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE pursuant to the General Allegations as stated herein above. Defendant made the false representations in order to induce Plaintiffs to surrender money, property and legal rights. Defendant's representations were in fact false and fraudulent. At the time Defendants made the representation, Defendants knew with substantial certainty that the representations were false and fraudulent and that Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE would rely upon them.

32. Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE had no reason to suspect that Defendants' representations were in fact false and fraudulent, and therefore reasonably relied upon them in making their decision to surrender certain money, property, and legal right. Had Plaintiffs been aware of the true facts as they actually were, they would not have agreed to surrender their money, property or legal rights.

33. As a proximate and direct result of Defendants' fraud and misrepresentation and the facts herein stated in the General Allegations, Plaintiffs were damaged in a sum in excess of the minimal jurisdictional limits of this Court, with further damages to Plaintiffs' reputation and good will in the business community, all in a sum presently unknown, but which will be established at the time of trial.

34. The aforementioned conduct of Defendants was an intentional misrepresentation, was deceitful, and was a purposeful concealment of material facts known to Defendants.

Defendants, with the intention on its part of depriving Plaintiffs of money, property or legal rights and otherwise causing injury, is guilty of despicable conduct that subjected Plaintiffs to cruel and unjust hardship in conscious disregard of Plaintiffs' rights so as to justify an award of exemplary and punitive damages.

SECOND CAUSE OF ACTION

(Negligent Misrepresentation by Plaintiffs Strand, Biddle, Trolf and Nationwide against Defendants Wallace and SDI and DOES 1-100)

35. Plaintiffs incorporates herein paragraphs 1 through 29, inclusive, of this Complaint as if fully set forth.

36. Defendants WALLACE, on her own behalf and on behalf of SDI, made certain false and fraudulent representations to Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE pursuant to the General Allegations as stated herein. At the time Defendants made the representations, Defendants did not know whether the representations were true or false, but made the representations with the intent that Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE rely upon them. Defendant made the false representations in order to induce Plaintiffs to surrender money, property and legal rights. Defendant's representations were in fact false and fraudulent.

37. Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE had no reason to suspect that the representations were false or fraudulent, and therefore reasonably relied upon them in making their decision to surrender their money, property and legal rights. Had Plaintiffs been aware of the true facts as they actually were, they would not have entered into the business relationship.

38. As a proximate result of Defendants' false and fraudulent representation as herein stated, Plaintiffs were damaged in a sum in excess of the minimal jurisdictional limits of this Court, with further damages to Plaintiffs' reputation and good will in the business community, all in a sum presently unknown, but which amount will be established at the time of trial.

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THIRD CAUSE OF ACTION

(Breach of Contract by All Plaintiffs against Defendants SDI and Alliance and DOES 1-100)

39. Plaintiffs incorporates herein paragraphs 1 through 29, inclusive, of this Complaint as if fully set forth.

40. Until the time of their employment termination, Plaintiffs STRAND, BIDDLE and TROLF had been employees of Defendant SDI since the date of their hire. At all times relevant herein, Plaintiffs have been employed pursuant to written separate employment agreements. Plaintiff NATIONWIDE entered into a contract with Defendant SDI whereby it would receive commissions pursuant to the sale of certain property described herein.

41. Thereafter, Defendant SDI entered into a written contract with Defendant ALLIANCE, whereby Plaintiffs STRAND, BIDDLE, TROLF and NATIONWIDE became third party beneficiaries of such agreement.

42. Each of the Plaintiffs herein performed each and every duty under their respective contracts in a proper and just manner as required in the writings.

43. Defendants breached the respective contracts in that they failed to perform under the terms of the respective contracts and have refused to pay Plaintiffs monies and other consideration now due and owing.

44. Although Plaintiffs have repeated demands to be paid according to the terms and conditions of the contract, Defendants steadfastly refuse to pay those monies and other consideration.

45. As a direct, foreseeable, and proximate result of Defendants' breach, Plaintiffs have suffered and continue to suffer substantial losses in money, earnings, bonuses, and benefits, and expenses incurred, in an amount which will be proven at trial, in excess of the jurisdictional limits of this court.

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FOURTH CAUSE OF ACTION

(Breach of the Covenant of Good Faith and Fair Dealing by All Plaintiffs against Defendant SDI and DOES 1-100)

46. Plaintiffs incorporates herein paragraphs 1 through 29, inclusive, of this Complaint as if fully set forth.

47. Until the time of their termination, Plaintiffs STRAND, BIDDLE and TROLF had been full time employees of Defendant SDI since the date of their hire. At all times relevant herein, Plaintiffs have been employed pursuant to separate written employment agreements.

48. Plaintiff NATIONWIDE entered into a written contract with Defendant SDI that allowed for the payment of a commission. Additionally, Plaintiff NATIONWIDE and Defendant SDI also entered into an agreement whereby the commission would be paid out of the escrow account described herein, which provided for the payment of the commissions upon the sale of certain real property.

49. Implied within the respective written agreements are covenants of good faith and fair dealing. Pursuant to these covenants, each party promises that it will not take any actions to interfere with or prohibit the other party from obtaining all benefits which should naturally flow from the agreements.

50. Defendants have breached the covenants of good faith and fair dealing within the respective agreements with Plaintiffs, by the acts herein stated. These acts include those of wrongfully withholding money, commissions and other compensation due and owing Plaintiffs from the sale of certain real property.

51. As a direct and proximate result of Defendants' breach of the covenants of good faith and fair dealing, Plaintiffs have suffered and continue to suffer, substantial losses in money, commissions, earnings, bonuses, and other benefits, all to their damage in excess of this Court's minimum jurisdiction, the precise amounts to be proved at time of trial.

52. Plaintiffs claim such amounts as damages, together with prejudgment interest pursuant to *Civil Code* §3287 and/or any other provisions of law providing for prejudgment interest.

FIFTH CAUSE OF ACTION

(Conversion by All Plaintiffs

against Defendants SDI and Alliance and DOES 1-25)

53. Plaintiffs incorporates herein paragraphs 1 through 29, inclusive, of this Complaint as if fully set forth.

54. Plaintiffs were and are the lawful and equitable owners and entitled to the possession of certain capital which was taken from them under the pretense of engaging Plaintiffs in a business transaction to their economic benefit.

55. Defendants, through fraud and misrepresentation, have exercised, and continue to exercise dominion and control over Plaintiffs' capital. In gaining dominion and control over Plaintiffs' capital, Defendants have converted such capital to its own use and benefit at the exclusion of Plaintiffs.

56. As a proximate result of Defendants' conversion and the facts herein stated, Plaintiffs were damaged in a sum in excess of the minimal jurisdictional limits of this Court, with further damages to Plaintiffs reputation and good will in the business community all in a sum presently unknown. Plaintiffs will ask leave of the Court to amend this Complaint when a sum certain has been ascertained.

57. In pursuing the aforementioned conduct, Defendants converted Plaintiffs' capital in a deliberate effort to deprive Plaintiffs of property, legal rights, and to otherwise cause injury to Plaintiffs. As such, Defendants are guilty of despicable conduct that subjected Plaintiffs to cruel and unjust hardship in a conscious disregard of Plaintiffs' rights so as to justify an award of exemplary and punitive damages.

SIXTH CAUSE OF ACTION

(Common Counts, Money Had and Received

By All Plaintiffs against Defendants SDI and Alliance and DOES 1-100)

58. Plaintiffs incorporates herein paragraphs 1 through 29, inclusive, of this Complaint as if fully set forth.

59. Within the last year, Defendants have become indebted to Plaintiffs in sums within the jurisdictional limits of this Court for money had and received by Defendants, for the use and benefit of Plaintiffs.

60. Although demand has been made, Defendants have failed to pay the amounts due and owing to Plaintiffs and there is now due, owing, and unpaid, a sum within the jurisdictional limits of this Court, with interest thereon at the legal rate per annum.

61. As a direct, foreseeable, and proximate result of Defendants' intentional withholding of monies belonging to Plaintiffs, Plaintiffs have suffered, and continue to suffer, substantial losses in money, earnings, bonuses, benefits, and expenses incurred in an amount which will be proven at trial.

WHEREFORE, Plaintiffs request relief as follows:

FOR THE FIRST CAUSE OF ACTION

1. For general and consequential damages for fraud and misrepresentation in an amount to be determined at trial;
2. For exemplary damages in an amount to be determined at trial;

FOR THE SECOND CAUSE OF ACTION

1. For general and consequential damages for negligent misrepresentation in an amount to be determined at trial;

FOR THE THIRD, FOURTH AND SIXTH CAUSES OF ACTION

1. For general and compensatory damages for breach of contract according to proof;
2. For attorney fees and costs pursuant to contract and/or statute;

FOR THE FIFTH CAUSE OF ACTION

1. For general and consequential damages for conversion in an amount to be determined at trial;
2. For exemplary damages according to proof;

ON ALL CAUSES OF ACTION

1. For costs of suit, including reasonable attorney's fees as allowed by contract or statute;
2. For interest on the amount of losses or damages claimed herein; and
3. For such other and further relief as the court may deem just and proper.

DEMAND FOR JURY TRIAL

By way of this pleading, Plaintiffs hereby give notice of Demand For a Jury Trial in this matter.

DATED: May 1, 2006

LAW OFFICE OF ROBERT D. COVIELLO

By: ______________________
ROBERT D. COVIELLO
Attorneys for Plaintiffs, CLIFFORD STRAND, WILLIAM BIDDLE, GERNOT TROLF & NATIONWIDE COMMERCIAL BROKERS

EXHIBIT
A

Exhibit A

Exhibit 1

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement"), dated as of May 1, 2003 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 5030 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and Clifford L. Strand, whose address is 24952 Hon, Laguna Hills, California 92653, hereinafter referred to as "Executive", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Executive, and Executive wishes to render services to the Company, as its President;

WHEREAS, the Company and Executive wish to set forth in this Agreement the duties and responsibilities that Executive has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Executive intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Executive, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Executive (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. ***SPECIFIED TERM***.

The Company hereby employs Executive pursuant to the terms of this Agreement and Executive hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on May 1, 2003 and ending on May 1, 2006 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will automatically be renewed for successive periods of one year after May 1, 2006, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement. In the event that any party notifies the other party in writing of its desire to renegotiate this Agreement, then the terms and conditions of this Agreement shall for an additional 60 days after expiration of the Term or until a mutual agreement is reached, whichever ids shorter. If a mutually acceptable renegotiated agreement is not reduced to writing and executed by the parties within sixty (60) days after the end of the Term, then this Agreement shall continue on a month to month basis until terminated by written notice given by either party at least thirty (30) days prior to the end of any monthly period.

2. **GENERAL DUTIES.**

Executive shall report to the Company's Board of Directors. Executive shall devote his entire productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as President, Executive shall be primarily responsible for the day to day supervision and control of the business of the Company. Executive shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, an such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its Board of Directors. Furthermore, Executive agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. **COMPENSATION.**

(a) Annual Salary. During the Term of this Agreement, the Company shall pay to Executive an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

(i) One Hundred Eighty Five Thousand ($185,000.00) during the first year of employment;

(ii) Three Hundred Sixty Thousand ($360,000.00) during the second year of employment; and

(iii) Five Hundred Ten Thousand ($510,000.00) during the third year of employment.

In addition, the Company may offer to Executive the opportunity to serve as an officer or employee of a subsidiary or affiliated entity of the Company. The Company and Executive shall agree on a mutually acceptable annual salary for service in such capacity, and the amount thereof shall be included in the "Annual Salary."

The Annual Salary shall be paid to Executive in equal installments in accordance with the periodic payroll practices of the Company for executive employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Executive may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Executive shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

Executive may also elect for salary to be deferred until such time the Company has sufficient earnings or surplus capital to pay the deferred Annual Salary. If Executive elects to defer any portion of the Annual Salary, then the Company shall pay interest on the unpaid balance equal to the minimum Applicable Federal Rate.

(b) **Annual Bonus**. Executive and the Board of Directors shall meet immediately following execution of this Agreement and, thereafter, at the end of each fiscal year to establish performance standards and goals to be met by Executive during the next fiscal year, which standards and goals shall be based upon earnings, cash flows, EBITDA and other objectives that are mutually agreed to by Executive and the Board of Directors. The Company shall pay to Executive, no later than ninety (90) days after the completion of the fiscal year, a cash bonus (the "Annual Bonus") in an amount to be recommended by the Board of Directors, for each year in which the performance standards and goals are met or exceeded by Executive. Nothing in this Section shall prevent Executive and the Board of Directors from mutually agreeing to an alternative computation of the Annual Bonus, which may be implemented and paid to Executive in place of the Annual Bonus described herein. The Annual Bonus shall be subject to any applicable tax withholdings and/or employee deductions.

(c) **Cost of Living Adjustment**. If this Agreement is extended beyond the Term, then commencing as of January 1, 2006, and on each January1st thereafter, then effective Annual Salary shall be increased (but not decreased) by an amount: (i) which shall reflect the increase, if any, in the cost of living during the previous 12 months by adding to the Annual Salary an amount computed by multiplying the Annual Salary by the percentage by which the level of the Consumer Price Index for the Long Beach, California Metropolitan Area as reported on January 1st of the new year by the Bureau of Labor Statistics of the United States Department of Labor has increased over its level as of January 1st of the Prior year, and (ii) which will maintain Executive's compensation at a level consistent with the compensation paid to executive officers holding similar positions in the Real Estate Industry. Additionally, the Board of Directors shall periodically review Executive's Salary to determine whether to otherwise increase Executive's Compensation, without any obligation by the Board to authorize such an increase.

(d) **Participation In Employee Benefit Plans**. Executive shall have the same rights, privileges, benefits and opportunities to participate in any the Company's employee benefit plans which may now or hereafter be in effect on a general basis for executive officers or employees. The Company may delete benefits and otherwise amend and change the type and quantity of benefits it provides in its sole discretion. In the event Executive receives payments from a disability plan maintained by the Company, the Company shall have the right to offset such payments against the Annual Salary otherwise payable to Executive during the period for which payments are made by such disability plan.

(e) **Director and Officer Liability Insurance**. The Company shall use commercially reasonable efforts to purchase directors and officers liability insurance and include Executive as an insured thereunder.

(f) **Stock Issuance**. As an incentive and inducement for employment, the Company will issue a one-time lump sum of Five Hundred Thousand (500,000) shares of restricted stock immediately upon execution of this Agreement. For each fiscal year in which the Company increases its net assets by at least twenty percent (20%) over the net assets at the end of the previous fiscal year, the Company will issue to Executive an additional One Hundred Thousand (100,000) shares of its common stock. All such shares shall be registered on a registration statement on Form S-8, and shall include a resale prospectus on Form S-1.

(g) Options to Purchase Stock. Subject to the vesting conditions set forth below and the terms of the Plan, Executive shall be granted options to purchase One Million (1,000,000) shares of the Company common stock. The exercise price for each share of common stock covered by the option shall be fifteen cents ($0.15), which is equal to or greater than the fair market value of the common stock on the Effective Date. The right to exercise the option shall vest as follows: options to purchase Two Hundred Fifty Thousand (250,000) shares shall vest and become immediately upon execution of this Agreement and the delivery of a stock option agreement under the Plan. The remaining options shall vest and become exercisable in equal three annual installments of Two Hundred Fifty Thousand (250,000) shares on the anniversary dates of the Effective Date, so long as Executive remains an employee on such vesting date. The options shall expire and become null and void if not exercised at the earlier of ten (10) years from the Effective Date or the earlier expiration dates provided below. If the Executive is terminated pursuant Section 8 of this Agreement, the Executive will have ninety (90) days to exercise the stock options that are vested unless otherwise agreed to by the Board of Directors. If the Executive is terminated pursuant Sections 9 or 10 of this Agreement, the Executive shall have five years from date of termination to exercise stock options that are vested. Unvested options shall immediately terminate and become null and void upon any termination of Executive's employment, except as provided below in Section 12.

(h) Payment of Tax Related to the Receipt of Non-Cash Compensation. If Executive incurs income tax or any other tax, including payroll taxes, as a result of the receipt of non-cash compensation during any fiscal year, the Company shall pay to Executive an amount equal to any and all such tax.

4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Executive for all reasonable business expenses incurred by Executive in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Executive furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. ANNUAL VACATION.

Executive shall be entitled to four (4) weeks vacation time each year without loss of compensation.

6. **INDEMNIFICATION OF LOSSES.**

So long as Executive's actions were taken in good faith and furtherance of the Company's business and within the scope of Executive's duties and authority, the Company shall indemnify and hold Executive harmless to the full extent of the law from any and all claims, losses and expenses sustained by Executive as a result of any action taken by him to discharge his duties under this Agreement, and the Company shall defend Executive, at the Company's expense, in connection with any and all claims by stockholders or third parties which are based upon actions taken by Executive to discharge his duties under this Agreement.

7. **PERSONAL CONDUCT.**

Executive agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

8. **TERMINATION BY THE COMPANY FOR CAUSE.**

The Company reserves the right to declare Executive in default of this Agreement if (each a "Cause"):

(a) Executive willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or

(b) Executive commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or

(c) Executive violates any law, rule or regulation applicable to the Company or Executive relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Executive; provided, however, if the Company terminates this Agreement due to Executive's willful breach or habitual neglect of the duties he is required to perform, then Executive shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Executive and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Executive's employment is terminated pursuant to this Section 8, the Company shall pay to Executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(c). Executive shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

9. **TERMINATION BY THE COMPANY WITHOUT CAUSE**.

(a) **Death**. Executive's employment shall terminate upon the death of Executive. Upon such termination, the obligations of Executive and the Company under this Agreement shall immediately cease. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

(b) **Disability**. The Company reserves the right to terminate Executive's employment upon ten (10) days written notice if, for a period of ninety (90) days, Executive is prevented from discharging his duties under this Agreement due to any physical or mental disability. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

(c) **Election By the Company**. The Company may terminate Executive's employment upon not less than ninety (90) days written notice by the Company to Executive. With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

10. **TERMINATION BY EXECUTIVE**.

(a) **Election By Executive**. Executive's employment may be terminated at any time by Executive upon not less than ninety (90) days written notice by Executive to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) **Termination By Executive For Good Reason**. Executive may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Executive, without cure, if any, as provided in such agreement;

(ii) Without the consent of Executive, the Company: (A) substantially alters or materially diminishes the position, nature, status, prestige or responsibilities of Executive from those in effect by mutual agreement of the parties from time to time; (B) assigns additional duties or responsibilities to Executive which are wholly and clearly inconsistent with the position, nature, status, prestige or responsibilities of Executive then in effect; or (C) removes or fails to reappoint or re-elect Executive to Executive's offices under this Agreement (as they may be changed or augmented from time to time with the consent of Executive), unless Executive is deceased or disabled, or such removal or failure is attributable to an event which would constitute termination for cause;

(iii) the Company intentionally requires Executive to commit or participate in any felony or other serious crime; and/or

(iv) the Company engages in other conduct constituting legal cause for termination.

With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

11. **EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY**.

In the event Executive's employment is terminated due to Executive's death or disability, then:

(a) The Company shall pay Executive's accrued but unpaid Annual Salary and vacation time through the effective date of the termination, provided, however, that the Company shall also pay to Executive or Executive's estate twice the amount of executive's then effective Annual Salary as set forth in Section 3(a);

(b) The Company shall pay to the Executive an Annual Bonus which shall be computed as the greater of the accrued but unpaid Annual Bonus, if any, or an amount which equals the average of Executive's Annual Bonus during the two (2) fiscal years prior to the termination date;

(c) The Company shall reimburse Executive for any business expenses incurred prior to the effective date of the termination;

(d) Executive (including Executive's heirs) shall be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

12. <u>EFFECT OF TERMINATION ATTRIBUTABLE TO A CHANGE IN CONTROL, A TERMINATION BY EXECUTIVE FOR GOOD REASON OR A TERMINATION BY THE COMPANY WITHOUT CAUSE.</u>

If Executive's employment is terminated before the expiration of the term, and such termination is attributable to (i) a Change in Control; (ii) a termination by Executive for good reason; or (iii) the Company's election to terminate, then:

(a) The Company shall pay to Executive, in a lump sum and without discount to present value, an amount equal to the Annual Salary, as set forth in Section 3 (a), due to Executive for the balance of the term, but in no event shall such payment total less than One Hundred Twenty Thousand ($150,000.00);

(b) The Company shall pay to Executive, in a lump sum and without discount to present value, Executive's declared but unpaid Annual Bonus, if such Annual Bonus has been declared, but if not declared then the Company shall pay to Executive an amount which equals the average of Executive's Annual Bonus earned for the two (2) fiscal years prior to the termination date;

(c) At the election of Executive, the Company shall (i) provide to Executive and his spouse and dependents (if any), for a period of twelve (12) months, medical benefits which shall be comparable to the benefits received by Executive at the time of termination of his employment; or (ii) provide to Executive additional compensation, payable on a monthly basis, which would approximate the cost to Executive to obtain such comparable benefits;

(d) The Company shall reimburse Executive for Executive's business expenses incurred through the effective date of the termination;

(e) Pursuant to Section 3(e), the Company shall transfer to Executive any stock earned but unissued pursuant to Section 3 (e); and

(f) Irrespective of anything included in the agreements memorializing them, the vesting conditions imposed on any stock options, warrants or other rights subject to vesting shall be accelerated and shall vest on the date of Executive's termination and Executive shall have a period of twelve (12) months to exercise such stock options, warrants or other rights.

Executive shall not be required to mitigate the amount of any payment made pursuant to this Section 12 by seeking other employment or otherwise, and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment. The provisions of this Section 12 shall be in lieu of any remedy or damages to which Executive may be entitled by reason of a breach of this Agreement by the Company, whether such remedy may be recovered at law or in equity.

For purposes of this Agreement, "Change of Control" shall be defined as any of the following transaction; (i) the sale or disposition by *the Company of substantially all of its* business or assets, or (ii) the acquisition of the Company's capital stock by a third party in connection with the transfer of a controlling interest of the Company's capital stock to such party, or (iii) the merger or consolidation of the Company with another corporation as part of a transfer of a controlling interest of the Company's capital stock to a third party. A "controlling interest of the Company's capital stock" shall be defined as a transfer or acquisition by a third party of at least fifty percent (50%) of the Company's capital stock in one or a series of transactions. A "third party" shall not include any employee benefit plan maintained by the Company or any corporation or entity in which the Company holds fifty percent (50%) or more of the voting securities.

13. **MISCELLANEOUS**

(a) **Preparation of Agreement**. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) **Cooperation**. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) **Interpretation**.

(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof; (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(ii) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any proceeding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(iii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iv) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending tenn or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(v) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(vi) Heading; References; Incorporation; Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. *References to this Agreement* shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) **Enforcement.**

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) <u>No Assignment of Rights or Delegation of Duties by Executive</u>. Executive's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Executive may not delegate his duties or obligations hereunder.

(f) <u>Notices</u>. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5^{th}) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) <u>Execution by All Parties Required to be Binding; Electronically Transmitted Documents</u>. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

By: ____________________

Title: ____________________

EXECUTIVE

____
Clifford L. Strand

EXHIBIT

B

SDI

SECURED DIVERSIFIED INVESTMENT, Ltd.
4940 Campus Drive
Newport Beach CA 92660
Phone: 949 851-1069
Fax: 949 851-1024
e-mail: sdiltd@sbcglobal.net
web site: www.sdiltd.net

MEMORANDUM

Date:	August 31, 2005	
From:	Cliff Strand, CEO	
Fax:	949-851-1024	e-mail: sdiltd@sbcglobal.net
Phone:	949-851-1069	

To:	The Board of Directors
Cc:	Jan Wallace, Stuart P. Jasper, Attorney At law

Re:	Resignation and terms

Pursuant to and in the spirit of cooperation with Board majority resolution adopted August 19, 2005 and reaffirmed August 26, 2005 by the Board of Directors, with the abstention of C.L. Strand.

And, pursuant to the additional requirements imposed by Jan Wallace for her to accept the CEO position.

I hereby resign effective the end of the business day August 31, 2005 from the position of CEO of Secured Diversified Investment, Ltd. Conditioned upon the following:

1. Receipt of contracted salary pay due August 31, 2005 and payment of accrued expenses as approved by Munjit Johal, CFO.
2. Pursuant to the Board's (SDI) directive, the sum of $90,000 USD is to be released to me through the closing of escrow number 1508348-383 BSB at Alliance Title Escrow Company. However, should that escrow not close, collection of the $90,000 shall not be limited to the demand and will continue to be an obligation of the Company.
3. In addition, I am resigning as Chairman of the Board effective 5pm August 31, 2005. I will remain Board Director until the close of escrow number 1508348-384 BSB.
4. All other terms of my contract shall remain in full effect until compensation is received as set forth above, or unless item #6 of this document supercedes item # 4.

SDI

5. The company will pay me $7,500 on or about September 15, 2005 and again on or about October 15, 2005. Said funds shall be applied to and reduced from the $90,000 obligation. The company will use a best efforts given its finances, overseen by Mr. Munjit Johal, CFO.
6. It is mutually agreed by the parties that remaining details and mechanics regarding insurance and office use will be resolved between the parties.

I am acting in compliance with the spirit of the Board's resolution and the company's wishes as expressed to me by the majority of Board members.

Respectively submitted, August 31, 2005

Clifford Strand
CEO and Chairman of the Board
SDI, Ltd.

Accepted and approved August 31, 2005:

Jan Wallace, Preisdent
SDI, Ltd

Letter of Resignation:

To Whom It May Concern:

Please accept this as my resignation as Director of Operations of Secured Diversified Investment as of 12:00 noon on August 31, 2005. Pursuant to our agreement the sum of $42,000.00 is to be released to me through the closing of escrow No. 15083848-383-BSB at Alliance Title Company 18881 Von Karman #380, Irvine, CA. 92612 Escrow Officer Brenda Selz Burnett, which is scheduled to close on or before November 1, 2005. Said sum represents seven months severance pay pursuant to my employment contract.

This resignation is due to personal reasons.

8-31-2005

Gernot Troff

Received and approved for payment through escrow as above described

Secured Diversified Investment

By: [illegible]

It's: President

Letter of Resignation: William S Biddle

The Board of Directors
Secured Diversified Investment

Ms. Jan Wallace:

Please accept my resignation as an officer of Secured Diversified Investment as of 12:00 noon on August 31, 2005. Pursuant to The Boards (SDI) directive the sum of 45,000USD is to be released to me through the closing of escrow No. 15083848-383- BSB at Alliance Title Company.

In addition, I am resigning from the Board of Secured Diversified Investment, to be effective on November 1, 2005 and or upon the close of the above referenced escrow at Alliance Title Company, 18831 Von Karman #380, Irvine, CA. 92612. Contact person: Brenda Selz Burnet.

William S Biddle

William S. Biddle
Director SDI

Date: AUG. 31, 2005

Accepted and Agreed:

Jan Wallace

Jan Wallace, President
SDI

Date: August 31/2005

ALL-STATE® LEGAL 800-222-0510 ED11 RECYCLED

EXHIBIT

C

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and C.L. Strand, whose address is 24952 Hon Ave, Laguna Hills, Ca 92653 hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its CEO;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. **SPECIFIED TERM**.

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. **GENERAL DUTIES**.

Employee shall report to the Company's CEO, President, and Board of Directors. Employee shall devote the bulk of his productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as CEO, Employee shall be primarily responsible for the day to day operations and administration of the business of the Company as directed by the President. Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, an such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. **COMPENSATION**.

(a) **Annual Salary**. During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

(i) 180,000 for the first year and will increase by 8% each following year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

4. **REIMBURSEMENT OF BUSINESS EXPENSES**.

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. **ANNUAL VACATION**.

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. **PERSONAL CONDUCT**.

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. **TERMINATION BY THE COMPANY FOR CAUSE**.

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

(a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or

(b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or

(c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

8. **TERMINATION BY THE COMPANY WITHOUT CAUSE**.

(a) **Death**. Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) **Disability**. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) **Election By the Company**. The Company may terminate Employee's employment upon not less than thirty (30) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. **TERMINATION BY EMPLOYEE**.

(a) **Election By Employee**. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) **Termination By Employee For Good Reason**. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime; and/or

(iii) the Company engages in other conduct constituting legal cause for termination.

Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) **No Assignment of Rights or Delegation of Duties by Employee**. Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) **Notices**. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) **Execution by All Parties Required to be Binding; Electronically Transmitted Documents**. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

By:____________________________
Jan Wallace

Title: President

EMPLOYEE

Clifford L. Strand

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and Gernot Trolf, hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its Director Of Operations;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. **SPECIFIED TERM**.

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. **GENERAL DUTIES**.

Employee shall report to the Company's CEO, President, and Board of Directors. Employee shall devote 50 % of his productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as Director of operations, Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, an such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the

Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. **COMPENSATION.**

(a) Annual Salary. During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

(i) $72,000 for the first year.
(ii)$77,760 for the second year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

Employee will be entitled to commissions on sale transactions in SDI through its subsidiary N.C.B.

4. **REIMBURSEMENT OF BUSINESS EXPENSES.**

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. **ANNUAL VACATION.**

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. **PERSONAL CONDUCT.**

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. **TERMINATION BY THE COMPANY FOR CAUSE.**

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

(a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or

(b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or

(c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

8. **TERMINATION BY THE COMPANY WITHOUT CAUSE.**

(a) **Death**. Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) **Disability**. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) **Election By the Company**. The Company may terminate Employee's employment upon not less than thirty (30) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. **TERMINATION BY EMPLOYEE.**

(a) **Election By Employee**. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) **Termination By Employee For Good Reason**. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime; and/or

(iii) the Company engages in other conduct constituting legal cause for termination.

Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

10. **EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.**

In the event Employee's employment is terminated due to Employee's death or disability, then:

(a) The Company shall pay Employee's accrued but unpaid Annual Salary and vacation time through the effective date of the termination.

(b) The Company shall reimburse Employee for any business expenses incurred prior to the effective date of the termination;

11. **MISCELLANEOUS**

(a) **Preparation of Agreement**. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) **Cooperation**. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) **Interpretation**.
(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof; (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(i) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(ii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iii) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(iv) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(v) Heading; References; Incorporation; Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) **Enforcement.**

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the

State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) **No Assignment of Rights or Delegation of Duties by Employee**. Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) **Notices**. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) **Execution by All Parties Required to be Binding; Electronically Transmitted Documents**. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

Agreed and approved

By: Jan Wallace

Jan Wallace

Title: President

June 29/2005

Gernot Trolf

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement"), dated as of April 1, 2005 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 4940 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and William Biddle, hereinafter referred to as "Employee", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Employee, and Employee wishes to render services to the Company, as its V.P of Sales and Acquisitions;

WHEREAS, the Company and Employee wish to set forth in this Agreement the duties and responsibilities that Employee has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Employee intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Employee, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Employee (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. **SPECIFIED TERM.**

The Company hereby employs Employee pursuant to the terms of this Agreement and Employee hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on April 1, 2005 and ending on April 1, 2007 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will be renewed for one year after April 1, 2006, upon review by management, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement.

2. **GENERAL DUTIES.**

Employee shall report to the Company's CEO, President, and Board of Directors. Employee shall devote 50 % of his productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as V.P of Sales and Acquisitions Employee shall be responsible for the on-going activities and administration of sales and land/property acquisition for the Company. Employee shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, an such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Employee agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the Company's reputation in its industry for quality products and performance.

3. **COMPENSATION.**

(a) **Annual Salary**. During the Term of this Agreement, the Company shall pay to Employee an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

(i) $90,000 for the first year.
(ii)$97,200 for the second year.

The Annual Salary shall be paid to Employee in equal installments in accordance with the periodic payroll practices of the Company for Employee employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Employee may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Employee shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

Employee will be entitled to commissions on all Real Estate Sales and Acquisitions on behalf of SDI through its subsidiary N.C.B.

4. **REIMBURSEMENT OF BUSINESS EXPENSES.**

The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Employee furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

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5. **ANNUAL VACATION**.

Employee shall be entitled to three (3) weeks vacation time each year without loss of compensation.

6. **PERSONAL CONDUCT**.

Employee agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

7. **TERMINATION BY THE COMPANY FOR CAUSE**.

The Company reserves the right to declare Employee in default of this Agreement if (each a "Cause"):

(a) Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or

(b) Employee commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or

(c) Employee violates any law, rule or regulation applicable to the Company or Employee relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Employee; provided, however, if the Company terminates this Agreement due to Employee's willful breach or habitual neglect of the duties he is required to perform, then Employee shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Employee and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Employee's employment is terminated pursuant to this Section 8, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination;(ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

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8. TERMINATION BY THE COMPANY WITHOUT CAUSE.

(a) **Death**. Employee's employment shall terminate upon the death of Employee. Upon such termination, the obligations of Employee and the Company under this Agreement shall immediately cease. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(b) **Disability**. The Company reserves the right to terminate Employee's employment upon ten (10) days written notice if, for a period of ninety (90) days, Employee is prevented from discharging his duties under this Agreement due to any physical or mental disability unless agreed by the Company. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

(c) **Election By the Company**. The Company may terminate Employee's employment upon not less than thirty (30) days written notice by the Company to Employee. Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. The Company is not bound for and the employee is not entitled to severance of more than 6 months salary.

9. TERMINATION BY EMPLOYEE.

(a) **Election By Employee**. Employee's employment may be terminated at any time by Employee upon not less than thirty (30) days written notice by Employee to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to Employee (i) Employee's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Employee's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Employee any stock earned but unissued pursuant to Section 3(e). Employee shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) **Termination By Employee For Good Reason**. Employee may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Employee, without cure, if any, as provided in such agreement;

(ii) the Company intentionally requires Employee to commit or participate in any felony or other serious crime; and/or

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(iii) the Company engages in other conduct constituting legal cause for termination.

Upon such termination the obligations of Employee and the Company under this Agreement shall immediately cease.

10. **EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.**

In the event Employee's employment is terminated due to Employee's death or disability, then:

(a) The Company shall pay Employee's accrued but unpaid Annual Salary and vacation time through the effective date of the termination.

(b) The Company shall reimburse Employee for any business expenses incurred prior to the effective date of the termination;

11. **MISCELLANEOUS**

(a) **Preparation of Agreement**. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) **Cooperation**. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) **Interpretation**.
(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof; (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement

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hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(i) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

(ii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iii) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(iv) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(v) Heading; References; Incorporation; Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) **Enforcement**.

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

(e) ***No Assignment of Rights or Delegation of Duties by Employee***. Employee's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Employee may not delegate his duties or obligations hereunder.

(f) **Notices**. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

WB

(h) **Execution by All Parties Required to be Binding; Electronically Transmitted Documents**. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

Agreed and approved

By: Jan Wallace

Jan Wallace

Title: President

June 29/2005

William Biddle

William Biddle

ALL-STATE® LEGAL 800 222-0510 ED11 RECYCLED

EXHIBIT

D

AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS

BY AND BETWEEN

SECURED DIVERSIFIED INVESTMENT, LTD.
A Public Corporation in Nevada

AND

DENVER FUND I, LTD.
A Colorado Limited Partnership

AS SELLER

AND

RAY KOROGHLI or ASSIGNEE

702 914 3626

AS BUYER

3055 VIA SARA FINA DR
HENDERSON 89052

RELATING TO

CANNERY WEST SHOPPING CENTER

DATED AS OF

July 1, 2005

INTENDED AS A FORFEITURE OR A PENALTY. UPON DEFAULT BY BUYER, THIS AGREEMENT WILL BE TERMINATED AND, EXCEPT FOR THE FOREGOING, NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER.

RW ____________ Seller's Initials

RK, ____________ Buyer's Initials

SECTION 16
Brokers

16.1 Commissions. Seller and Buyer hereby acknowledge and agree that, in connection with the transaction contemplated by this agreement, Ron Robinson, National Commercial Properties, and Karyne Morris, KB Morris Real Estate, Inc. and Nationwide Commercial Brokers shall receive commissions. National Commercial Properties and KB Morris Real Estate, Inc. and Nationwide Commercial Brokers shall receive a commission of 2% each of the Purchase Price. Such commission shall be paid by Seller at Closing.

16.2 Indemnification. The parties represent and warrant that no Broker, other than those brokers set forth in Section 16.1, has been engaged by them in connection with any of the transaction contemplated by this agreement. Buyer and Seller will indemnify, save harmless and defend the other from any liability, cost or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by them in connection with this transaction, other than those brokers set forth in Section 16.1.

SECTION 17
Miscellaneous Provisions

17.1 Nevada Law. The laws of the State of Nevada shall govern the validity, construction, performance and effect of this Agreement.

17.2 Successors. This agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns (where permitted).

17.3 Non-Waiver. The failure to enforce or the delay in enforcement of any provision of this Agreement by a party hereto or the failure of a party

RW
RK

EXHIBIT

E

EXHIBIT E

"HOLD BACK" INSTRUCTIONS - DISCLOSURE AND INDEMNITY (revised)

TO: Alliance Title Company
18831 Von Karman Avenue, Irvine, CA 92612

RE: Escrow No. 15083848-383-BSB

In connection with the above referenced escrow, I/we hereby modify and/or supplement our instructions to escrow in the following particulars only:

You are to close this transaction and hold from the proceeds due Secured Diversified Investment, LTD, the sum of $177,000.00 representing payouts to William Biddle, Clifford Strand and Gernot Trolf

Upon receipt of a mutual agreement signed by William Biddle, Clifford Strand and Gernot Trolf and Secured Diversified Investment, LTD. or an order from a court of competent jurisdiction, you are to disburse funds according thereto.

Notwithstanding the form of any instructions, settlement agreement or court order for the disbursement of the above funds, Alliance Title will not be liable for any taxes, withholding, reporting or any other responsibilities that are those of an employer.

If the item(s) called for to release funds held is not received by Alliance Title Company within 30 days from close of escrow, the monies above mentioned are to be released to a mutually agreed upon and designated third party or bank entity. In the event the parties cannot agree on such a third party or entity, Alliance Title Company has the right to bring an action to interplead the funds into a court of competent jurisdiction for a determination as to the disbursement of funds.

If for any reason, funds are retained or remain in escrow more than 90 days after closing date, you are to deduct therefrom a reasonable monthly charge as custodian thereof of not less than $25.00 per month.

The undersigned parties jointly and severally agree to hold Alliance Title Company, it's officers, employees, and underwriters, harmless from and against any and all damages or liability therefore, reimbursing Alliance Title Company for all losses, costs, charges, attorneys fees or other expenses which Alliance Title Company, shall or may at any time suffer, sustain or incur by reason of or in consequence of complying with the foregoing instructions. Incorporated herein and made a part hereof by reference are the "general provisions" contained on the escrow instructions.

Except as specifically modified hereby, all other instructions of the undersigned shall remain in full force and effect.

Secured Diversified Investment, LTD

Jan Wallace

By: JAN WALLACE, PRESIDENT

_____ Initials _____ Initials _____ Initials _____ Initials

holdback rev. [0]2800

"HOLD BACK" INSTRUCTIONS - DISCLOSURE AND INDEMNITY

TO: Alliance Title Company
18831 Von Karman Avenue, Irvine, CA 92612

RE: Escrow No. 15083848-383-BSB

In connection with the above referenced escrow, I/we hereby modify and/or supplement our instructions to escrow in the following particulars only:

You are to close this transaction and hold from the proceeds due Secured Diversified Investment, LTD, the sum of $177,000.00 **representing payouts to William Biddle, Clifford Strand and Gernot Trolf**

Upon receipt of a mutual agreement signed by William Biddle, Clifford Strand and Gernot Trolf and Secured Diversified Investment, LTD. or an order from a court of competent jurisdiction, you are to disburse funds according thereto.

If the item(s) called for to release funds held is not received by Alliance Title Company within 30 days from close of escrow, the monies above mentioned are to be released to a mutually agreed upon and designated third party or bank entity. In the event the parties cannot agree on such a third party or entity, Alliance Title Company has the right to bring an action to Interplead the funds into a court of competent jurisdiction for a determination as to the disbursement of funds.

If for any reason, funds are retained or remain in escrow more than 90 days after closing date, you are to deduct therefrom a reasonable monthly charge as custodian thereof of not less than $25.00 per month.

The undersigned parties jointly and severally agree to hold Alliance Title Company, it's officers, employees, and underwriters, harmless from and against any and all damages or liability therefore, reimbursing Alliance Title Company for all losses, costs, charges, attorneys fees or other expenses which Alliance Title Company, shall or may at any time suffer, sustain or incur by reason of or in consequence of complying with the foregoing instructions. Incorporated herein and made a part hereof by reference are the "general provisions" contained on the escrow instructions.

Except as specifically modified hereby, all other instructions of the undersigned shall remain in full force and effect.

Secured Diversified Investment, LTD

Jan Wallace

By: JAN WALLACE, PRESIDENT

Nov. 30 /05

_______ Initials _______ Initials _______ Initials _______ Initials

00122

"HOLD BACK " INSTRUCTIONS - DISCLOSURE AND INDEMNITY (revised 12-2-05)

TO: Alliance Title Company
18831 Von Karman Avenue, Irvine, CA 92612

RE: Escrow No. 15083848-383-BSB

In connection with the above referenced escrow, I/we hereby modify and/or supplement our instructions to escrow in the following particulars only;

You are to close this transaction and hold from the proceeds due Secured Diversified Investment, LTD, the sum of **$177,000.00 representing payouts to William Biddle, Clifford Straad and Gernot Trolf**

Upon receipt of a mutual agreement signed by William Biddle, Clifford Strand and Gernot Trolf and Secured Diversified Investment, LTD. or an order from a court of competent jurisdiction, you are to disburse funds according thereto**

Notwithstanding the form of any instructions, settlement agreement or court order for the disbursement of the above funds, Alliance Title will not be liable for any taxes, withholding, reporting or any other repsonsibities that are those of an employer.

If the item(s) called for to release funds held is not received by Alliance Title Company within 30 days from close of escrow, the monies above mentioned are to be released to a mutually agreed upon and designated third party or bank entity. In the event the parties cannot agree on such a third party or entity, Alliance Title Company has the right to bring an action to Interplead the funds into a court of competent jurisdiction for a determination as to the disbursement of funds.

If for any reason, funds are retained or remain in escrow more than 90 days after closing date, you are to deduct therefrom a reasonable monthly charge as custodian thereof of not less than $25.00 per month.

The undersigned parties jointly and severally agree to hold Alliance Title Company, it's officers, employees, and underwriters, harmless from and against any and all damages or liability therefore, reimbursing Alliance Title Company for all losses, costs, charges, attorneys fees or other expenses which Alliance Title Company, shall or may at any time suffer, sustain or incur by reason of or in consequence of complying with the foregoing instructions. Incorporated herein and made a part hereof by reference are the "general provisions" contained on the escrow instructions.

** Any such agreement or court order will direct that any monies to be paid to William Biddle, Clifford Strand and Gernot Trolf shall be paid by direct disbursement of SDI and not by Alliance company check; such payments shall be made by check(s) submitted to Alliance by SDI, payable to such parties and in amounts as agreed or ordered. Such agreement or order will provide that Alliance deliver such checks issued by SDI to the appropriate parties, and will provide that Alliance then disburse the funds held by this instruction to SDI.

Except as specifically modified hereby, all other instructions of the undersigned shall remain in full force and effect.

Secured Diversified Investment, LTD

JW

IWallace December 02 /05

By: IAN WALLACE, PRESIDENT GERNOT TROLF

CLIFFORD STRAND WILLIAM BIDDLE

JW Initials ______ Initials ______ Initials ______ Initials

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action; my business address is 31831 Camino Capistrano, Suite 201, San Juan Capistrano, California 92675.

On the date set forth below, I served the foregoing document described herein as **FIRST AMENDED COMPLAINT** on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

Claire C. Ambrosio, Esq.
5455 Wilshire Boulevard, Suite 1706
Los Angeles, California 90036-4217
Telephone: (323) 938-2878
Facsimile: (323) 939-7809
Attorneys for Defendants

Anya Stanley, Esq.
Joanna M. Curtis, Esq.
GIBBS, GIDEN, LOCHER & TURNER
2029 Century Park East, Suite 3400
Los Angeles, California 90067
Telephone: (310) 552-3400
Facsimile: (310) 552-0805
Attorneys for Alliance Title Company, Inc.

(X) **BY MAIL.** I am "readily familiar" with my firm's practice of collection and processing correspondence for mailing. It is deposited with the United States Postal Service on that same day in the ordinary course of business pursuant to *Code of Civil Procedure* §1013(a). I am aware that on Motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing affidavit.

( ) **BY FAX.** In addition to service by mail as set forth above, a copy of said document(s) were also delivered by facsimile transmission to the addressee pursuant to *Code of Civil Procedure* §1013(e).

( ) **BY PERSONAL SERVICE.** I caused said document(s) to be hand-delivered to the addressee pursuant to *Code of Civil Procedure* §1011.

( ) **BY EXPRESS MAIL.** I caused said document(s) to be deposited in a box or other facility regularly maintained by the express service carrier providing overnight delivery pursuant to *Code of Civil Procedure* §1013(c).

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed May 3, 2006, at San Juan Capistrano, California.

STEPHANIE STRAKA