



# private placement memorandum

November 15<sup>th</sup>, 2013

**\$250,000**

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US Heritage Powersports  
1441 Canal Street  
Suite 224  
New Orleans, LA 70112

# offering memorandum

**\$250,000**

## US Heritage Powersports

**250 Notes - \$1,000 per Note**

Equity based Dividend Notes backed by the full faith, credit, & collateral of US-Heritage Powersports, Inc., and Demetri Melekos personally

US Heritage Powersports is a Louisiana based B-corp formed in 2012 for the purpose of designing, manufacturing, assembling and certifying custom production motorcycles for export from the U.S. to major markets worldwide.

### **Description of Securities and Terms of the Offering**

#### Introduction

US Heritage Powersports, Inc. ("US-HP") is acting as a conduit in this transaction. The purpose of the Equity based Dividend Notes is to fund a bridge loan of US\$250,000 for US-Heritage Powersports to enter into export markets.

The use of the bridge loan will be to fund short-term capital requirements of US-HP to build, ship, and certify (5) motorcycles being sold in Shanghai, China. (see accompanying Use of Proceeds Bridge Loan; US-HP).

The Secured Promissory Notes will have a term of one year (12) months with no penalty for early repayment. (see accompanying Use of Proceeds).

#### **Issuer**

The Issuer of the Secured Promissory Notes is US Heritage Powersports, Inc., a Louisiana B-corporation ("US-HP"). US-HP will serve as the Manager of US Heritage Powersports.

## The Offering

The Securities being offered under Section 4(2) of the Securities Act and Rule 506 of Regulation D are Secured Promissory Notes, at a price of US \$1,000 per Note ("Note"), with a maximum of Two Hundred Fifty (250) Notes offered representing a maximum offering of US \$250,000.

The investment by an Accredited Investor is One (1) Note (US \$1,000). The closing of the Offering will take place as determined by US-HP, and requires a minimum of two hundred and fifty (250) Notes, US \$250,000, to finalize the Offering. Company may utilize the proceeds from the Offering during subscription period.

US Heritage Powersports, Inc. may elect to hold more than one Closing. The final Closing is expected to be held on or before December 31, 2013, unless US Heritage Powersports, Inc. elects to extend the period during which Notes will be offered (the "Offering Period").

All Closings will be held at a time and place and on a date selected by US-HP. The execution of a Subscription Agreement, Purchaser Questionnaire and Purchaser Representative Questionnaire constitutes a binding offer by each prospective investor to buy the Notes and an agreement to hold the offer open for thirty (30) days, or until US Heritage Powersports, Inc. accepts the subscription.

Acceptance shall be deemed to have occurred by virtue of US Heritage Powersports, Inc. completing a Closing with respect to such subscribed Note. With reasonable promptness after any Closing, US Heritage Powersports, Inc. will issue an executed Note/Certificate to each investor. US Heritage Powersports, Inc., however, may reject any subscription for any reason without incurring any liability.

No subscription will be accepted until US Heritage Powersports, Inc. has received a fully executed Subscription Agreement; Purchaser Questionnaire; and Purchaser Representative Questionnaire; and any other documents as US Heritage Powersports, Inc. may require.

A prospective investor/Note purchaser may be represented in making an investment in the Notes by a "Purchaser Representative," as that term is defined in Rule 501(h) of Regulation D, in which case a Purchaser Representative Questionnaire must be executed by such representative, and the prospective investor. Any Purchaser Representative so retained must comply with the requirements of Rule 501(h).

US Heritage Powersports Inc. may also, in its sole discretion, reject any prospective investor or limit the number of Notes to be purchased by such investor. US Heritage Powersports, Inc. reserves the right to amend, modify, and/or withdraw all or a portion of the Offering, as to any person whose subscriptions have not been accepted.

## Offering Terms

Issuer	US Heritage Powersports
Securities Offered	Equity Based Dividend Note
Number of Notes Offered	250
Price per Note	USD \$1,000
Maximum Subscription	250 notes or \$250,000
Security / Collateral	(5) Custom/Production Motorcycles: US-SBA guaranteed at 90% thru the Export Express Working Capital program, and Export/Import Bank collateral insurance provided to HOPE Community Credit Union to secure loan of \$225,000 for working capital.
Equity in Stock	1/2 share per \$1,000 note – 12.5% total
Transferability	Restricted Securities
Registration	The Notes have not been registered or qualified under applicable state or federal securities laws of the U.S., and are being offered in reliance upon the exemption from registration as allowed under Section 4 (2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.
Dilution	N/A – one year dividend guarantee
Use of Proceeds	Principle use of the net proceeds from the maximum offering US \$237,500 will build 5 custom production Von Dutch Motorcycles for export to China
Closings	Closing will occur no later than December 31, 2013 unless extended by the Company.

Plan of Distribution	The notes are offered on a "best efforts" basis by the Officers, Directors, management, and key employees, of the company.
Due Diligence	Each prospective investor will have the opportunity to ask questions of, or request additional information from, US Heritage Powersports, Inc. prior to Subscribing.
Investor Qualifications	Accredited investors only, Investor Suitability Requirements apply.
Use of Proceeds	Bridge Loan for use of proceeds see the attached US Heritage Powersports Business Plan.

## Dividend Offering Options

### Incentive "A"

Minimum Subscription	10	notes or \$10,000
Term	12	months/1 Year
Dividend	17.00%	annually
Stock Equity	0.50%	Ownership

### Incentive "B"

Minimum Subscription	20	notes or \$20,000
Term	12	months/1 Year
Dividend	21.00%	annually
Stock Equity	1.00%	Ownership

## Valuation of Note

US Heritage Powersports stated Year-1 financial projections of \$1,360,000 net-net profit pretax:

250 notes =	12.50% of US-HP ownership =	\$ 340,000 value
20 notes =	1.00% of US-HP ownership =	\$ 27,200 value
10 notes =	0.50% of US-HP ownership =	\$ 13,600 value
1 note =	0.05% of US-HP ownership =	\$ 1,360 value

## Repayment Schedule

	<u>note amount</u>	<u>interest</u>	<u>term</u>
standard	\$ 1,000	15.00%	12 month
incentive "A"	\$ 10,000	17.00%	12 month
incentive "B"	\$ 30,000	21.00%	12 month

	<u>total amount</u>	<u>return-on-investment</u>
standard	\$ 1,150	\$ 150
incentive "A"	\$ 11,700	\$ 1,700
incentive "B"	\$ 24,200	\$ 4,200

## Louisiana Angel Investor Tax Credit

US Heritage Powersports is certified as a Louisiana Entrepreneurial Business as (LEB) by the the Louisiana Economic Development Agency as defined in State Legislative Act 414 of 2011. Investment participation in this Private Placement Memorandum, and any future offering before September 1<sup>st</sup> 2015 are entitled to Louisiana State tax credits equaling at full participation an amount of thirty-five percent of (35%) of amount invested. This amount may be adjusted to a lower amount if program is oversubscribed.

	<u>investment</u>	<u>tax credit amount</u>
standard	\$ 1,000	\$ 350
incentive "A"	\$ 10,000	\$ 3,500
incentive "B"	\$ 20,000	\$ 7,500

# Promissory Note

Borrower : US Heritage Powersports  
Demetri Melekos (founder)  
1441 Canal Street, suite 224  
New Orleans, LA 70112

Lender : Kankan Li  
37<sup>th</sup> Floor, Yintai Center Office Tower  
2 Jianguomenwai Avenue  
100022 Beijing China

## I. Promise to Pay

Borrower agrees to pay Lender the total amount of **\$20,000** (Loan Amount), together with interest payable on the unpaid principal at the rate of **21%** for the **1-year** term.

Payment will be delivered to Lender to 1823 Dauphine Street, New Orleans, LA 70116 or other address or electronic method mutually agreed upon both parties.

## II. Repayment

The amount owed under this Promissory Note will be repaid in full and in total of **\$4,200**. The full payment will be due on **February 20<sup>th</sup> 2015**. All payments shall be first applied to interest and the balance to principal.

## III. Late Payment Fees

If Borrower defaults in payment by more than the 7-days grace period of the time set forth herein, then Borrower shall pay an additional late fee in the amount of **\$500**.

## IV. Additional Costs

In case of default in the payment of any principal or interest of this Promissory Note, Borrower will pay to Lender such further amount as will be sufficient to cover the cost and expenses of collection, including, without limitation, reasonable attorney's fees, expenses, and disbursements. These costs will be added to the outstanding principal and will become immediately due.

## V. Transfer of the Promissory Note

Borrower hereby waives any notice of the transfer of this Note by Lender or by any subsequent holder of this Note, agrees to remain bound by the terms of this Note subsequent to any transfer, and agrees that the terms of this Note may be fully enforced by any subsequent holder of this Note.

VI. Amendment; Modification; Waiver

No amendment, modification or waiver of any provision of this Promissory Note or consent to departure therefrom shall be effective unless by written agreement signed by both Borrower and Lender.

VII. Successors

The terms and conditions of this Promissory Note shall inure to the benefit of and be binding jointly and severally upon the successors, assigns, heirs, survivors and personal representatives of Borrower and shall inure to the benefit of any holder, its legal representatives, successors and assigns.

VIII. Breach of Promissory Note

No breach of any provision of this Promissory Note shall be deemed waived unless it is waived in writing. No course of dealing and no delay on the part of Lender in exercising any right will operate as a waiver thereof or otherwise prejudice Lender's rights, powers, or remedies. No right, power, or remedy conferred by this Promissory Note upon Lender will be exclusive of any other rights, power, or remedy referred to in this Note, or now or hereafter available at law, in equity, by statute, or otherwise.

IX. Governing Law

The validity, construction and performance of this Promissory Note will be governed by the laws of the State of Louisiana, excluding that body of law pertaining to conflicts of law. Borrower hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this agreement in its entirety.

Borrower's signature: \_\_\_\_\_ \_\_/ \_\_/ \_\_\_\_\_  
US Heritage Powersports  
by Demetri Melekos (founder)

Lender's signature: \_\_\_\_\_ \_\_/ \_\_/ \_\_\_\_\_  
Kankan Li

Dated: February 6th, 2014



Notary for Borrower's signature:

\_\_\_\_\_  
US Heritage Powersports  
by Demetri Melekos (founder)

Certificate of Acknowledgment of Notary Public

State of \_\_\_\_\_ )

) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,

a notary public in and for said state, personally appeared

\_\_\_\_\_, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he or she executed the same in his or her authorized capacity and that by his or her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_

Notary Public for the State of \_\_\_\_\_

My commission expires \_\_\_\_\_

[NOTARY SEAL]

Notary for Lender's signature:

\_\_\_\_\_  
by Kankan Li

Certificate of Acknowledgment of Notary Public

State of \_\_\_\_\_ )

) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,

a notary public in and for said state, personally appeared

\_\_\_\_\_, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he or she executed the same in his or her authorized capacity and that by his or her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_

Notary Public for the State of \_\_\_\_\_

My commission expires \_\_\_\_\_

[NOTARY SEAL]

## SEC and State required disclosures

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THE INVESTOR MAY LOSE HIS/HER PRINCIPAL AND INTEREST. THE PURCHASE OF THESE NOTES INVOLVES RISK, AND THE INVESTOR SHOULD CAREFULLY READ THE RISK FACTORS AND THE INFORMATION PROVIDED IN THIS MEMORANDUM REGARDING THE OFFERING PRIOR TO MAKING AN INVESTMENT. THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AS AMENDED, OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR THE MERITS OF THIS OFFERING, NOR IS IT INTENDED THAT THEY WILL. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. AN INVESTMENT IN THE SECURITIES OFFERED HEREBY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. SEE RISK FACTORS AND OTHER CONSIDERATIONS. THESE SECURITIES ARE NOT DEPOSITS. THESE SECURITIES ARE NOT INSURED BY FDIC OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION NOR HAS THE FEDERAL DEPOSIT INSURANCE CORPORATION PASSED ON THE ACCURACY OF THE DISCLOSURES MADE HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES WILL BE SOLD ONLY TO ACCREDITED INVESTORS. SEE INVESTOR SUITABILITY REQUIREMENTS.

Price Per Note	Price To Investors	Proceeds To Company
\$1000	\$1000	\$950
Minimum Investment 250	\$250,000	\$237,500

a) The Notes are being offered on a "best efforts" basis through Officers, Directors, management and key employees, and participating members of the Financial Industry Regulatory Authority ("FINRA") (the "Placement Agents"). Participating members of FINRA will be paid a commission (up to 5%) of the price of each Unit sold by such participating member. Officers, Directors, management and key employees will not receive any compensation or commission for selling the Company's Notes.

b) Net proceeds to the Company are calculated before deducting other fees and costs, such as legal, accounting, and printing expenses.

c) Select Broker/Dealers and selling agents may receive compensation of up to 5% on the sale of the notes, and the compensation will be paid directly from the use of proceeds of the offering. Sources and Uses of Proceeds and Description of Securities and Terms of the Offering.

d) The notes can be pre-paid any point in the loan period with no penalty to the borrower. Only the interest that has accrued up until the date of payback will be paid to the investor.

This Memorandum contains what the Company considers fair summaries of certain provisions of the documents that will govern the Offering and the securities comprising the Notes. Nevertheless, the summaries do not purport to be complete and are qualified in their entirety by reference to the texts of the complete documents. Copies of these documents have either been attached to this Memorandum as Exhibits, or are available from the Company upon request and at no cost. Investors must not rely upon any representations or information other than as set forth in this Memorandum, its Exhibits and in documents furnished by the Company upon request. No person has been authorized to give any information or make any representation in connection with this Offering that is not included herein unless it is specifically provided in writing by the Company in response to the prospective investor's request for such additional information.

THE MINIMUM INVESTMENT IS ONE THOUSAND (\$1,000) USD.  
THIS OFFERING IS BEING MADE IN RELIANCE ON AN EXEMPTION FROM REGISTRATION UNDER RULE 506 OF REGULATION D, PROMULGATED UNDER SECTION 4(2) OF THE SECURITIES ACT. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS INVESTMENT IS SUITABLE ONLY FOR ACCREDITED INVESTORS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES, WHO DO NOT ANTICIPATE THAT THEY WILL NEED TO LIQUIDATE THEIR INVESTMENT IN THE COMPANY IN THE FORESEEABLE FUTURE, AND WHO UNDERSTAND, OR HAVE BEEN INDEPENDENTLY ADVISED WITH RESPECT TO, THE TERMS OF THIS OFFERING AND THE RISK FACTORS ASSOCIATED WITH THIS INVESTMENT. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, ACCOUNTING, BUSINESS, TAX, OR OTHER EXPERT ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS/HER OWN ATTORNEY, BUSINESS ADVISOR AND/OR TAX ADVISOR AS TO LEGAL, BUSINESS, TAX, AND RELATED MATTERS CONCERNING THIS INVESTMENT. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANYONE IN ANY STATE, COUNTRY, OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION FOR THE SECURITIES IS NOT AUTHORIZED. NO ACTION HAS BEEN TAKEN BY THE COMPANY THAT WOULD, OR IS INTENDED TO, PERMIT A PUBLIC OFFER OF THE SECURITIES IN ANY COUNTRY OR JURISDICTION. ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS MEMORANDUM NOR ANY OTHER INFORMATION MEMORANDUM, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT OR OTHER DOCUMENT OR INFORMATION MAY BE DISTRIBUTED OR PUBLISHED IN ANY COUNTRY OR JURISDICTION EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS.

THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS MEMORANDUM IS CONFIDENTIAL AND PROPRIETARY TO THE COMPANY AND IS BEING SUBMITTED TO PROSPECTIVE INVESTORS IN THE COMPANY WITH THE EXPRESS UNDERSTANDING THAT WITHOUT WRITTEN PERMISSION OF THE COMPANY SUCH PERSONS WILL NOT RELEASE THIS DOCUMENT OR DISCUSS THE INFORMATION CONTAINED HEREIN OR MAKE REPRODUCTIONS OR USE IT FOR ANY PURPOSE OTHER THAN EVALUATING A POTENTIAL OFFERING, THIS MEMORANDUM MUST BE PROMPTLY RETURNED.

THIS OFFERING IS MADE SUBJECT TO WITHDRAWAL, CANCELLATION, OR MODIFICATION BY THE COMPANY WITHOUT NOTICE. THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION AS A WHOLE OR IN PART. THE COMPANY SHALL HAVE NO LIABILITY WHATSOEVER TO ANY OFFEREE AND/OR INVESTOR IN THE EVENT ANY OF THE FOREGOING SHALL OCCUR.

#### **Patriot Act Rider**

The Investor hereby represents and warrants that Investor is not, nor is it acting as an agent, representative, intermediary or nominee for, a person identified on the list of blocked persons maintained by the Office of Foreign Assets Control, U.S. Department of Treasury. In addition, the Investor has complied with all applicable U.S. laws, regulations, directives, and executive orders relating to anti-money laundering, including but not limited to the following laws: (1) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56; and (2) Executive Order 13224 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) of September 23, 2001.

INVESTORS AND THEIR REPRESENTATIVES, IF ANY, SHOULD REVIEW THE FOLLOWING LEGENDS REQUIRED BY CERTAIN JURISDICTIONS AND BE AWARE OF THEIR CONTENTS. PLEASE REVIEW THE FOLLOWING MATERIALS CAREFULLY TO DETERMINE WHETHER ANY OF THESE LEGENDS ARE APPLICABLE.

THE COMPANY MAY CONDUCT, IN ITS DISCRETION, MULTIPLE CLOSINGS. NO ONE IS AUTHORIZED TO GIVE INFORMATION OR MAKE REPRESENTATIONS NOT QUALIFIED BY THIS MEMORANDUM OR ITS EXHIBITS. THIS MEMORANDUM HAS BEEN PREPARED ONLY FOR THE BENEFIT OF THE PERSONS INTERESTED IN THE PROPOSED PLACEMENT OF THE NOTES OFFERED HEREBY, AND MAY NOT BE REPRODUCED OR USED FOR OTHER PURPOSES. THE SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS SUMMARIZED HEREIN IS INCOMPLETE AND MAY NOT BE RELIED UPON BY ANY INVESTOR WITHOUT A COMPLETE READING OF ALL SUCH DOCUMENTS AND DESCRIPTIONS OF THE RELATIONSHIPS OF THE PARTIES IN THIS OFFERING AND A FULL UNDERSTANDING OF THEIR CONTENTS AND RELATIONSHIPS. THE COMPANY BELIEVES THESE SUMMARIES AND DISCUSSIONS TO BE FAIR STATEMENTS OF THE REFERENCED DOCUMENTS, EXHIBITS, STATUTES, AND REGULATIONS, BUT THEY DO NOT PURPORT TO BE COMPLETE, AND THEY ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXT OF ORIGINAL DOCUMENTS, STATUTES, AND REGULATIONS.

**FOR RESIDENTS OF ALL STATES:**

These securities offered hereby have not been registered under the Securities Act of 1933 or the securities laws of certain states and are being offered and sold in reliance on exemptions from the registration requirements of said Act and such laws. The securities are subject to restriction on transferability and resale and may not be transferred or resold except as permitted under said Act and such laws pursuant to registration or exemption therefrom. The securities have not been approved or disapproved by the Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of the Memorandum. Any representation to the contrary is a criminal offense. In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

**FOR ALABAMA RESIDENTS ONLY:**

These securities are offered pursuant to a claim of exemption under the Alabama Securities Act. A registration statement relating to these securities has not been filed with the Alabama Securities Commission. The Commission does not recommend or endorse the transaction with any securities, nor does it pass upon the accuracy or completeness of this Memorandum. Any representation to the contrary is a criminal offense. The purchase price of the interest acquired by a non-accredited investor residing in the state of Alabama may not exceed 20% of the purchaser's net worth.

**FOR ALASKA RESIDENTS ONLY:**

The securities offered have not been registered with the Administrator of Securities of the State of Alaska under provisions of 3 AAC 08.500 - 3 AAC 08.506. The investor is advised that the Administrator has not reviewed this document since this document is not required to be filed with the Administrator. The Administrator has not passed in any way upon the merits of, recommended, or approved the securities. Any representation to the contrary is in violation of A.S. 45.55.170. The investor must rely upon the investor's own examination of the person or entity creating the securities, and the terms of the Offering, including the merits and risks involved, in making an investment decision on these securities.

**FOR ARIZONA RESIDENTS ONLY:**

The securities obtained have not been registered under the Securities Act of Arizona, as amended, and are offered in reliance upon exemption from registration pursuant to A.R.S. section 44-1844 (1) transactions not involving any Public Offering. The securities cannot be resold unless registered under the Act or pursuant to an exemption from registration.

**FOR ARKANSAS RESIDENTS ONLY:**

These securities are offered pursuant to a claim of exemption under section 18(b) (4) (D) of the Arkansas Securities Act and section 4(2) of the Securities Act of 1933, as amended. A registration statement relating to these securities has not been filed with the Arkansas Securities Department or with the Securities and Exchange Commission. Neither the Department nor the Commission has passed upon the value of these securities, made any recommendations as to their purchase, approved or disapproved of the Offering, or passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is unlawful. The purchase price of the interest acquired by an unaccredited investor residing in the State of Arkansas may not exceed 20% of the purchaser's net worth.

**FOR CALIFORNIA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the California Corporations Code by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. It is unlawful to consummate a sale or transfer the securities offered hereby, or any interest therein, or to receive any consideration therefore, without the prior written consent of the Commissioner of Corporations of the State of California, except as permitted in the Commissioner's rules.

**FOR COLORADO RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Colorado Securities Act of 1991, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Securities Act of 1933, as amended, or the Colorado Securities Act, if such registration is required, or unless an exemption from such registration is available. These securities have not been approved or disapproved by the Commission of Securities of the state of Colorado, nor has the Commission of Securities passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is unlawful.

**FOR CONNECTICUT RESIDENTS ONLY:**

These securities have not been registered under section 36-495 of the Connecticut Uniform Securities Act. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Act, or an exemption from registration is available.

**FOR DELAWARE RESIDENTS ONLY:**

These securities have not been registered under the Delaware Securities Act, and are offered pursuant to a claim of exemption under section 7309(b)(9) of the Delaware Securities Act, and rule 9(h)(9)(ii) thereunder. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Act, or an exemption from registration is available.

**FOR DISTRICT OF COLUMBIA RESIDENTS ONLY:**

These securities have not been registered under the District of Columbia Securities Act since such Act does not require registration of securities. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered under the Securities Act of 1933, as amended, or an exemption from registration is available.

**FOR FLORIDA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Florida Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Securities Act of 1933, as amended, or the Florida Securities Act, if such registration is required, or unless an exemption from such registration is available. The securities referred to herein will be sold to, and acquired by, the holder in a transaction exempt under section 517.061 of the Florida Securities Act. The securities have not been registered under said Act in the state of Florida. In addition, all Florida residents shall have the privilege of voiding the purchase within three (3) days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer, or an Escrow Agent, or within three (3) days after the availability of which privilege is communicated to such purchaser, whichever occurs later.

**FOR GEORGIA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or section 10-5-5 of the Georgia Securities Act of 1973, and are being sold in reliance upon exemptions therefrom. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR HAWAII RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Hawaii Uniform Securities Act (modified), by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR IDAHO RESIDENTS ONLY:**

These securities have not been registered under the Idaho Securities Act ("the Act"), and may be transferred or resold by residents of Idaho only if registered pursuant to the Act, or if registered pursuant to the provisions of the Act or if an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

**FOR ILLINOIS RESIDENTS ONLY:**

These securities have not been approved or disapproved by the Secretary of State of Illinois or the State of Illinois, nor has the Secretary of the State of Illinois passed upon the accuracy or the adequacy of this prospectus. Any representation to the contrary is a criminal offense. These securities have not been registered under the Securities Act of 1933, as amended, or the Illinois securities law by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Securities Act of 1933, as amended, or the Securities Act of the State of Illinois, if such registration is required, or unless an exemption from such registration is available.

**FOR INDIANA RESIDENTS ONLY:**

These securities have not been registered under section 3 of the Indiana Blue Sky Law, and are offered pursuant to an exemption pursuant to section 23-2-1-2(b)(10) thereof, and may be transferred or resold by residents of Indiana only if subsequently registered, or if an exemption from registration is available. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. Indiana requires investor suitability standards of a net worth (exclusive of home, furnishings and automobiles) of twice the investment, but not less than US\$30,000 and gross income of US\$30,000.

**FOR IOWA RESIDENTS ONLY:**

These securities have not been registered under the Iowa Uniform Securities Act ("the Act") and are offered pursuant to a claim of exemption under section 502-203(9) of the Act. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. Investors should be aware that they will be required to bear the financial risks for an indefinite period of time.

**FOR KANSAS RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Kansas Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR KENTUCKY RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Securities Act of Kentucky, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR LOUISIANA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Louisiana securities law, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. The investment is suitable if it does not exceed 25% of the investor's net worth.

**FOR MAINE RESIDENTS ONLY:**

These securities are being sold pursuant to an exemption from registration with the Bank Superintendent of the State of Maine under section 1052(2) (r) of title 12 of the Maine revised statutes. These securities may be deemed to be restricted securities, as such the holder may not be able to resell the securities unless pursuant to registration under state or federal securities laws or unless an exemption under such laws exists.

**FOR MARYLAND RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1922, as amended, or the Maryland Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR MASSACHUSETTS RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Massachusetts Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR MICHIGAN RESIDENTS ONLY:**

These securities have not been registered under section 451.701 of the Michigan Uniform Securities Act ("the Act") and may be transferred or resold by residents of Michigan only if registered pursuant to the provisions of the Act, or if an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.



**FOR NEW YORK RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the New York Fraudulent Practices ("Martin") Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered under the Securities Act of 1933, as amended, or the New York Fraudulent Practices ("Martin") Act, if such registration is required. These securities have not been approved or disapproved by the Attorney General of the state of New York. The Attorney General of the state of New York has not passed on or endorsed the merits of this Offering, nor passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense. The transaction with these preferred securities involves some degree of risk. This Memorandum does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made not misleading, in light of the circumstances under which they were made. It contains a fair summary of the material terms of documents purported to be summarized herein.

**FOR NORTH CAROLINA RESIDENTS ONLY:**

These securities are offered pursuant to a claim of exemption under the North Carolina Securities Act. The North Carolina securities administrator neither recommends nor endorses the purchase of any security nor has the administrator passed upon the accuracy of the information provided herein. Any representation to the contrary is a criminal offense. The investment is suitable if it does not exceed 10% of the investor's net worth.

**FOR NORTH DAKOTA RESIDENTS ONLY:**

These securities have not been approved or disapproved by the Securities Commissioner of the State of North Dakota nor has the Securities Commissioner passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

**FOR OHIO RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Ohio Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR OKLAHOMA RESIDENTS ONLY:**

The securities represented by this Memorandum have not been registered under the Securities Act of 1933, as amended, or the Oklahoma Securities Act. The securities have been acquired for investment and may not be sold or transferred for value in the absence of an effective registration of them under the Securities Act of 1933, as amended, and/or the Oklahoma Securities Act, or an opinion such registration is exempt under the Act.

**FOR OREGON RESIDENTS ONLY:**

The securities offered have not been registered with the Corporation commissioner of the State of Oregon under provisions OAR 815 division 36. The investor is advised that the Commissioner has not made a review of any registration statement and has not reviewed this document since the document is not required to be filed with the Commissioner. The investor must rely on the investor's own examination of the Company creating the securities and the terms of the Offering, including the merits and risks involved in making an investment decision on these securities.

**FOR MINNESOTA RESIDENTS ONLY:**

The securities represented by this Memorandum have not been registered under Chapter B of the Minnesota securities laws and may not be sold, transferred, or otherwise disposed of except pursuant to registration or an exemption therefrom.

**FOR MISSOURI RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Missouri Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR MONTANA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Securities Act of Montana, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR NEBRASKA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Securities Act of Nebraska, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR NEVADA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Nevada Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR NEW HAMPSHIRE RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the New Hampshire Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

**FOR NEW JERSEY RESIDENTS ONLY:** The Attorney General of the State of New Jersey has not passed on or endorsed the merits of this Offering. The Bureau of Securities has not approved or disapproved of the issue or the sale of these securities, nor has the Department of Law and Public Safety of the State of New Jersey. Any representation to the contrary is unlawful.

**FOR NEW MEXICO RESIDENTS ONLY:**

These securities have not been approved or disapproved by the Securities Bureau of the New Mexico Department of Regulation and Licensing, nor has the Securities Bureau passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

**FOR PENNSYLVANIA RESIDENTS ONLY:**

Pursuant to section 207 (m) of the Pennsylvania Securities Act of 1972 (the "1972 Act"), each Pennsylvania resident who accepts an offer to purchase securities exempted from registration under sections 203(d), (f), (q), or (r) of the 1972 Act directly from an issuer or an affiliate of an issuer shall have the right to withdraw his or her acceptance without incurring any liability to the seller, underwriter (if any) or any other person, within two business days from the date of receipt by the issuer of his or her written binding contract of purchase, or in the case of a transaction in which there is no written binding contract of purchase, within two business days after he or she makes the initial payment for the securities being offered. To accomplish this withdrawal, a subscriber need only send a letter or telegram to the Company at the address set forth in the text of the Memorandum, indicating his or her intention to withdraw. Such a letter or telegram should be sent and postmarked prior to the end of the aforementioned second business day to the address for written notices given at the beginning of this section. It is prudent to send such letter by certified mail, return receipt requested, to ensure that it is received and also to evidence the time when it was mailed. If the request is made orally (in person or by telephone to the Company at the number listed in the text of the beginning of this section of the Memorandum), a written confirmation that the request has been received should be requested. Neither the Pennsylvania Securities Commission nor any other agency has passed on or endorsed the merits of this Offering, and any representation to the contrary is unlawful.

**FOR RHODE ISLAND RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the blue sky law of Rhode Island, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR SOUTH CAROLINA RESIDENTS ONLY:**

In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware they will be required to bear the financial risks of this investment for an indefinite period of time.

**FOR SOUTH DAKOTA RESIDENTS ONLY:**

These securities have not been registered under chapter 47-31 of the South Dakota securities laws and may not be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered under the Securities Act of 1933, as amended, or an exemption from registration is available. Each South Dakota resident purchasing one or more whole or fractional shares must warrant that he or she has either (1) a minimum net worth (exclusive of home, furnishings and automobiles) of US\$30,000 and a minimum annual gross income of US\$30,000 or (2) a minimum net worth (exclusive of home, furnishings and automobiles) of US\$75,000. Additionally, each investor who is not an accredited investor or who is an accredited investor solely by reason of his net worth, income or amount of investment, shall not make an investment in this Offering in excess of 20% of his net worth (exclusive of home, furnishings and automobiles).

**FOR TENNESSEE RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Tennessee Securities Act of 1980, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR TEXAS RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Texas Securities Act, by reason of specific exemptions thereunder relating to the limited availability of this Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Securities Act of 1933, as amended, or the Securities Act of the state of Texas, if such registration is required, or unless an exemption from registration is available. The investment is suitable if it does not exceed 10% of the investor's net worth.

**FOR UTAH RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Utah Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR VERMONT RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Vermont Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR VIRGINIA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Virginia Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR WASHINGTON RESIDENTS ONLY:**

This Offering has not been reviewed or approved by the Washington Securities Administrator, and the securities offered have not been registered under the Securities Act (the "Act") of Washington chapter 21.20 RCW and may be transferred or resold by residents of Washington only if registered pursuant to the provisions of the Act or if an exemption from registration is available. The investor must rely on the investor's own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved, in making an investment decision on these securities.

**FOR WEST VIRGINIA RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the West Virginia Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR WISCONSIN RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Wisconsin Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available.

**FOR WYOMING RESIDENTS ONLY:**

These securities have not been registered under the Securities Act of 1933, as amended, or the Wyoming Uniform Securities Act, by reason of specific exemptions thereunder relating to the limited availability of the Offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless they are subsequently registered or an exemption from registration is available. Wyoming requires investor suitability standards of a US\$250,000 net worth (exclusive of home, furnishings, and automobiles) and an investment that does not exceed 20% of the investor's net worth.

## Investor Suitability Requirements

INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR THOSE INVESTORS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES IN RELATION TO THEIR INVESTMENT, WHO COULD BEAR THE TOTAL LOSS OF THEIR INVESTMENT AND WHO UNDERSTAND THE PARTICULAR RISK FACTORS OF THIS INVESTMENT. IN ADDITION, INVESTMENT IN THE NOTES IS SUITABLE ONLY FOR AN INVESTOR WHO DOES NOT NEED LIQUIDITY IN HIS OR HER INVESTMENT AND WHO IS WILLING TO ACCEPT SUBSTANTIAL RESTRICTIONS ON THE TRANSFER OF NOTES.

In General -- The Notes offered hereby have not been registered with the Securities and Exchange Commission and are being offered in reliance upon an exemption from such registration set forth in Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Notes will be offered and sold only to persons who qualify as Accredited Investors as set forth in Regulation D. Prior to the purchase of the Notes, each prospective investor will be required to complete and submit, to the Company, a Subscription Agreement and Purchaser Questionnaire in the form attached hereto as Exhibits B and C. Those prospective investors using a Purchaser Representative must have their Purchaser Representative complete and submit a Purchaser Representative Questionnaire. No broker-dealer or any person receiving a commission from the Company may act as a Purchaser Representative on behalf of any investor in this offering.

Accredited Investor -- An "Accredited Investor" is defined in Regulation D as:

A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company or a registered investment advisor, or if the employee benefit plan has total assets in excess \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are Accredited Investors; Any private business development company as defined in Section 202(a)(22) of the Investment Advisors

- **Act of 1940;**
- Any organization as described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director, executive officer or general partner of the Company;
- Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds \$1,000,000;
- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years, or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

## **Risk Factors and Other Considerations**

This Memorandum contains certain forward-looking statements about US Heritage Powersports, Incorporated ("the Company"), its predecessors, subsidiaries, affiliates, and acquisitions. The following pages set forth certain risks the Company considers significant to investors, but in no way being intended as a comprehensive list of risk factors. Prospective investors are urged to consult with their own counsel and other advisors with respect to the risks of acquiring Notes of the Company.

## **Forward-Looking Statements**

Forward-looking statements in this Offering, based on information available to the Company on the date hereof, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company wishes to advise readers that actual results may differ substantially from such forward-looking statements. Forward looking statements involve potential risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements, including, but not limited to, the following: government regulation; changing economic conditions; continued acceptance of products in the marketplace; competitive factors; and other unforeseen risks. In particular, this Memorandum contains statements concerning prospects for future financing, results of operations, financial and business projections, the effectiveness of the Company's marketing strategy, and the availability of operating cash flow. The ultimate result of any such events or transactions may vary materially from the forward looking statements. Important factors, which could cause actual results to vary materially from such statements, are set forth below. This is a highly speculative investment. The following sets forth certain risks the Company considers being significant to investors, but in no way being intended as a comprehensive list of risk factors. Prospective investors are urged to consult with their own counsel and other advisors with respect to the risks of acquiring stock of the Company. As used in this section, references to "the Company" include SBD Investment Partners, Incorporated, its predecessors, subsidiaries, affiliates, acquisitions, and potential acquisition candidates. All statements, other than statements of historical fact included in this Memorandum including, without limitation, statements under "Risk Factors," and "Business and Properties" regarding the Company's anticipated financial position, business strategy and plans and objectives of management of the Company for future operations, are forward-looking statements. When used in this Memorandum, words such as "anticipate," "believe," "estimate," "expect," "intend," and similar expressions, as they relate to the Company or its management, identify forward looking statements. Such forward-looking statements are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, such as those disclosed under "Risk Factors," including, but not limited to, the Company's dependence on major customers, competitive factors and pricing pressures, changes in legal and regulatory requirements and general economic conditions. Such statements reflect the current views of the Company with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this paragraph. External Capital The development and execution of the Company's business plan and deployment of operations requires external sources of working capital that US Heritage Powersports seeks to secure through this Offering. There can be no assurances the Company will be successful in funding this Offering.

## **Right to Substitution**

The Company has assembled the assets and resources presented in this plan for the purpose of achieving its stated objectives. There can be no assurance that those assets and resources currently identified in this plan will continue with this plan through closing. If any sector of these assets and resources are not available at closing, the Company reserves the right to substitute similarly situated assets and resources of the same scope and value for achieving the same stated purposes and objectives. If the Company Fails to Manage Its Growth, Financial Results Could be Adversely Affected.

The Company is and will continue to experience growth through acquisition and with the opening of additional locations, including the increase in the number of employees, and the addition of territories, revenues, and related expenses. Continued growth could strain management, production, financial, and other resources. To manage growth effectively, management must continue to enhance operational, financial and management systems and successfully attract, train, retain, and manage employees. Any failure to manage growth effectively could have a material adverse effect on business, financial condition, and results of operations, such as declines in revenues and profit margins. If the Company is unable to manage growth effectively, the Company's business, operating results and financial condition will be adversely affected.

### **Operational Risks**

The Company, like many corporations, is exposed to many types of operational risks.

The Company may be subject to disruptions arising from events that are wholly or partially beyond its control. The Company is exposed to the risk that its external vendors may be unable to fulfill their contractual obligation to the Company. Although a system of controls is designed and maintained to keep operational risk at appropriate levels, there can be no assurance that the Company will not suffer losses from operational risks in the future that may result in material amounts. Competition The Company operates in a competitive industry that is expected to become even more competitive as a result of existing and opening opportunities, environmental, economic, geopolitical, legislative and regulatory changes. While there are certain barriers to entry in this market, primarily financial resources, availability of raw materials and equipment, other competing companies may have lower cost structures. Competitors of the Company in the United States are increasing, and the Company expects competition in this market to intensify in the future. The Company believes that its ability to compete successfully in the market depends on a number of factors including: market presence; production capacity; reliability of its products; the pricing policies for the Company's products and that of its competitors; the Company's ability to support existing and emerging industry standards; and industry and general economic trends. The Company directly competes with larger, more businesses. There can be no assurance the Company will be able to compete successfully against current or future competitors, or that competitive pressures faced by the Company will not have a material adverse affect on the Company's business, operating results and financial condition.

### **Dependence upon Strategic Relationships**

The Company's business is founded on strategic relationships. The Company relies on good relationships with members and companies of these sectors in conducting business and carrying out its business plan. A bad relationship with any one of these sectors, or a negative perception or public opinion of the Company, could impact the Company's business, operating results and financial condition.

Negative public opinion can result from actual or alleged conduct in any number of business activities. Negative public opinion can adversely affect the Company's ability to keep and attract clients, and employees, and can expose it to litigation and regulatory action. Because virtually all of the Company's businesses operate under the "US Heritage Powersports, Inc." brand, actual or alleged conduct by one business can result in negative public opinion about other US Heritage Powersports, Inc. businesses. Although the Company takes steps to minimize reputation risk in dealing with customers, this risk will always be present in the organization. Private Placement; Limited Market for Shares The Notes of the Company are being offered pursuant to Regulation D of the U.S. Securities and Exchange Commission in exemption to registration. Therefore, this Offering has not been subject to the registration process of the Securities and Exchange Commission or other securities regulatory authorities. If exemption from such registration was later determined to be unavailable, investors might have the right to rescind their investment. Similar rights of rescission might exist under state law in those jurisdictions where the shares are offered without securities registration. If one or more investors were successful in obtaining such rescission, the Company might face material adverse financial demands, thus affecting the non-rescinding investors. There can be no assurance this Offering complies with the requirements of Regulation D or other exemptions from securities registration under applicable law.

Similar rights of rescission might exist under state law in those jurisdictions where the shares are offered without securities registration. If one or more investors were successful in obtaining such rescission, the Company might face material adverse financial demands, thus affecting the non-rescinding investors. There can be no assurance this Offering complies with the requirements of Regulation D or other exemptions from securities registration under applicable law.

### **Control by Existing Shareholders**

Existing Shareholders of the Company hold the controlling percentage of the Company's equity, which shall survive this Offering.

### **Limits on Transferability of the Shares**

The Notes are restricted securities not transferable without the written authorization of the Company.

### **The Company's Business Depends on Key Personnel**

The Company depends and will depend on the continued service of its executive officers and other key management personnel. In expanding its business plan, the Company will look to hire and acquire additional management personnel and key employees to maintain managerial balance and effective oversight. If the Company were to lose any of its officers or management personnel without suitable replacements, such a loss could result in inefficiencies in the Company's operations and the loss of business opportunities.

### **Impact of Environmental and Other Regulatory Issues**

In the ordinary course of business, the Company's services may be subject to state or federal regulatory requirements and subject to regulation by numerous county, state, and federal governments, and governmental agencies. Although the Company does not anticipate problems satisfying any existing regulations, the Company cannot foresee the possibility of new regulations, which could adversely affect the business of the Company. Failure to follow established regulations or guidelines could result in potential liability for the Company includes citations, fines, or both. Additionally, violations could subject cited locations to temporary closure while remediating such violations. Failure to comply could result in fines, levies, and, or cease and desist orders. The Company's products are not currently subject to regulatory guidelines, however the Company can make no assurance that local, state or federal authorities will not commence such regulation. In the event that any state's regulatory requirements relating to the method of business impose additional requirements on the Company or include the Company within an industry-specific regulatory scheme, the Company may be required to modify its marketing programs in such states in a manner which undermines the program's attractiveness to consumers or dealers. In such instances the Company may become subject to fines or other penalties, and/or, if the Company determines that the licensing and related requirements are overly burdensome, the Company may elect to terminate operations in such state. In each case, the Company's business, results of operations and/or financial condition could be materially and adversely affected. Locations where the Company has operations may be required to obtain certain licenses and permits. The Company will comply with all local, state and federal regulations pertaining to such licenses and permits. Failure to comply could result in fines, levies, and, or cease and desist orders. General Business, Economic, Market, and Political Conditions May Significantly Affect Earnings.

All businesses are subject to various risks. The risks to which a business is subject become more acute under certain conditions, including economic slowdowns or recession. During such periods, losses to investors can increase and could result in an increased incidence of claims and legal actions. In addition, such conditions could lead to a potential decline in demand for the Company's products. The Company's business and earnings are sensitive to environmental, general business and economic conditions in the United States. The financial success of the Company may be sensitive to adverse changes in general economic conditions, such as crude oil prices, inflation, unemployment, and interest rates. These changes could cause the cost of supplies, labor, and other expenses to rise faster than the Company can raise prices. Such changing conditions also could reduce demand in the market place for the Company's products. The Company has no control over any of these changes.



# Louisiana Act 414 of 2011 – Angel Investor Tax Credit

Declaration of Emergency  
Department of Economic Development,  
Office of the Secretary  
Angel Investor Tax Credit Program  
(LAC 13: Part I. Chapter 33)

The Department of Economic Development, Office of the Secretary, pursuant to the emergency provisions of the Administrative Procedure Act, R.S. 49:953(B) hereby revises and re-adopts the following Rules of the Angel Investor Tax Credit Program, in order to revise LAC 13: Part 1, Chapter 33. This Emergency Rule shall become effective upon promulgation and shall remain in effect for the maximum period allowed under the Administrative Procedure Act, or until a final rule is promulgated in accordance with law, whichever occurs first.

The Department of Economic Development, Office of the Secretary, has found an immediate need to revise and re-adopt the rules for the Angel Investor Tax Credit Program pursuant to R.S. 47:6020 in light of the passage of Act 414 of the 2011 Regular Session of the Louisiana Legislature. The State needs to provide for the growth and stability of Louisiana's entrepreneurial business environment by making available ready sources of capital necessary to support this environment. This program is intended to provide economic benefits to Louisiana based investors who will make new investments or increase their existing investment in Louisiana-based economic development projects that will create and/or retain jobs for Louisiana citizens; and to enhance the entrepreneurial business environment and raise ready sources of capital for this environment through encouraging third parties to invest in early stage wealth-creating businesses expanding the economy of the state, enlarging the quality of jobs available in Louisiana. Without these Emergency Rules the public welfare may be harmed as the result of the failure to enhance the growth and stability of Louisiana's entrepreneurial business environment by making available ready sources of capital necessary to support this environment, and the loss of business investment and economic development projects creating or retaining jobs that would improve the standard of living and enrich the quality of life for citizens of this state.

Title 13 ECONOMIC DEVELOPMENT  
Part I. FINANCIAL INCENTIVE PROGRAMS  
**Chapter 33. Angel Investor Tax Credit**  
**§3301. General**

A. The intent of the Angel Investor Tax Credit Program Act of 2011 (Act 414 of 2011; La. 47:6020, the provisions of which shall hereinafter be referred to as "Act 414") is to enhance the entrepreneurial business environment and raise ready sources of capital for this environment through encouraging third parties to invest in early stage wealthcreating businesses expanding the economy of the state, enlarging the quality

jobs available in Louisiana to retain the presence of young people in Louisiana. These provisions are to be read in pari materiae with Act 414. For the purposes of this Chapter, the "Department" shall be Louisiana Economic Development.

B. Act 414 repealed the Angel Investor Tax Credit Program Act of 2005 and replaced it with the reenacted provisions of La. R.S. 47:6020. Therefore, effective July 8, 2011, which is the date the Governor signed Act 414, the Department must recertify all Louisiana Entrepreneurial Businesses and all annual and program caps for individual businesses will start over.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 through 6020.4 and R.S.

36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 32:228 (February 2006), amended LR 32:1594 (September 2006).

### **§3303. Accredited Investor**

A. An *accredited investor* shall be defined as:

1. an angel pool (which may be a Limited Liability Corporation or Limited Liability Partnership, as provided below) as determined by the Department, all of whose participants shall be accredited investors;
2. a person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase;
3. a person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
4. persons, including Corporations, Partnerships, Limited Liability Partnerships and Limited Liability Corporations composed of persons meeting the qualifications of Paragraphs A.2 and 3 above, provided that the person's share of the tax credits of the entrepreneurial business shall not exceed that person's share of the profits of the entrepreneurial business or a person's share of the tax credits as a partner or a member of a Limited Liability Corporation or Partnership shall not exceed that person's share of the profits of the LLC.

B. Angel pools may receive certification from the Department upon showing:

1. The proposed pool of investors is organized solely for the purposes of making angel investments;
2. Participants in the pool are given the opportunity to screen applicants for pool investments and to participate in deal reviews as well as post investment review of company performance;
3. Participants are given the opportunity to opt in or out of proposed angel investments and are not participating solely upon the determinations of an investment or fund manager;
4. Such other factors of operation of the pool as may distinguish it from the operation of a venture fund.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 through 6020.4 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 32:228 (February 2006), amended LR 32:1594 (September 2006).

### **§3305. Louisiana Entrepreneurial Business**

A. A *Louisiana Entrepreneurial Business* shall be defined as those businesses approved by the Department under Act 414 and that meet the following requirements.

1. A business shall provide the Department with a business plan that includes all appropriate long and short term forecasts and contingencies of business operations, including research and development, profit, loss and cash flow projections and details of expenditure of angel investor funding in accordance with Act 414 and shall also include the following:

- a. the principal business operations of the business are located in Louisiana including Louisiana as the primary place of employment for the employees of the business;
- b. demonstrating a plan or progression through which more than 50 percent of its sales will be from outside of Louisiana;
- c. employs 50 or fewer full-time employees; and
- d. the business has either gross annual sales of less than \$10 million or a business net worth of less than \$2 million.

2. Exclusions

- a. Businesses primarily engaged in the following activities are not eligible to be certified as a Louisiana Entrepreneurial Business: retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, and financial services, including venture capital funds.
- b. Businesses primarily engaged in the following activities may qualify as a Louisiana Entrepreneurial Business but only if the Department, in its discretion, determines from the business plan that the company is a wealth-creating business for Louisiana: state or local government enterprises, business associations and professional organizations as defined in North American Industry Classification System (NAICS) code 8139, automotive rental and leasing, local solid waste disposal, local sewage systems and local water systems businesses, hospitals or nonprofit organizations.

3. Such other findings by the Department as shall be consistent with Act 414, provided that under no circumstances shall the Department's certification of the applicant as a Louisiana Entrepreneurial Business be considered or implied to be an endorsement of the business or any investment in that business and the applicant shall so advise all investors of this fact.

B. Certification of a Louisiana Entrepreneurial Business shall be obtained from the Department by submitting the above business plan together with the Louisiana taxpayer identification number of the business and all other information regarding those items necessary to qualify the investment in the business for the angel tax credit as provided for by Act 414 electronically to an email address specified by the Department on its website. Upon receipt, the Department shall make such requests for other information

necessary to a determination that the business should or should not be certified as a Louisiana Entrepreneurial Business. The Department's certification of the business shall include the Louisiana taxpayer identification number of the business. This certification shall be in effect for one year from the date of the Department's letter. The certification may be extended for additional one year periods upon application to the Department showing that the business continues to be an entrepreneurial business within the meaning of the act and these rules, and the application includes the use of proceeds previously raised, number of employees, amount of payroll, annual revenue, and such other information as shall be requested by the Department. In order to continue to be certified, the business shall be in compliance with all reporting and other provisions of Act 414 and these rules with respect to the administration of the credits.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 32:228 (February 2006), amended LR 32:1594 (September 2006).

### **§3307. The Amount, Allocation and Limitations of the Angel Investor Tax Credits**

A. The following rules shall be applicable to investments by Accredited Investors in Louisiana Entrepreneurial Businesses.

1. For calendar year 2011, the Department will begin accepting applications on September 1 and for calendar years 2012-2015, the Department will begin accepting applications on January 1.

The allocation of credits for all years will be administered on a first come, first serve basis until the annual \$5 million cap has been reached. However, on the day that the cap is reached, all applications received that day will be treated as received at the same time and the credits remaining for allocation that day will be prorated.

a. Upon receipt of an application for the reservation of credits, the Department will send the business a reservation letter indicating the dollar amount of credits which their investors are entitled to receive if proof of investment can be shown.

b. Each business applicant will have to decide on their application if they are willing to accept a prorated credit amount should their application be received on the day the cap is reached. The business will also have to determine what percentage of proration they will accept.

If the business does not indicate in their application a willingness to accept a prorated credit amount at the percentage of proration available on the day the cap is reached, their application will be deemed to have been received the day following the day in which the cap was reached.

c. Proof of investment must be provided to the Department within 60 days from the date of the reservation letter. The Department will accept the Subscription Agreement as required by the Securities and Exchange Commission as proof of investment.

d. If proof of investment is made within the requisite 60 day period, the Department will issue a tax credit certification letter to the investor.

(i) The tax credit certification letter will include the investor's name, address, Louisiana taxpayer identification number and the amount of the credit. The tax credit certification letter will include a breakdown of which years and in what amounts per year the credit will be claimed.

(ii) The Louisiana Department of Revenue will receive a copy of the tax credit certification letter for purposes of verification of the credits.

e. If proof of investment is not provided to the Department within the requisite 60 day period, the angel investor tax credits which had been reserved for that company's investors will be added to the remaining available annual credit cap.

f. Any returned reservation credits whose businesses could not provide proof of investment within 60 days, will be allocated when available on a first come, first serve basis until the annual \$5 million cap has been reached. However, on the day that the cap is reached, all applications received that day will be treated as received at the same time and the credits remaining for allocation that day will be prorated. Returned reservation credits will be made available the sooner of 1) the day returned reservation credits exceed the amount of credits requested in applications in line to receive credits the next day or 2) the day all 60 day proof of investment periods have expired. The timeline for proof of investment will be the same 60 day period as mentioned above.

g. A business who fails to provide proof of investment within 60 days will not be allowed to apply for angel investor credits again for a three month period. The three month period will begin on the day following the end of the 60 day period for proof of investment.

B. All applications for the reservation of credits shall be made on a form prescribed by the Department. All applications for the reservation of credits shall be submitted to the Department electronically to an email address specified by the Department on its website.

C. An investment earns tax credits in the calendar year in which the investment is made. The request for the reservation of credits for an investment must be made in the same year in which the investment is made.

D. The Angel Investor tax credits should be claimed on the investor's income and corporation franchise tax returns in accordance with the statutory requirements of La. R.S. 47:6020(D)(3).

E. Transfers of the Angel Investor tax credits will be allowed in compliance with La. R.S. 47:6020(F).

E. The Angel Investor Tax Credit Program has a program cap of \$5 million in tax credits granted per calendar year. In the event that the total amount of credits granted in any calendar year is less than \$5 million, any residual amount of unused credits shall carry forward for use in subsequent years and may be granted in addition to the \$5 million limit for each year.

F. For purposes of receiving Angel Investor tax credits, an investor may not invest more than \$1 million per year per business or more than \$2 million per business total over the life of the program.

G. The Department has the authority to change the administration of the Angel Investor tax credit program when it is deemed necessary for the effective administration of the program. Notice of any change in administration will be done with 10 day prior notice published on the Department's website.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 32:229 (February 2006), amended LR 32:1595 (September 2006).

November 20, 2013

Mr. Demetri Melekos  
US Heritage Powersports, Inc.  
1441 Canal Street, Suite 224  
New Orleans, LA 70019

Re: Louisiana Entrepreneurial Business Certification Application - US Heritage Powersports, Inc.

Dear Mr. Melekos:

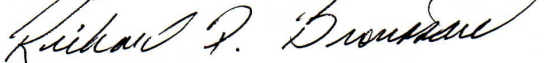
I received your email dated November 19, 2013, and the attached business plan making application for US Heritage Powersports, Inc., as a certified Louisiana Entrepreneurial Business (LEB) pursuant to the Louisiana Angel Investor Tax Credit Program (Act 414 of 2011).

Based upon the representations made in the documents received, I am pleased to certify US Heritage Powersports, Inc. as an LEB as provided for by Act 414 and applicable rules. This certification shall be in effect for one year from the date of this letter. The certification may be extended for additional one year periods upon application to Louisiana Economic Development (LED) showing the business continues to be an entrepreneurial business within the meaning of Act 414 of 2011 and the rules of the Angel Investor Tax Credit Program, and so long as the application includes the LEB's use of investment proceeds previously raised, number of employees, annual payroll, and annual revenue.

The angel investment must remain in the business for at least three (3) years and under no circumstance shall this certification as a LEB be considered or implied to be an endorsement of your business or any investment in that business and, as a condition of this certification, you shall so advise all prospective investors of this fact. Additionally, this certification of your business as a LEB does not guarantee your investor Angel Investor Tax Credits. In order to reserve an allocation of tax credits for your investor, you must submit a completed Angel Investor Tax Credit Reservation Application to LED at [angelapplications@la.gov](mailto:angelapplications@la.gov). The Angel Investor Tax Credit Reservation Application form can be found on the Louisiana Economic Development website.

I will be available to assist you as necessary in connection with the requirements of the Act and applicable rules. LED wishes you every success in the growth and development of your business.

Sincerely,



Richard D. Broussard  
Manager Business Incentive Services

