

Send to me from another person who questioned fraudulent accountance and more by Geoffrey Hoppe and Linda Benyo on crimson circle message board !

When you read Geoffrey Hoppes explaining below, remember he never have contacted me and have never answered my questions I send to their Annual Shareholder meeting (press here http://www.crimsoncircle.dk/?page_id=51 to see the Questions that never got answered)

Geoffrey Hoppe explains himself to justify himself !

I did a little breathing to try to understand your situation. It occurred to me that you and xxxxxx are frustrated because his investment in CCEC hasn't turned out the way he would have liked it. I can certainly understand that. I can barely stand to look at the stock market these days.

I know you haven't asked any direct questions, but I would like the opportunity to give some information about one particular accusation. It really bothered me on a personal basis because I know there's no truth in it.

You indicated that Linda and I (the Hoppe's) basically made off with a lot of CCEC money. I forgot how you stated it, but the implication was that we hid tens of thousands of dollars. I'm not sure where you got your information, but I'd like to give you the facts. These facts are a matter of corporate record, and they are validated by our auditors, accountants and attorneys. In other words, there is absolutely no spin on this.

I'm going to keep this in lay-persons language, but feel free to ask me any questions if there's something you don't understand. The figures I use here are approximate, but pretty close. Actual figures are contained in corporate documents.
Here we go:

1. From 2001 to July 2006, the Crimson Circle was a DBA (Doing Business As) under Linda's and my private company, Sundance Group, Inc. We did not incorporate Crimson Circle as a separate entity because in the early days we had no idea of how quickly this would grow. Also, Sundance had very good credit, meaning that we could sign

large hotel and venue contracts whereas Crimson Circle has no history at all.

2. By 2006, Crimson Circle revenues (under Sundance Group) had grown to about \$1.5 million. The company was very profitable, and had no debt. In other words, it was a very successful business.

3. In 2006 we decided to incorporate Crimson Circle. We looked at the various ways to transfer the operations of Crimson Circle (under Sundance) to the new Crimson Circle Energy Company, Inc. There were a lot of ways to skin that cat. I wanted to keep expenses and overhead down so I opted for the "simple" route. I said that as of a specific date (originally July 1 but later changed to August 1), we would make a "hard" cutoff. In other words, all revenues and expenses before August 1 would go to Sundance. All revenues and expenses after August 1 would go to the new CCEC.

4. Please understand that Crimson Circle was profitable (under Sundance), it had worldwide recognition, and was getting over 250,000 viewers per month. Depending on what formulas you use, I could have sold this business to the new CCEC for anywhere between \$250,000 to \$500,000. Instead I chose to GIVE it to CCEC. No stings attached.

5. When we started the IPO process in late 2006, the New York auditors brought up a pain-in-the butt issue: Sundance had a long business track record. CCEC had none. They wanted us to merge the two company's together. I said no. This would have had a very adverse effect on two things: Linda's and my retirement program, and the fact that Sundance is a Sub-S corporation and therefore allows us to legally write off many expenses.

6. The auditors then said we needed to do a "consolidated statement." In other words, they needed to audit Sundance Group as well as the new CCEC. It was easy and inexpensive to audit CCEC because it had only existed for a few months. The Sundance books were much more complex because in addition to Crimson Circle, we had also done a lot of corporate consulting work, graphic design, publishing and other business interests.

7. Now for the big pain-in-the butt: Sundance used a CASH basis for it's bookkeeping. But CCEC had to use the ACCRUAL method because we planned to do an IPO. So, all of the Sundance accounting had to be converted to ACCRUAL. This was a big task. Linda had to go through ALL of the receipts, paperwork and transactions for the past 2-3 years. We never anticipated having to do an audit on Sundance, plus we were traveling about 70% of the time. It took nine months to get everything together. (However, it is very common for an audit to take one year).

Sorry this is so long.....

8. The auditors didn't like the way we did the August 1 "hard cut off" between Sundance and CCEC. They said it was perfectly legal and up front, but it made the accrued consolidated report more challenging for them to complete, and they said it would be confusing to potential shareholders. They suggested we go back and accrue all of the revenues and expenses between Sundance and CCEC. At first I said no, but after a lot of pressure and discussions I agreed in order to keep things moving along.

9. The new accrual went something like this: Sundance has taken about \$130,000 in revenues for events after August 1, 2006. Our overhead expenses were about \$73,000. The auditors suggested that Sundance write a check to CCEC for \$57,000. They said that we should then increase our monthly management fees by \$3,000 or \$4,000 per month in order to pay ourselves back. Or, they said we should just charge CCEC a large one-time fee to use the materials we had developed between 2001 and 2006. They suggested that we charge CCEC about \$200,000 to be paid when the company went public.

10. Linda and I wrote out a very large check for \$57,000 to CCEC. We have never increased our pay or management fees. We have never charged CCEC for using the materials developed prior to CCEC. We never asked for \$200,000 from the public offering proceeds.

11. Please read this carefully: It actually cost Linda and I \$57,000 our own OWN MONEY to turn over five years of hard work to CCEC! For anyone to say that we have taken ANY money from the company in an inappropriate manner is very, very wrong. It is very hurtful. It makes me wonder what the real agenda is.

12. If we had to do it all over again, I would have sold the Sundance work to CCEC. I would have gotten an attorney, drawn up extensive legal documents, and made sure to protect Linda's and my interests. I would have gotten a good accountant to work on behalf of Sundance. But at the time, everything was cordial and friendly, and I had a vision of opening this incredible library of material to the world. Little did I realize how deceptive and cruel some people can be.

In summary, Linda and I have not profited from turning over our work to CCEC. It actually cost us \$57,000 (plus many other things not mentioned here). Ever bit of information I have presented here is part of the corporate record. According to our COO, it is the most highly documented transaction in our corporate files. I'm sorry you didn't have all of the information, and I'm hurt that you made the accusations you made.... without asking first.

Perhaps it's more fun to point fingers and throw around ugly accusations. Perhaps you didn't really want to hear the facts? I'm disappointed that you DIDN'T ask any questions. I didn't want to embarrass you on the message board by saying that you are absolutely misguided, so I am writing this email instead. Not only are you wrong, you are very, very wrong. I sincerely hope that you will check out the facts before you make wild accusations.

My door (or computer) is open to any questions you have. I will answer clearly and openly.

With blessings,

Geoff