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601 S. Seventh St., 2nd Floor
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Tel.: (702) 384-9555
Fax: (702) 384-9517
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Attorney for the Debtor

John J. Laxague
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Fax: (702) 944-7100
jlaxague@caneclark.com
Attorneys for Petitioning Creditor Cane Clark LLP

e-filed October 17, 2008

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:	Case No.: BK-S-08-16332-LBR
SECURED DIVERSIFIED INVESTMENT, LTD.,	Chapter 11
Debtor.	**DECLARATION OF MUNJIT JOHAL IN SUPPORT OF OBJECTION TO ALLOWANCE OF CLAIM FOR INTERNAL REVENUE TAXES**

I, Munjit Johal, hereby declare as follows:

1. I am over the age of 18 and mentally competent. I have personal knowledge of the facts set forth herein and, if called upon to testify to them, could and would do so. I am the President, CEO, and CFO of the Debtor and I make this Declaration in support of the Objection to Allowance of the Proof of Claim filed by the Internal Revenue Service (the "IRS Claim").

2. The Debtor's original FUTA tax filing for 2005 erroneously calculated the Debtor's unemployment tax based on the Debtor's wages paid, instead of only the initial $7,000 paid to each employee as provided by 26 U.S.C. §3306(b).

In addition, the IRS did not have a copy of the State of California's certification of the Debtor's state-level unemployment contributions to the IRS. As a result, the IRS increased the Debtor's 2005 FUTA liability by denying the Debtor the credit allowed for contribution to the state unemployment funds under 28 U.S.C. §3302. A true and correct copy of the IRS's letter to the Debtor on this subject is attached as Exhibit 1 hereto and is incorporated herein by reference.

3. On June 23, 2008, the Debtor filed an amended FUTA tax return for 2005. The amended return calculated the tax based on the appropriate amount of wages (i.e., the first $7,000 for each employee). A copy of this return was forwarded to the IRS together with a copy of the State of California's certification of unemployment contributions made by the Debtor for 2005. As shown by the amended return, the Debtor has no FUTA tax liability for 2005. True and correct copies of the Debtor's June 23, 2008 letter to the IRS, together with the amended 2005 FUTA return and the California certification are attached as Exhibit 2 hereto and are incorporated herein by reference.

4. The latest communication from the IRS regarding the Debtor's 2005 FUTA taxes was a letter dated July 11, 2008 stating that the matter was still being processed. A true and correct copy of this letter is attached as Exhibit 3 hereto and is incorporated herein by reference.

5. The IRS Claim also includes a claim for unpaid FUTA taxes for 2004 in the amount of $4,644.00, plus related interest and penalties.

6. The Debtor's original FUTA tax filing for 2004 also erroneously calculated the Debtor's unemployment tax based on the Debtor's entire wages paid, instead of only the initial $7,000 paid to each employee as provided by 26 U.S.C. §3306(b). The IRS wrote to the Debtor on June 13, 2008 and advised it of the error. A true and correct copy of the IRS's letter on this subject is attached at Exhibit 4 hereto and is incorporated herein by reference.

7. On June 24, 2008, the Debtor filed an amended FUTA tax return for 2004. The amended return calculated the tax based on the appropriate amount of wages (i.e., the first $7,000 for each employee). As shown by the amended return, the Debtor has no FUTA tax liability for 2004. A copy of this return was forwarded to the IRS together with a copy of the State of California's certification of unemployment contributions made by the Debtor for 2004. True and

correct copies of the Debtor's June 25, 2008 letter to the IRS, together with the amended 2004 FUTA return and the California certification are as Exhibit 5 hereto and are incorporated herein by reference.

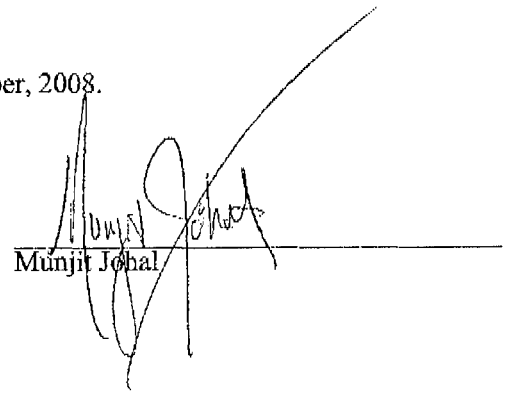
8. The latest communication from the IRS regarding the Debtor's 2004 FUTA taxes was a letter dated July 10, 2008 stating that the matter was still being processed. A true and correct copy of this letter is attached as Exhibit 6 hereto and is incorporated herein by reference.

9. The IRS Claim also includes estimated income taxes of $1,000 for 2006. At the time the IRS Claim was filed, the Debtor had not filed its 2006 income tax return. A true and correct copy of the Debtor's income tax return for 2006, which was filed on October 9, 2008, is attached as Exhibit 7 hereto and is incorporated herein by reference. As shown on the Debtor's 2006 return, it does not owe income tax for 2006.

10. The IRS Claim also includes estimated income taxes of $500 for 2007. The Debtor has not filed its 2007 income tax return, but it expects to do so by the end of this month. The Debtor expects that it will have no income tax liability for 2007. The Debtor will supplement this Objection as soon as its 2007 income tax return is filed.

I declare under penalty of perjury that these facts are true to the best of my knowledge and belief.

Dated this 16th day of October, 2008.



Munjit Johal

EXHIBIT 1

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 145500
Cincinnati OH 45250-5500

In reply refer to: 0267449895
May 21, 2008 LTR 380C EO
80-0068489 200512 10 000
00003382
BODC: SB

SECURED DIVERSIFIED INVESTMENTS LTD
5030 CAMPUS DR
NEWPORT BEACH CA 92660-2120309

020040

Taxpayer Identification Number: 80-0068489
Tax Period(s): Dec. 31, 2005
Form: 940

Dear Taxpayer:

This is in response to the inquiry of Mar. 14, 2007, from your representative. We have no record that you authorized them to act for you in this matter. Please notify them that we have replied directly to you. If you wish to authorize a third party to represent you, please complete Form 2848, Power of Attorney and Declaration of Representative. If you wish an appointee to inspect and/or receive confidential tax information, please complete Form 8821, Tax Information Authorization. For more information about these forms, visit our website at www.irs.gov or call the telephone number listed at the end of this letter.

On Apr. 01, 2008, we requested from the state of California a recertification of your unemployment wages and contributions. Since we didn't receive a reply from the state, we're increasing your unemployment tax to $14,566.90.

If you have any questions, please call Customer Service at 1-800-829-0115 between the hours of 8 AM and 7 PM. If the number is outside your local calling area, there will be a long-distance charge to you.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Keep a copy of this letter for your records.

Telephone Number ( )_____ Hours_____

EXHIBIT 2

SDI
SECURED DIVERSIFIED INVESTMENT, LTD
5030 Campus Drive
Newport Beach, California 92660 USA
v. 949.851.1069

VIA CERTIFIED MAIL RETURN RECEIPT

June 23, 2008

FUTA UNIT
Internal Revenue Service
Cincinnati, Ohio

RE: Secured Diversified Investment, Ltd.
EIN: 80-0068489
Tax Form: 940EZ, (amended form enclosed)
Year: December 31, 2005

Dear FUTA Unit,

Thank you very much for your letter of May 21, 2008, regarding the above referenced matter. A copy of your letter is attached. On March 14th, 2008, we responded to your original letter dated February 12, 2008 regarding this matter. On April 11th, 2008, we further responded by submitting the required FUTA Recertification Employer Abstract from the Employment Development Department, State of California. Copies of these letters are enclosed and the FUTA Recertification Employer Abstract is also enclosed.

We thank you and would request your further review of this matter. It has also come to our understanding that we are "only required to pay federal unemployment tax on the first $7,000.00 earned by each of our employees." As a result we have enclosed an amended Form 940 for the 2005 tax year.

Again thank you very much for your patience, cooperation and assistance in this matter.

Respectfully,
SECURED DIVERSIFIED INVESTMENT, LTD

Its Chief Financial Officer

Attachments (5)
1. IRS letter 380C E0
2. March 14th, 2008 correspondence
3. April 11th, 2008 correspondence
4. Amended Form 940EZ for tax year 2004
5. FUTA Recertification Employer Abstract

Form **940**

Department of the Treasury
Internal Revenue Service (99)

Employer's Annual Federal Unemployment (FUTA) Tax Return

▶ See the separate instructions for Form 940 for information on completing this form.

OMB No. 1545-0028

2005

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You must complete this section.

Name (as distinguished from trade name)
SECURED DIVERSIFIED INVESTMENT, LTD

Trade name, if any

Address (number and street)
5030 CAMPUS DRIVE

Calendar year
2005

Employer identification number (EIN)
80-0068489

City, state, and ZIP code
NEWPORT BEACH,CA 92660

A	Are you required to pay unemployment contributions to only one state? (If "No," skip questions B and C.)	☑ Yes	☐ No
B	Did you pay all state unemployment contributions by January 31, 2006? ((1) If you deposited your total FUTA tax when due, check "Yes" if you paid all state unemployment contributions by February 10, 2006. (2) If a 0% experience rate is granted, check "Yes." (3) If "No," skip question C.)	☑ Yes	☐ No
C	Were all wages that were taxable for FUTA tax also taxable for your state's unemployment tax?	☑ Yes	☐ No
D	**Did you pay any wages in New York?**	☑ Yes	☐ No

If you answered "No" to questions A, B, or C, or "Yes" to question D, you must file Form 940. If you answered "Yes" to questions A-C and "No" to question D you may file Form 940-EZ, which is a simplified version of Form 940. (Successor employers, see **Special credit for successor employers** in the separate instructions.) You can get Form 940-EZ by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS website at **www.irs.gov.**

If you will not have to file returns in the future, check here (see **Who Must File** in the separate instructions) **and complete and sign the return** ▶ ☐

If this is an Amended Return, check here (see **Amended Returns** in the separate instructions) ▶ ☑

Part I Computation of Taxable Wages

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees			1	327,401	38
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶	2				
3	Payments of more than $7,000 for services. Enter only amounts over the first $7,000 paid to each employee (see separate instructions). Do not include any exempt payments from line 2. The $7,000 amount is the federal wage base. Your state wage base may be different. **Do not use your state wage limitation**	3	269,757 38			
4	Add lines 2 and 3			4	269,757	38
5	**Total taxable wages** (subtract line 4 from line 1) ▶			5	57,644	00
6	Credit reduction for unrepaid advances to the states listed. Enter the wages **included on line 5** above for each state and multiply by the rate shown. (See separate Instructions for Form 940.) **(a)** NY 0.00 x .006 = 0.00 **(b)** XX x .nnn = **(c)** XX x .nnn =					
7	Add credit reduction amounts from lines 6(a) through 6(c) and enter the total here and in Part II, line 5. ▶			7	0	00

Be sure to complete both sides of this form, and sign in the space provided on the back.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. ▼ **DETACH HERE** ▼ Cat. No. 11234O Form **940** (2005)

Form **940-V**

Department of the Treasury
Internal Revenue Service

Payment Voucher

Use this voucher only when making a payment with your return.

OMB No. 1545-0028

2005

Complete boxes 1, 2, and 3. Do not send cash, and do not staple your payment to this voucher. Make your check or money order payable to the "United States Treasury." Be sure to enter your employer identification number (EIN), "Form 940," and "2005" on your payment.

1 Enter your employer identification number (EIN).

2 **Enter the amount of your payment.** ▶ Dollars | Cents

3 Enter your business name (individual name for sole proprietors).

Enter your address.

Enter your city, state, and ZIP code.

Name: SECURED DIVERSIFIED INVESTMENT, LTD
Employer identification number (EIN): 80 0068489

Part II Tax Due or Refund

1	Gross FUTA tax. (Multiply the wages from Part I, line 5, by .062)	1	3,573 92
2	Maximum credit. (Multiply the wages from Part I, line 5, by .054)	2	3,112.78

3 Computation of tentative credit (**Note:** *All taxpayers must complete the applicable columns.*)

(a) Name of state	(b) State reporting number(s) as shown on employer's state contribution returns	(c) Taxable payroll (as defined in state act)	(d) State experience rate period From	(d) To	(e) State experience rate	(f) Contributions if rate had been 5.4% (col. (c) x .054)	(g) Contributions payable at experience rate (col. (c) x col. (e))	(h) Additional credit (col. (f) minus col. (g)) If 0 or less, enter -0-	(i) Contributions paid to state by 940 due date
CA	227-0032-2	57644.00	01/01/2005	12/31/2005	5.40	3,112.78	3,112.78	0.00	3,112.78
3a	Totals ▶								

3b	**Total tentative credit** (add line 3a, columns (h) and (i) only—for late payments, also see the instructions for Part II, line 4) ▶	3b	3,112 78
4	**Credit:** Enter the smaller of the amount from Part II, line 2 or line 3b; or the amount from the worksheet on page 7 of the separate instructions	4	3,112 78
5	Enter the amount from Part I, line 7	5	0 00
6	**Credit allowable** (subtract line 5 from line 4). If zero or less, enter "-0-"	6	3,112 78
7	**Total FUTA tax** (subtract line 6 from line 1). If the result is over $500, also complete Part III	7	461 14
8	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	8	2,619 21
9	**Balance due** (subtract line 8 from line 7). Pay to the "United States Treasury." If you owe more than $500, see **Depositing FUTA Tax** on page 3 of the separate instructions ▶	9	
10	**Overpayment** (subtract line 7 from line 8). Check if it is to be: ☐ **Applied to next return** or ☑ **Refunded** ▶	10	2,158 07

Part III Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.) Complete only if line 7 is over $500. See page 7 of the separate instructions.

Quarter	First (Jan. 1–Mar. 31)	Second (Apr. 1–June 30)	Third (July 1–Sept. 30)	Fourth (Oct. 1–Dec. 31)	Total for year
Liability for quarter	395.28	43.60	22.26	0.00	461.14

Third-Party Designee

Do you want to allow another person to discuss this return with the IRS (see separate instructions)? ☐ Yes. Complete the following. ☐ No

Designee's name ▶ Phone no. ▶ ( ) Personal identification number (PIN) ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

Signature ▶ Title (Owner, etc.) ▶ Date ▶ Jan 23, 2008

California Labor and Workforce Development Agency

Employment Development Department
State of California

Patrick W. Henning, Director

Arnold Schwarzenegger
Governor

April 07, 2008

MIC 5

SECURED DIVERSIFIED INVESTMENT, LTD.
5030 CAMPUS DR
NEWPORT BCH CA 92660

FUTA RECERTIFICATION EMPLOYER ABSTRACT

State Account Number: 227 0032 2
FEIN: 80 0068489
Account Name: SECURED DIVERSIFIED INVESTMENT, LTD.

The following taxable wages and contributions were reported to this Department for the tax year:

			Total Employer Contributions	
Year	UI Taxable Wages	Rate	Timely Payments	Late Payments
2005	$57,644.00	5.40	$3,112.78	0 00

Balance due $0.00.

If we can be of further assistance, please contact us at (916) 654-8545.

FUTA Unit
Special Processes Group/T562F

cc: Faxed to: Munjit Johal
Fax# 310-827-0600

EXHIBIT 3

IRS Department of the Treasury
Internal Revenue Service

CINCINNATI OH 45999-0030

In reply refer to: 0267202770
July 11, 2008 LTR 2645C 0
80-0068489 200512 10 000
00001586
BODC: SB

SECURED DIVERSIFIED INVESTMENTS LTD
5030 CAMPUS DR
NEWPORT BEACH CA 92660-2120309

009038

Taxpayer Identification Number: 80-0068489
Tax Period(s): Dec. 31, 2005

Form: 940

Dear Taxpayer:

Thank you for your correspondence received June 23, 2008.

We have not resolved this matter because we haven't completed all the processing necessary for a complete response. However, we will contact you again within 60 days with our reply. You don't need to do anything further now on this matter.

This letter doesn't extend the period of time you have to file a petition, if you choose to, with the United States Tax Court.

If you have any questions, please call us toll free at 1-800-829-0115.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter with your telephone number and the hours we can reach you entered in the spaces provided below. You may want to keep a copy of this letter for your records.

Your telephone number (___)_____ Hours _____

We apologize for any inconvenience we may have caused you, and thank you for your cooperation.

Sincerely yours,

Gwenda J. Carter-Louis

Gwenda J. Carter-Louis, Dept. Mgr.
CAWR/FUTA Department

EXHIBIT 4

IRS Department of the Treasury
Internal Revenue Service

CINCINNATI OH 45999-0030

In reply refer to: 0267304966
June 13, 2008 LTR 380C EO
80-0068489 200412 10 000
00005362
BODC: SB

SECURED DIVERSIFIED INVESTMENTS LTD
5030 CAMPUS DR
NEWPORT BEACH CA 92660-2120309

Taxpayer Identification Number: 80-0068489
Tax Period(s): Dec. 31, 2004
Form: 940

Dear Taxpayer:

Thank you for your response dated Oct. 18, 2007, to our inquiry.

Please review your records and the instructions on the enclosed return to see if you need to file an amended Form 940. You are only required to pay federal unemployment tax on the first $7,000.00 earned by each of your employees. If you made contributions on more unemployment wages than this, you may wish to file an amended Form 940.

If you have any questions, please call us toll free at 1-800-829-0115.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Keep a copy of this letter for your records.

Telephone Number ( )_____ Hours_____

EXHIBIT 5

SDI
SECURED DIVERSIFIED INVESTMENT, LTD
5030 Campus Drive
Newport Beach, California 92660 USA
v. 949.851.1069

VIA CERTIFIED MAIL RETURN RECEIPT

June 25, 2008

FUTA UNIT
Internal Revenue Service
Cincinnati, Ohio

RE: Secured Diversified Investment, Ltd.
EIN: 80-0068489
Tax Form: 940EZ, (amended form enclosed)
Year: December 31, 2004

Dear FUTA Unit,

Thank you very much for your letter of June 13, 2008, regarding the above referenced matter. A copy of your letter is attached. As per the findings of your letter, we have enclosed an amended Form 940EZ for 2004 with a copy of the FUTA Recertification Employer Abstract from the Employment Development Department, State of California.

Again thank you very much for your patience, cooperation and assistance in this matter.

Respectfully,
SECURED DIVERSIFIED INVESTMENT, LTD

Its Chief Financial Officer

Attachments (3)
1. IRS letter 380C E0
2. Amended Form 940EZ for tax year 2004
3. FUTA Recertification Employer Abstract

Form **940-EZ**

Department of the Treasury
Internal Revenue Service

Employer's Annual Federal Unemployment (FUTA) Tax Return

▶ See the separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

2004

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You must complete this section.

Name (as distinguished from trade name)
SECURED DIVERSIFIED INVESTMENT, LTD

Trade name, if any

Address (number and street)
5030 CAMPUS DRIVE

Calendar year
2004

Employer identification number (EIN)
80-0068489

City, state, and ZIP code
NEWPORT BEACH, CA 92660

*Answer the questions under **Who May Use Form 940-EZ** on page 2. If you cannot use Form 940-EZ, you must use Form 940.*

A Enter the amount of contributions paid to your state unemployment fund (see the separate instructions) ▶ $ 1904 | 00

B (1) Enter the name of the state where you have to pay contributions ▶ CALIFORNIA

(2) Enter your state reporting number as shown on your state unemployment tax return ▶ 227-0032-2

If you will not have to file returns in the future, check here (see **Who Must File** in separate instructions) and complete and sign the return. ▶ ☐

If this is an Amended Return, check here (see **Amended Returns** in the separate instructions) ▶ ☑

Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees		1	402833 32
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶	2		
3	Payments of more than $7,000 for services. Enter only amounts over the first $7,000 paid to each employee (see the separate instructions)	3 346833	32	
4	Add lines 2 and 3		4	346833 32
5	**Total taxable wages** (subtract line 4 from line 1) ▶		5	56000 00
6	**FUTA tax.** Multiply the wages on line 5 by .008 and enter here. **(If the result is over $100, also complete Part II.)**		6	448 00
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year		7	1088 00
8	**Balance due** (subtract line 7 from line 6). Pay to the "United States Treasury." ▶ If you owe more than $100, see **Depositing FUTA tax** in the separate instructions.		8	
9	**Overpayment** (subtract line 6 from line 7). Check if it is to be: ☐ **Applied to next return** or ☑ **Refunded** ▶		9	640 00

Part II Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.) Complete only if line 6 is over $100.

Quarter	First (Jan. 1 – Mar. 31)	Second (Apr. 1 – June 30)	Third (July 1 – Sept. 30)	Fourth (Oct. 1 – Dec. 31)	Total for year
Liability for quarter	260.00	124.00	64.00	0.00	448.00

Third-Party Designee

Do you want to allow another person to discuss this return with the IRS (see the separate instructions)? ☐ Yes. Complete the following. ☐ No

Designee's name ▶ Phone no. ▶ ( ) Personal identification number (PIN) ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

Signature ▶ Title (Owner, etc.) ▶ CHIEF FINANCIAL OFFICER Date ▶ June 24, 2008

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. ▼ DETACH HERE ▼ Cat. No. 10983G Form **940-EZ** (2004)

Form **940-V(EZ)**

Department of the Treasury
Internal Revenue Service

Payment Voucher

Use this voucher only when making a payment with your return.

OMB No. 1545-1110

2004

Complete boxes 1, 2, and 3. Do not send cash, and do not staple your payment to this voucher. Make your check or money order payable to the "United States Treasury." Be sure to enter your employer identification number (EIN), "Form 940-EZ," and "2004" on your payment.

1 Enter your employer identification number (EIN).

2 Enter the amount of your payment. ▶ Dollars | Cents

3 Enter your business name (individual name for sole proprietors).

Enter your address.

Enter your city, state, and ZIP code.

California Labor and Workforce Development Agency

Employment Development Department
State of California
Patrick W. Henning, Director

Arnold Schwarzenegger
Governor

September 20, 2007

MIC 5: fg

SECURED DIVERSIFIED INVESTMENT, LTD.
5030 CAMPUS DR
NEWPORT BCH CA 92660

FUTA RECERTIFICATION EMPLOYER ABSTRACT

State Account Number: 227-0032-2
FEIN: 80-0068489
Account Name: SECURED DIVERSIFIED INVESTMENT, LTD.

The following taxable wages and contributions were reported to this Department for the tax year:

			Total Employer Contributions	
Year	UI Taxable Wages	Rate	Timely Payments	Late Payments
2004	$56,000.00	3.4	$1,904.00	$0.00

Balance due $0.00.

If we can be of further assistance, please do not hesitate to contact us at (916) 654-8545.

Special Processes Group/FUTA/T920a
Tax & Wage Adjustment Section

cc: Fax 310 827-0600 Munjil Johal

EXHIBIT 6

IRS Department of the Treasury
Internal Revenue Service

CINCINNATI OH 45999-0030

In reply refer to: 0267202770
July 10, 2008 LTR 2645C 0
80-0068489 200412 10 000
00002252
BODC: SB

SECURED DIVERSIFIED INVESTMENTS LTD
5030 CAMPUS DR
NEWPORT BEACH CA 92660-2120309

)01030

Taxpayer Identification Number: 80-0068489
Tax Period(s): Dec. 31, 2004
Form: 940

Dear Taxpayer:

Thank you for your correspondence received June 25, 2008.

We have not resolved this matter because we haven't completed all the processing necessary for a complete response. However, we will contact you again within 60 days with our reply. You don't need to do anything further now on this matter.

This letter doesn't extend the period of time you have to file a petition, if you choose to, with the United States Tax Court.

If you have any questions, please call us toll free at 1-800-829-0115.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter with your telephone number and the hours we can reach you entered in the spaces provided below. You may want to keep a copy of this letter for your records.

Your telephone number (___)_____ Hours _____

We apologize for any inconvenience we may have caused you, and thank you for your cooperation.

Sincerely yours,

Gwenda J. Carter-Louis

Gwenda J. Carter-Louis, Dept. Mgr.
CAWR/FUTA Department

EXHIBIT 7

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2006 or tax year beginning _____, ending _____

OMB No. 1545-0123

2006

A Check if:
1 Consolidated return (attach Form 851) ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (see instructions) ☐
4 Schedule M-3 required (attach Sch. M-3) ☐

Use IRS label. Other-wise, print or type.

Name: SECURED DIVERSIFIED INVESTMENT LTD

Number, street, and room or suite no. If a P.O. box, see instructions.: 5030 CAMPUS DRIVE

City or town, state, and ZIP code: NEWPORT BEACH, CA 92660

B Employer identification number: 80-0068489

C Date incorporated: 08/07/2002

D Total assets (see instructions): $ 1349303.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a Gross receipts or sales	b Less returns and allowances	c Bal ▶	1c	
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	
	4 Dividends (Schedule C, line 19)			4	
	5 Interest			5	
	6 Gross rents			6	155484.
	7 Gross royalties			7	
	8 Capital gain net income (attach Schedule D (Form 1120))			8	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	
	10 Other income (attach schedule) See Statement 1			10	481912.
	11 **Total income.** Add lines 3 through 10 ▶			11	637396.
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4)			12	84000.
	13 Salaries and wages (less employment credits)			13	16250.
	14 Repairs and maintenance			14	4668.
	15 Bad debts			15	8633.
	16 Rents			16	26250.
	17 Taxes and licenses See Statement 2			17	6532.
	18 Interest			18	51639.
	19 Charitable contributions			19	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)			20	13161.
	21 Depletion			21	
	22 Advertising			22	
	23 Pension, profit-sharing, etc., plans			23	
	24 Employee benefit programs			24	
	25 Domestic production activities deduction (attach Form 8903)			25	
	26 Other deductions (attach schedule) See Statement 3			26	963735.
	27 **Total deductions.** Add lines 12 through 26 ▶			27	1174868.
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	-537472.
	29 Less: a Net operating loss deduction Statement 4	29a	0.	29c	
	b Special deductions (Schedule C, line 20)	29b			
Tax and Payments	30 **Taxable income.** Subtract line 29c from line 28 (see instructions)			30	-537472.
	31 **Total tax** (Schedule J, line 10)			31	0.
	32 a 2005 overpayment credited to 2006	32a			
	b 2006 estimated tax payments	32b			
	c 2006 refund applied for on Form 4466	32c ( )	d Bal ▶ 32d		
	e Tax deposited with Form 7004		32e		
	f Credits: (1) Form 2439 _____ (2) Form 4136 _____		32f		
	g Credit for federal telephone excise tax paid (attach Form 8913)		32g	32h	
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			33	
	34 **Amount owed.** If line 32h is smaller than the total of lines 31 and 33, enter amount owed			34	0.
	35 **Overpayment.** If line 32h is larger than the total of lines 31 and 33, enter amount overpaid			35	
	36 Enter amount from line 35 you want: **Credited to 2007 estimated tax** ▶ **Refunded** ▶			36	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date 10/09/2008 Title CFO

May the IRS discuss this return with the preparer shown below? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed ☐ Preparer's SSN or PTIN _____

Firm's name (or yours if self-employed), address, and ZIP code _____ EIN _____ Phone no. _____

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	
9a	Check all methods used for valuing closing inventory:		
	(i) ☐ Cost		
	(ii) ☐ Lower of cost or market		
	(iii) ☐ Other (Specify method used and attach explanation.) ▶		
b	Check if there was a writedown of subnormal goods ▶ ☐		
c	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐		
d	If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO	9d	
e	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?	☐ Yes	☐ No
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation	☐ Yes	☐ No

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	**Total.** Add lines 1 through 8			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Schedule E Compensation of Officers

(see instructions for page 1, line 12)
Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are $500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
MUNJIT JOHAL	567-02-3009	100	6.90%	.00%	84000.
				.00%	
2 Total compensation of officers					84000.
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					84000.

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ ☐			
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ ☐		2	0.
3	Alternative minimum tax (attach Form 4626)		3	
4	Add lines 2 and 3		4	0.
5a	Foreign tax credit (attach Form 1118)	5a		
b	Qualified electric vehicle credit (attach Form 8834)	5b		
c	General business credit. Check applicable box(es): ☐ Form 3800 ☐ Form 6478 ☐ Form 8835, Section B ☐ Form 8844	5c		
d	Credit for prior year minimum tax (attach Form 8827)	5d		
e	Bond credits from: ☐ Form 8860 ☐ Form 8912	5e		
6	**Total credits.** Add lines 5a through 5e		6	
7	Subtract line 6 from line 4		7	0.
8	Personal holding company tax (attach Schedule PH (Form 1120))		8	
9	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Form 8902 ☐ Other (attach schedule)		9	
10	**Total tax.** Add lines 7 through 9. Enter here and on page 1, line 31		10	0.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
	a Business activity code no. ▶ 531190		
	b Business activity ▶ LEASING / MGMT		
	c Product or service ▶ REAL ESTATE		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)		X
	If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)		X
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
	If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions.		
	If this is a consolidated return, answer here for the parent corporation and on **Form 851**, Affiliations Schedule, for each subsidiary.		

		Yes	No
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?		X
	If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶		
c	The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $ 3778867.		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
Assets	(a)	(b)	(c)	(d)
1 Cash		1228929.		12770.
2a Trade notes and accounts receivable	9171.		8633.	
b Less allowance for bad debts	( )	9171.	( )	8633.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. sch.) Stmt 5		385868.		351323.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (att. sch.) Stmt 6				500000.
10a Buildings and other depreciable assets	297556.		297556.	
b Less accumulated depreciation	(36556.)	261000.	(49420.)	248136.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
14 Other assets (att. sch.) Stmt 7		415403.		228441.
15 Total assets		2300371.		1349303.
Liabilities and Shareholders' Equity				
16 Accounts payable		77583.		26545.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (att. sch.) Stmt 8		625966.		177071.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		702195.		570052.
21 Other liabilities (att. sch.) Stmt 9		15447.		15447.
22 Capital stock: a Preferred stock	75206.		3639.	
b Common stock	15218.	90424.	2897.	6536.
23 Additional paid-in capital		8711177.		9068062.
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		-7922421.		-8514410.
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		2300371.		1349303.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1 Net income (loss) per books	-591989.	7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize): a Depreciation $	
5 Expenses recorded on books this year not deducted on this return (itemize): a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $ 4682.			
Stmt 10 49835.	54517.	9 Add lines 7 and 8	
6 Add lines 1 through 5	-537472.	10 Income (page 1, line 28) - line 6 less line 9	-537472.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	-7922421.	5 Distributions: a Cash	
2 Net income (loss) per books	-591989.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	-8514410.	8 Balance at end of year (line 4 less line 7)	-8514410.

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property) OTHER

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2006

Attachment Sequence No. 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
SECURED DIVERSIFIED INVESTMENT LTD	Other Depreciation	80-0068489

Part I Election To Expense Certain Property Under Section 179 Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	108000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	430000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	13161.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs.		S/L	
h	Residential rental property	/		27.5 yrs.	MM	S/L	
		/		27.5 yrs.	MM	S/L	
i	Nonresidential real property	/		39 yrs.	MM	S/L	
		/			MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a	Class life					S/L	
b	12-year			12 yrs.		S/L	
c	40-year	/		40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	13161.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* **only** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.*)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1						29		

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons.

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year:					
43 Amortization of costs that began before your 2006 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

SECURED DIVERSIFIED INVESTMENT LTD 80-0068489

Form 1120 — Other Income — Statement 1

Description	Amount
Debt Relieve	481912.
Total to Form 1120, Line 10	481912.

Form 1120 — Taxes and Licenses — Statement 2

Description	Amount
Property Taxes	5555.
Personal Property Taxes	977.
Total to Form 1120, Line 17	6532.

Form 1120 — Other Deductions — Statement 3

Description	Amount
Accounting	78515.
Auto and Truck	926.
Bank Charges	29.
Consulting	504250.
Dues and Subscriptions	1698.
Escrow Fees and Closing Costs	378.
Filing Fees	8035.
Insurance	47723.
Late Fees	5522.
Management Fee	9750.
Miscellaneous	5846.
Moving Expense	1144.
Net Loss from K-1	26454.
Other Rental/Passive Deductions	36000.
Postage	3959.
Printing	19105.
Seminars	2044.
Supplies	9300.
Telephone	6981.
Travel	11112.
Utilities	11216.
Legal and Professional	169066.
Meals and Entertainment	4682.
Total to Form 1120, Line 26	963735.

SECURED DIVERSIFIED INVESTMENT LTD 80-0068489

Net Operating Loss Deduction — Statement 4

Tax Year	Loss Sustained	Loss Previously Applied	Loss Remaining	Available This Year
12/31/02	6169.		6169.	6169.
12/31/03	783862.		783862.	783862.
12/31/04	2744822.		2744822.	2744822.
12/31/05	244014.		244014.	244014.
NOL Carryover Available This Year			3778867.	3778867.

Schedule L — Other Current Assets — Statement 5

Description	Beginning of Tax Year	End of Tax Year
ESCROW RECEIVABLE	177000.	90000.
INVESTMENT IN SUBSIDIARIES	197559.	252559.
PREPAID EXPENSES	473.	364.
PREPAID INSURANCE	8981.	6583.
PREPAID LOAN FEES	1855.	1817.
Total to Schedule L, Line 6	385868.	351323.

Schedule L — Other Investments — Statement 6

Description	Beginning of Tax Year	End of Tax Year
REAL ESTATE INVESTMENTS	0.	500000.
Total to Schedule L, Line 9	0.	500000.

SECURED DIVERSIFIED INVESTMENT LTD 80-0068489

Schedule L — Other Assets — Statement 7

Description	Beginning of Tax Year	End of Tax Year
DEPOSITS	311706.	0.
NOTES RECEIVABLES	103697.	228441.
Total to Schedule L, Line 14	415403.	228441.

Schedule L — Other Current Liabilities — Statement 8

Description	Beginning of Tax Year	End of Tax Year
ACCRUED PAYROLL TAXES	1006.	3465.
ACCRUED EXPENSES	433190.	127603.
ADVANCES	69100.	21000.
DEPOSITS PAYABLE	31147.	0.
DIRECTORS PAYABLE	32347.	0.
INTEREST PAYABLE	56443.	25003.
PROPERTY TAX PAYABLE	2733.	0.
Total to Schedule L, Line 18	625966.	177071.

Schedule L — Other Liabilities — Statement 9

Description	Beginning of Tax Year	End of Tax Year
Security Deposits	15447.	15447.
Total to Schedule L, Line 21	15447.	15447.

SECURED DIVERSIFIED INVESTMENT LTD 80-0068489

Schedule M-1 Other Expenses Recorded on Books not Deducted in this Return Statement 10

Description	Amount
IMPAIRMENT LOSS ON REAL ESTATE	248137.
	-198302.
Total to Schedule M-1, Line 5	49835.