

## Confidential Private Placement Memorandum

# USA Sail LLC

A Florida Limited Liability Company    D&B # 18-759-3525

**\$1,000,000 offering of 50 ownership units at \$20,000 per unit**

**200 NE 22<sup>nd</sup> Avenue, Pompano Beach, FL. 33062    800-481-5089**

January 4, 2005



An IRA qualified investment

[www.usasail.com](http://www.usasail.com)

**USA SAIL LLC IS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION REG-D 504 RESTRICTED SECURITY. THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE HAS NOT PASSED ON THE MERITS OF THIS OFFERING.**

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THIS INVESTMENT IS HIGHLY SPECULATIVE AND SUBJECT TO SUBSTANTIAL RISKS. "SEE RISK FACTORS" IT SHOULD BE CONSIDERED BY, AND IS SUITABLE ONLY FOR THOSE INVESTORS WHO CAN AFFORD TO ASSUME A HIGH DEGREE OF RISK AND CAN AFFORD TO SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT, AS WELL AS A TOTAL LOSS OF ALL ANTICIPATED TAX BENEFITS. SALES WILL BE MADE ONLY TO INVESTORS MEETING STANDARDS OF INCOME AND NET WORTH. THE TRANSFERABILITY OF THE USA SAIL LLC IS RESTRICTED. IN THE EVENT AN INVESTOR DESIRES TO LIQUIDATE THE INVESTMENT, IT IS HIGHLY PROBABLE THAT THE INVESTOR MAY NOT BE ABLE TO LIQUIDATE AT ALL OR ON TERMS ACCEPTABLE TO THE INVESTOR. THE USASAIL LLC UNITS OFFERED HEREIN HAVE NOT BEEN REGISTERED PURSUANT THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION PROVIDED BY REGULATION D, RULE 504 AND OTHER APPLICABLE EXEMPTIONS FROM REGISTRATION.

THIS PRIVATE PLACEMENT MEMORANDUM AND THE EXHIBITS HERETO (COLLECTIVELY, THE MEMORANDUM) HAVE BEEN SUBMITTED ON A CONFIDENTIAL BASIS FOR THE USE BY A LIMITED NUMBER OF SOPHISTICATED INVESTORS SOLELY AND SHOULD BE USED ONLY IN CONNECTION WITH, A PROSPECTIVE INVESTORS CONSIDERATION OF AN INVESTMENT IN THE SECURITIES DESCRIBED HEREIN. ITS USE FOR ANY OTHER PURPOSE IS NOT AUTHORIZED. THIS MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE OFFEREE TO WHOM THE MEMORANDUM HAS BEEN DISTRIBUTED. USA SAIL LLC DOES NOT MAKE AND EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANT AS TO THE ACCURACY OR THE COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, AND NONE MAY BE IMPLIED.

THIS MEMORANDUM CONTAINS CERTAIN INFORMATION OF A HIGHLY CONFIDENTIAL AND PROPRIETARY NATURE. THE RECEIPT OF THIS MEMORANDUM CONSTITUTES AN AGREEMENT ON THE PART OF THE RECIPIENT HEREOF TO MAINTAIN THE CONFIDENTIALITY OF THE INFORMATION CONTAINED HEREIN ALONG WITH ANY ADDITIONAL INFORMATION SUBSEQUENTLY DELIVERED IN CONNECTION HEREWITH. PROSPECTIVE INVESTORS WHO ACCEPT THIS MEMORANDUM OR BECOME AWARE OF THE INFORMATION CONTAINED HEREIN MUST UNDERSTAND AND COMPLY WITH THE EXTENSIVE FEDERAL AND STATE SECURITIES LAWS AND RESTRICTIONS PLACED UPON THEIR ABILITY TO DISCLOSE INFORMATION CONTAINED HEREIN TO OTHERS OR TO PARTICIPATE IN OR OTHERWISE EFFECT OR FACILITATE ANY TRANSACTIONS RELATING TO ANY SECURITIES OF USA SAIL LLC. PROSPECTIVE INVESTORS WHO CANNOT COMPLY FULLY WITH SUCH RESTRICTIONS SHOULD NOT REVIEW THE INFORMATION CONTAINED HEREIN AND SHOULD IMMEDIATELY RETURN THIS MEMORANDUM TO USA SAIL LLC.

THE SECURITIES OFFERED HEREIN MAY NOT BE DIRECTLY OR INDIRECTLY OFFERED, SOLD OR DELIVERED TO ANY PERSON IN ANY JURISDICTION EXCEPT IN COMPLIANCE WITH APPLICABLE LAW. ii

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON IN ANY STATE OR JURISDICTION IF SUCH OFFER OR SOLICITATION IS UNLAWFUL. AS A PURCHASER OF THE SECURITIES IN A PRIVATE PLACEMENT NOT REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR OTHER APPLICABLE LAW, EACH INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT THE INVESTOR MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. ALL INVESTORS WILL BE REQUIRED TO ACKNOWLEDGE THAT THEY WILL NOT RESELL THE SECURITIES EXCEPT IN A TRANSACTION WHICH DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT, OR OTHER APPLICABLE LAW, AS CONFIRMED BY AN ACCEPTABLE LEGAL OPINION, IF SUCH IS REQUIRED BY USA SAIL LLC. THE SECURITIES OFFERED HEREIN WILL BEAR A LEGEND DESCRIBING THE FOREGOING RESTRICTIONS.

POTENTIAL INVESTORS SHOULD NOT INVEST IN THESE SECURITIES UNLESS THEY CAN AFFORD A LOSS OF A PART OF AND/OR THEIR ENTIRE INVESTMENT. THIS ANNOUNCEMENT IS NEITHER AN OFFER TO SELL NOR A SOLICITATION TO BUY THESE SECURITIES. OFFERINGS ARE MADE ONLY THROUGH AN ISSUED DISCLOSURE DOCUMENT. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY WRITTEN OR ORAL COMMUNICATION FROM USA SAIL LLC OR ITS EMPLOYEES AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS, TAX RELATED AND RELATED MATTERS CONCERNING THIS OFFERING.

USA SAIL LLC IS MAKING NO REPRESENTATION TO AN OFFEREE OR PURCHASER OF THE SECURITIES OFFERED HEREIN REGARDING THE LEGALITY OF AN INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE PURSUANT TO THIS MEMORANDUM IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT. BY ACCEPTING DELIVERY OF THIS MEMORANDUM EACH PROSPECTIVE INVESTOR AGREES TO RETURN IT TO USASAIL LLC IF THE PROSPECTIVE INVESTOR DOES NOT PURCHASE THE SECURITIES DESCRIBED HEREIN OR IF THE OFFERING IS TERMINATED.

THIS INVESTMENT IS SPECULATIVE AND SUITABLE ONLY FOR PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES AND MEET CERTAIN SUITABILITY REQUIREMENTS, WHO DO NOT ANTICIPATE THAT THEY WILL REQUIRE LIQUIDATION OF ANY INVESTMENT ACQUIRED HEREUNDER IN THE FORESEEABLE FUTURE, AND WHO UNDERSTAND OR HAVE BEEN ADVISED WITH RESPECT TO RISK FACTORS ASSOCIATED WITH THIS OFFERING. SEE "RISK FACTORS" AND "INVESTOR SUITABILITY". THERE MAY BE MATERIAL INVESTMENT RISKS ASSOCIATED WITH THIS OFFERING WHICH CANNOT BE IDENTIFIED AT THIS TIME. SUBSTANTIAL RESTRICTIONS WILL BE IMPOSED ON ANY SALE OR TRANSFER OF ANY OF THE SECURITIES OFFERED HEREIN.     iii

THIS MEMORANDUM IS EMPLOYED SOLELY IN CONNECTION WITH THE PRIVATE OFFERING OF THE SECURITIES. DELIVERY OF THIS MEMORANDUM TO ANY OTHER PERSON OR IN ANY OTHER MANNER IS NOT TO BE CONSTRUED AS AN OFFER. PURCHASE OF THE SECURITIES MAY BE MADE ONLY BY PERSONS TO WHOM OFFERS ARE MADE ONLY IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN THIS MEMORANDUM. ALL PURCHASES ARE SUBJECT TO ACCEPTANCE BY THE MANAGING DIRECTOR.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION AND REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY USA SAIL LLC. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OFFERED HEREIN TO ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

**FOR ALL INVESTORS:** THE USA SAIL LLC UNITS ARE OFFERED AND SOLD PURSUANT TO EXEMPTIONS FROM REGISTRATION UNDER VARIOUS STATE SECURITIES LAWS AND UNDER THE FEDERAL SECURITIES LAWS. THE TERMS OF THIS OFFERING HAVE NOT BEEN REVIEWED BY THE SECURITIES AUTHORITIES OF SUCH STATES OR BY THE SECURITIES AND EXCHANGE COMMISSION. THE UNITS MAY NOT BE RESOLD BY ANY INVESTOR EXCEPT IN A TRANSACTION WHICH IS REGISTERED UNDER THE SECURITIES LAWS OR EXEMPT FROM SUCH REGISTRATION. IN ADDITION, THE SUBSCRIPTION AGREEMENT IMPOSES SUBSTANTIAL FURTHER RESTRICTIONS UPON ANY PROPOSED TRANSFER.

### **ACCURACY OF INFORMATION**

INFORMATION AND DATA CONTAINED WITHIN THIS DOCUMENT, INCLUDING BUT NOT LIMITED TO, THE INTENDED BUSINESS ACTIVITIES OF USA SAIL LLC AND THE USE OF PROCEEDS OF THIS OFFERING HAVE BEEN PROVIDED BY, AND IS THE RESPONSIBILITY OF, USA SAIL LLC FOR THE ACCURACY OR ADEQUACY OF SAID INFORMATION.

### **NASAA UNIFORM LEGEND**

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, REGISTERED WITH OR APPROVED (OR DISAPPROVED) BY ANY 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 ACT, AND APPLICABLE

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SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM INVESTORS SHOULD BE MADE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

## **STATE LEGENDS**

NOTICE REQUIREMENTS IN STATES WHERE USA SAIL LLC UNITS MAY BE SOLD ARE AS FOLLOWS:

**ALABAMA:** 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 PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE PURCHASE 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.

**ALASKA:** THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 aac 08.506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF A.S. 45.55.170 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.

**ARKANSAS:** THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 14(b)(14) OF THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. 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 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

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RESIDING IN THE STATE OF ARKANSAS MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

**CALIFORNIA:** THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND IS BEING MADE PURSUANT TO THE EXEMPTION FROM QUALIFICATION AVAILABLE UNDER THE NATIONAL SECURITIES MARKET IMPROVEMENT ACT OF 1996 OR, IN THE ALTERNATIVE, UNDER IN SECTION 25102(F) OF THE CALIFORNIA CORPORATIONS CODE FOR PRIVATE PLACEMENTS, AMONG OTHER PRIVATE PLACEMENT EXEMPTIONS.

**COLORADO:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1981, 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.

**CONNECTICUT:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**DELAWARE:** 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(b)(9)(11) THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**DISTRICT OF COLUMBIA:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DISTRICT OF COLUMBIA SECURITIES ACT SINCE SUCH ACT DOES NOT REQUIRE REGISTRATION OF SECURITIES ISSUES. 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.

**FLORIDA:** THE SECURITIES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER 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 vi

ISSUER, OR AND ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

**GEORGIA:** 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 ISSUED AND SOLD IN RELIANCE UPON CODE SECTION 10-5-9 UNDER GEORGIA SECURITIES LAW. 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 20% OF THE INVESTORS NET WORTH.

**HAWAII:** 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 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.

**IDAHO:** 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 PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTORS NET WORTH.

**ILLINOIS:** THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF THE STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**INDIANA:** 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 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 RISK 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 THREE TIMES THE INVESTMENT BUT NOT LESS THAN \$75,000 OR A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF TWICE THE INVESTMENT BUT NOT LESS THAN \$30,000 AND GROSS INCOME OF \$30,000

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**IOWA:** 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 RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

**KANSAS:** THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE KANSAS SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE KANSAS SECURITIES COMMISSION. THEREFORE THESE SECURITIES CANNOT BE RESOLD OR OTHERWISE UNLESS THEY ARE REGISTERED UNDER APPLICABLE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**KENTUCKY:** THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE KENTUCKY SECURITIES ACT. THE KENTUCKY SECURITIES ADMINISTRATOR NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITY, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**LOUISIANA:** 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 DUE 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. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 25% OF THE INVESTOR'S NET WORTH.

**MAINE:** THESE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502(2)(R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND 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.

**MARYLAND:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, OR THE MARYLAND 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

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PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**MASSACHUSETTS:** 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 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.

**MICHIGAN:** 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. AT LEAST 48 HOURS BEFORE A SALE, ISSUER WILL PROVIDE EACH OFFEREE WITH A PRIVATE PLACEMENT MEMORANDUM THAT WILL INCLUDE THE FOLLOWING STATEMENTS FOR RESIDENTS OF MICHIGAN:

"TO MICHIGAN RESIDENTS": THIS PRIVATE PLACEMENT MEMORANDUM INCLUDES STATEMENTS ABOUT:

- I. THE APPLICATION OR USE OF PROCEEDS.
- II. A STATEMENT THAT THE ASSETS OF THE OPERATION WILL GENERATE SUFFICIENT CASH FUNDS TO MEET THE OBLIGATIONS UNDERTAKEN BY THE OFFEROR.
- III. AN OUTLINE DISCLOSING REMUNERATION TO CONSULTANTS.
- IV. A STATEMENT THAT MICHIGAN IS THE JURISDICTION OF THE OFFERING AND THE OFFEROR
- V. A STATEMENT THAT THE OFFERING IS A LIMITED LIABILITY COMPANY OFFERING WITH A MINIMUM PURCHASE OF \$5,000
- VI. A STATEMENT THAT THE OFFEROR SHALL PRESENT AN ACCOUNTING OF DISTRIBUTION OF FUNDS AT LEAST ANNUALLY.

**MINNESOTA:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM.

**MISSISSIPPI:** THESE SECURITIES ARE OFFERED PURSUANT TO A CERTIFICATE OF REGISTRATION ISSUED BY THE SECRETARY OF THE STATE OF MISSISSIPPI PURSUANT TO RULE 477, WHICH PROVIDES A LIMITED REGISTRATION PROCEDURE FOR CERTAIN OFFERINGS. THE SECRETARY OF STATE DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES THE SECRETARY OF STATE PASS UPON THE TRUTH, MERITS, OR COMPLETENESS OF ANY OFFERING MEMORANDUM

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FILED WITH THE SECRETARY OF STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**MISSOURI:** 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 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.

**MONTANA:** 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 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.

**NEBRASKA:** 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 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.

**NEVADA:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, OR THE SECURITIES ACT OF NEVADA, 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.

**NEW HAMPSHIRE:** 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 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.

THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

**NEW JERSEY:** THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. THE FILING OF THE WRITTEN OFFERING WITHIN THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE OR THE SALE THEREOF BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**NEW MEXICO:** 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 ON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NEW YORK:** THIS PRIVATE PLACEMENT MEMORANDUM HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS PRIVATE OFFERING MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS AND DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

**NORTH CAROLINA:** 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 OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NORTH DAKOTA:** THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE

**OHIO:** 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.

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**OKLAHOMA:** THESE SECURITIES REPRESENTED BY THIS CERTIFICATE 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 OF COUNSEL SATISFACTORY TO, THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR ACTS.

**OREGON:** 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 THE DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS OR TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INVESTOR MUST RELY ON THE INVESTORS OWN EXAMINATION OF THE GENERAL PARTNER CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION OF THESE SECURITIES.

**PENNSYLVANIA:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE 1933 SECURITIES ACT, BEING EXEMPT FROM REGISTRATION BY SAID ACT. THE AVAILABILITY OF THAT EXEMPTION DOES NOT MEAN THAT THE SECURITIES ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, OR QUALIFICATIONS OF, THESE SECURITIES OR THERE OFFER OF SALE IN THE STATE OF PENNSYLVANIA. ANY REPRESENTATION INCONSISTENT WITH THE FOREGOING IS UNLAWFUL.

INVESTORS MUST PURCHASE THESE SECURITIES ONLY FOR THEIR OWN BENEFIT AND MAY NOT SELL THESE SECURITIES FOR A PERIOD OF NOT LESS THAN 12 MONTHS FROM THE DATE OF PURCHASE.

NOTICE PURSUANT TO SECTION 203 (M) OF THE ACT: THE ISSUER MUST OBTAIN THE WRITTEN AGREEMENT OF EACH PURCHASER NOT TO SELL, EXCEPT IN ACCORDANCE WITH REGULATION 204.011, THE SECURITY WITHIN TWELVE MONTHS AFTER THE DATE OF PURCHASE AND

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FILE WITH THE COMMISSION A COPY OF THE PROPOSED AGREEMENT THAT INVESTORS WILL BE ASKED TO SIGN. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER SECTION 201 OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (THE "PENNSYLVANIA ACT") AND MAY BE RESOLD BY RESIDENTS OF PENNSYLVANIA ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPT FROM REGISTRATION BY SECTION 203(D), (P), OR (R), DIRECTLY FROM AN ISSUER OR AFFILIATE OF AN ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW THE INVESTOR'S 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 THE INVESTOR'S WRITTEN BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED.

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. PENNSYLVANIA SUBSCRIBERS MAY NOT SELL THEIR UNIT FOR ONE YEAR FROM THE DATE OF PURCHASE IF SUCH A SALE WOULD VIOLATE SECTION 203(D) OF THE PENNSYLVANIA SECURITIES ACT.

**"You have accepted an offer to purchase these securities made pursuant to a prospectus which contains a written notice explaining your right to withdraw your acceptance pursuant to section 207(m) of the Pennsylvania securities act of 1972 you may elect, within two (2) business days after the first time you have received this notice and a prospectus (which is not materially different from the final prospectus) to withdraw from your purchase agreement and receive a full refund of all moneys paid by you. Your withdrawal will be without any further liability to any person. To accomplish this withdrawal you need only send a written notice (including a notice by facsimile or electronic mail) to the issuer (or underwriter if one is listed on the front page of the prospectus) indicating your intention to withdraw."**

**RHODE ISLAND:** 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

**SOUTH CAROLINA:** IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES

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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 THE 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 THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

**SOUTH DAKOTA:** 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 FOR VALUE EXCEPT PURSUANT TO REGISTRATION, EXEMPTION THEREFROM, OR OPERATION OF LAW. EACH SOUTH DAKOTA RESIDENT PURCHASING ONE OR MORE WHOLE OR FRACTIONAL UNITS MUST WARRANT THAT HE HAS EITHER (1) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$30,000 AND A MINIMUM ANNUAL GROSS INCOME OF \$30,000 OR (2) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$75,000.

**TENNESSEE:** 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

**TEXAS:** THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE TEXAS SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE TEXAS SECURITIES COMMISSION.

THEREFORE THESE SECURITIES CANNOT BE RESOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER APPLICABLE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE SECURITIES HEREIN DESCRIBED HAVE NOT BEEN QUALIFIED OR REGISTERED FOR SALE IN TEXAS. ANY REPRESENTATION TO THE CONTRARY OR CONSUMMATION OF SALE OF THESE SECURITIES IN TEXAS PRIOR TO QUALIFICATION OR REGISTRATION THEREOF IS A CRIMINAL OFFENSE. xiv

**UTAH:** 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

**VERMONT:** 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

**VIRGINIA:** 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

**WASHINGTON:** THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THE MEMORANDUM AND THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF THE STATE OF WASHINGTON, CHAPTER 21.20 RCW, AND, THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF THE STATE OF WASHINGTON CHAPTER 21.20 RWC OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

**WEST VIRGINIA:** THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING THESE SECURITIES HAS NOT BEEN FILED WITH THE WEST VIRGINIA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATIONS TO THE CONTRARY IS A CRIMINAL OFFENSE.

**WISCONSIN:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, OR THE WISCONSIN UNIFORM SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE

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DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE

**WYOMING:** THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE WYOMING SECURITIES ACT. A REGISTRATION STATEMENT RELATING THESE SECURITIES HAS NOT BEEN FILED WITH THE WYOMING SECURITIES COMMISSION. THEREFORE, THESE SECURITIES CANNOT BE RESOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER APPLICABLE SECURITIES LAWS EXEMPTION FROM REGISTRATION IS AVAILABLE.

**FOR RESIDENTS OF ALL STATES**

THE PRESENCE OF A LEDGED FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN ANY PARTICULAR STATE. THIS MEMORANDUM MAY BE SUPPLEMENTED BY ADDITIONAL STATE LEGENDS. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN A GIVEN STATE, YOUR ARE ADVISED TO CONTACT USA SAIL, LLC FOR A CURRENT LIST OF STATES IN WHICH OFFERS OR SALES MAY BE LAWFULLY MADE. AN INVESTMENT IN THIS OFFERING IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF FINANCIAL RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSIDER ALL OF THE RISK FACTORS DESCRIBED HEREIN.

**UNITED STATES TERRITORIES AND POSSESSIONS**

THESE SECURITIES ARE NOT AUTHORIZED FOR OFFERING OR SALE IN ANY TERRITORY OR POSSESSION OF THE UNITED STATES IN LIEU OF APPLICABLE SECURITIES LAWS TO THE CONTRARY. SECURITIES ARE NOT AUTHORIZED FOR SALE IN SUCH TERRITORIES OR POSSESSIONS.

Date \_\_\_\_\_, 20 Member's Signature: \_\_\_\_\_

Date \_\_\_\_\_, 20 Co-Member's Signature: \_\_\_\_\_

All parties must initial beside the State disclosure statement for which they claim legal residency.

## Summary

### Business Summary

For more than a decade the founder of USA Sail LLC has analyzed the tremendous growth in the charter markets. As the market has accelerated in growth, and new markets developed, several deficiencies and limitations were identified in existing charter programs. What was recognized above everything else was that an enormous opportunity existed in the domestic luxury charter market within the Florida Keys. USA Sail LLC was therefore founded in 2005 to provide the charter and vacation industry with a value optimized domestic charter option. USA Sail LLC specializes in all-inclusive catamaran sailing charters on a spacious and luxurious sailing catamaran that offers unlimited sport fishing, scuba diving, snorkeling and the most popular ports of call in the Florida Keys and Bahamas. USA Sail LLC intends to acquire a 56 foot Marquises sailing catamaran to be based in Key Largo, Florida. Simultaneously, USA Sail LLC will strengthen its presence as a premier crewed charter operation by utilizing various forms of advertising, Internet presence, tour groups and travel agencies. The management of USA Sail LLC has based its financial projections on their extensive market experience and analysis of current trends.

### The Company

Based in Florida, USA Sail LLC is a full service Sail Charter Company offering all-inclusive crewed charters in the Florida Keys, Bahamas and the Caribbean. USA Sail LLC is a Florida Limited Liability Company (LLC) and registered with Dun & Bradstreet # 18-759-3525. USA Sail LLC's headquarters are located at 200 NE 22nd, Pompano Beach, FL. 33062. 800-481-5089 Fax: (954) 784-8525.

### The Offering

The USA Sail LLC offering consists of 50 voting units at a price of \$20,000 USD per unit. Both the offering price and the number of units to be offered were arbitrarily determined. At the sole discretion of USA Sail LLC, Inc.'s management, subscriptions for less than the minimum investment may be accepted. The minimum purchase of USA Sail LLC units is one quarter ( $\frac{1}{4}$ ) of a full unit with a minimum purchase price of \$5,000. This is a limited offering. The offering is available to both Accredited and "Non Accredited" investors, who meet stringent suitability standards and individual State and Federal restrictions. USA Sail LLC claims qualification for exemption from registration under section 504 of Reg D of the Federal Securities Act of 1933, as amended (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.

- 1. Investors in USA Sail LLC are not subject to cash calls.**
- 2. USA Sail LLC will pay members a minimum of twelve percent (12%) annually.**
- 3. Investors in USA Sail LLC shall have the first lien position on the vessel and all assets of USA Sail LLC.**
- 4. At the sole discretion of the Managing Director, USA Sail LLC, any member owning 1 unit or greater may reserve vacancies for that member and one guest on any charter free of charge not more than two weeks prior to the scheduled departure date.**
- 5. All members, excluding the Managing Director, referring charters to USA Sail LLC will receive a 10% commission.**
- 6. The Vessel shall be insured to industry standards, including liability insurance listing USA Sail LLC as the first lien holder.**
- 7. The USA Sail LLC investment is IRA and Roth qualified. You may choose your existing IRA Custodian or establish a new IRA.**

## Exit Strategy

1. USA Sail LLC in an effort to maximize member unit value will, with a sixty six percent (66%) member approval, dissolve and liquidate all assets after seven (7) years of the acquisition of the vessel allowing investors to capitalize on depreciation and the resale of the vessel.
2. Investors in USA Sail LLC shall have the first lien position on the vessel and all assets of USA Sail LLC including all insurance proceeds received, if any.
3. The management of USA Sail LLC reserves the right to “Buy Back” any or all USA Sail LLC member units at any time at the original purchase price plus 10%.

## Plan of Distribution

The units being offered are on a “best efforts” basis by USA Sail LLC’s management and employees. There is no public market or secondary market for the units being offered, and USA Sail LLC’s management does not anticipate that a public or secondary market will develop. The purchase of these units should be considered speculative, and should be considered a long-term investment.

## Risk Factor

This offering involves a high degree of risk, and no secondary market currently exists for the USA Sail LLC units. Units offered should only be purchased by individuals or companies who can afford the loss of their entire investment. These securities have not been registered under the securities act of 1933 as amended, or under any State 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. See page 23 for more detailed risk factors.

## No Commitment to Purchase any of the Units

No commitment by anyone exists to purchase any of the units offered here.

## Access to Information

USA Sail LLC will afford prospective investors the opportunity to ask questions concerning the terms of the offering. It will also provide any additional information that it has in its possession (or which it can acquire without unreasonable effort or expense) that is necessary to verify the accuracy of any information set forth in this memorandum and its exhibits.

## Suitability

The suitability of a purchase of units will depend on, but is not limited to, the investor’s investment objectives and the investor’s ability and willingness to accept high speculative risks, including the risk of a total loss of his or her investment in USA Sail LLC. The offering is available to both Accredited and “Non Accredited” investors, who meet stringent suitability standards and individual State and Federal restrictions. 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.

## Risk Factors

A purchase of units offered here involves a high degree of risk and is suitable only for those of substantial means, who have no need for liquidity with respect to an investment in the USA Sail LLC and who can risk the loss of their entire investment. These risks are summarized below.

1. **If our units have no active trading market or secondary market, you may not be able to sell your units.** No public or secondary market exists for units in USA Sail LLC. We do not anticipate that any public or secondary market will develop. Consequently, you may not be able to liquidate your units in the USA Sail LLC in the event of an emergency, or for any other reason.
2. **We are not an established name in the charter industry. Prospective Purchasers may not deal with our company, which could affect our profitability.** We have not established a reputation in the charter industry. Many prospective purchases of charters may prefer to deal with more established enterprises. This could prevent us from obtaining and enhancing profitability.
3. **Loss of our key executives and our failure to attract qualified management could limit our growth and negatively impact our operations.** We depend highly on the senior management team of USA Sail LLC, Inc. We will continue to acquire operations personnel with experience in the charter industry. We do not know the availability of such experienced management personnel or how much it may cost to attract and retain such personnel. The loss of the services of any member of senior management could materially have an adverse effect on our operations and financial condition.
4. **We have made forward-looking statements and projections that may not prove to be correct.** The statements contained in this memorandum that are not historical fact are considered forward-looking statements which can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” or “anticipates,” or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involves risk and uncertainties. Because of the number and range of assumptions underlying the forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of USA Sail LLC, Inc., some of the assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this memorandum. These forward-looking statements are based on the current expectations, and we will not update this information other than required by law. Therefore, the actual experience of USA Sail LLC, and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by USA Sail LLC or any other person that we will realize these estimates and projections, and actual results may vary materially. We cannot assure you that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

## Dilution

Assuming completion of the offering, the members of USA Sail LLC will own 100% of the vessel free and clear of liens and encumbrances and have substantial operating cash reserves.

## Debt Financing

USA Sail LLC is prohibited from and will not engage in any form of borrowing, letters of credit, debt financing or encumber the vessel's title or any company assets in any manner.

## Distribution of Proceeds

After the acquisition and commencement of operations, USA Sail LLC will pay members a minimum of twelve percent (12%) annually. The payment by USA Sail LLC of any profit distributions will be made quarterly. Net income is defined as those monies remaining annually, if any, after payment of all of USA Sail LLC's bills including, but not limited to, accounting/bookkeeping fees, administrative fees, legal fees, vessel maintenance fees, captain and crew fees, provision fees, dockage fees, utilities and satellite fees, equipment repair and replacement fees, licensing fees, insurance fees, advertising fees, and other, yet-to-be-identified day-to-day business operations of USA Sail LLC. Management has postured USA Sail LLC members for long term and may reinvest part or all of its retained earnings into the growth of USA Sail LLC.

## Principal Members

USA Sail LLC members                    50% (50 voting units)

Frank Miller, Managing Director    50% (50 voting units)

## Legal Proceedings

USA Sail LLC is not involved in any legal proceedings, and none are threatened or contemplated.

## Management

Frank Miller, Managing Director USA Sail LLC

Frank Miller has managed money for clients in the financial markets since 1990 and holds a series 3 license and Florida Real Estate license along with 9 years of management experience in the hospitality industry. There have never been any material criminal or civil actions taken against Frank Miller. Frank Miller is also MCSE and A+ certified (2000), pending USCG OUPV Master Near Coastal & STCW licensing and Sail Endorsement. Frank Miller has over 24 years of sailing experience in New England, Florida, the Bahamas and the Caribbean.

The only compensation the Managing Director may receive for his duties as Managing Director is a \$600 per month for administration expenses. In addition, when acting in the position of Captain the Managing Director will be compensated by USA Sail at the same rate allowed for a captain (\$277 per day or \$1,945 per 7 day charter) as set forth on page 12 section 4 of this memorandum.

## Analysis of Market Conditions

### Trends and Uncertainties

Demand for USA Sail LLC's target charter markets is on the rise. The post 9/11 vacation market has just passed through a critical lull. Now that the charter sector is on the upswing, USA Sail LLC, along with other insightful charter operations, are making acquisitions from corporations and individuals that were hurt by the weakness in the stock markets and other economic downturns. USA Sail LLC's management views acquisition within the next twelve months that fits within the USA Sail LLC model crucial to the profitability of USA Sail LLC.

### Capital and Source of Liquidity

USA Sail LLC requires substantial capital, \$1,000,000, to acquire and equip a Fountain-Pajot Marquises 56' catamaran for charter. From inception of USA Sail LLC until May, 2004, USA Sail LLC had pursued no investment activities.

## Plan of Operation

Within the next year, USA Sail LLC intends to acquire a Fountain-Pajot Marquises 56' catamaran for crewed chartering. Retail sales of charters can begin soon after the completion of the acquisition. USA Sail LLC will offer two all-inclusive charters as well as private, honeymoon, and corporate charters. Charters offered will include seven days in the Florida Keys and seven days in the Bahamas.

## Terms of Offering

### Determination of Aggregated Offering Price

USA Sail LLC, Inc. arbitrarily determined the offering price and other terms of the units to be sold.

### Plan of Offering Distribution

USA Sail LLC will not pay sales commissions to any individual(s) or company for the sale of ownership units in this offering. USA Sail LLC reserves the right to withdraw, cancel or reject any offer of purchase for units of ownership in this offering.

### Business Account

All funds received from the sale of the units in this offering or future charter sales will be deposited into the operating account in the name of USA Sail LLC and may be placed in secure instruments. All operating costs will be paid from the USA Sail LLC business account.

### Investor Suitability

Investment in USA Sail LLC involves high risk, and is suitable only for an investor whose business and investment experience makes such an investor capable of evaluating the merits and risks of the prospective investment. This investment is only suited to an investor who can afford to bear the economic risk of such investment for an indefinite period, who has little need for short term liquidity with respect to this investment, and who can bear a complete loss of their investment. The offering is available to both Accredited and "Non Accredited" investors who meet stringent suitability standards and individual State and Federal restrictions.

### Subscription Procedure

Units of USA Sail LLC will be sold to those who meet the qualifications described under "Investor Suitability" above and who complete, date and sign the subscription agreement attached hereto as Exhibit A. The investor, or his or her representative, must then send the complete subscription with a check payable to USA Sail LLC for the amount of their unit(s). USA Sail LLC may, at its sole discretion, refuse to accept any subscription, in which case the amount of such subscription will be returned expeditiously to the prospective investor after such rejection. This offering will commence on the date of this memorandum and terminate on December 15, 2007. Should USA Sail LLC fail to raise adequate funds to purchase and equip a vessel as described in this memorandum by December 15, 2007 through the sale of units offered in this memorandum, all funds remaining after administrative expenses will be proportionately returned to unit holders on or before December 31, 2007. The Managing Director will have no claim to any proceeds.

## Projected Revenue & Expenses

Financial projections incorporated into this Private Placement memorandum are based on the perceived financial forecast of USA Sail LLC's present plans which reflect existing business conditions and trends within the charter industry along with one year of test marketing on the Internet. Accordingly, the projections are based on management's forecasts of future events, and there can be no definitive assurance that profitability will materialize as planned.

### Gross Proceeds

**Charter Sales - 34 weeks 65% Capacity** **\$816,000**

### Operating Costs

Insurance	\$20,000	2.4%
Legal & Accounting	\$12,000	1.5%
Advertising	\$20,000	2.4%
Dockage	\$12,000	1.5%
Maintenance & Repair	\$52,000	6.4%
Satellite Services	\$4,000	0.5%
Administrative expenses	\$8,000	1.0%
Captain & Crew	\$94,500	11.6%
Fuel	\$11,500	1.4%
Licensing	\$3,500	0.4%
Ground Transportation	\$16,000	2.0%
Provisions	\$35,000	4.3%

**Total Operating Cost:** **(\$288,500)** **(35.4%)** **Annually**

**Gross Proceeds** **\$816,000** **Annually**

**Total Gross Profit** **\$527,500** **64.6%** **Annually**

**Member proceeds per unit** **\$5,275** **4.6%** **Annual ROR on initial investment 26.4%**

The foregoing use of proceeds is a good faith estimate and not conclusive. Our program provides attractive tax advantages. Any member is eligible to take advantage of the depreciation of the vessel proportionate to their units of membership.

# USA Sail LLC Market Analysis

We intend to acquire and equip a Fountain-Pajot Marquises 56' or Lagoon 57' catamaran for charter in the Florida Keys, Bahamas and Caribbean markets. Additionally, we will pursue the private, honeymoon, wedding and corporate charter markets to insure maximum profitability. The vessel will be registered with the State of Florida and documented with the United States Coast Guard in the name of USA Sail LLC.

## The Charter Market

The primary market is defined as "Crewed Sailing Charters." Marketing efforts will be concentrated in the Florida Keys and Bahamas. These geographical areas are one of the largest markets for Sailing and Scuba Diving Charters in the world. Other major markets include Europe, the Mediterranean, South Pacific, Asia, Hawaii, Caribbean and Australia. We anticipate a minimum of 34 weeks (65% capacity) of charter reservations annually. This number is attributed to supply and demand for similar charter vessels and represents 60% of the results from USA Sail LLC's test marketing on the internet for fiscal year 2004.

## Market Size

The market for the Yacht Charter industry in North America and the Caribbean is substantial and lucrative with demand exceeding supply year after year. This is attributed to the lack of new product being introduced for chartering. Currently there are few if any luxury or discount catamaran sailing charters operating in the Florida Keys offering similar services or passenger capacity. Sailing catamarans for charters were introduced 20 years ago offering roominess, privacy and conveniences, making catamaran sail charters the preferred choice for extended day charters.

## Target Markets

The charter, private charter and corporate charter markets include the following;

1. Fortune 500 companies.
2. Business owners.
3. Corporate executive charters.
4. Those of substantial means such as celebrities and professional sports players.
5. Others that require privacy or security.
6. Individuals, families, groups.
7. Dive Clubs and environmental groups.
8. Ecologically conscious individuals and groups.
9. Married couples in the 35-65 age group
10. Honeymoons and wedding planners.
11. Professionals in Medical, Legal and Engineering and other high stress careers.

## Marketing Strategies

Our goal is to achieve a #1 reputation and position in the sailing charter industry for the Florida Keys and Bahamas charters within the next three years. We intend to acquire four additional vessels and reach five million annual gross sales within four years of the commencement of operation, increasing bottom line by an additional 500%. To achieve these goals we will add to our effectiveness and capabilities in the areas listed below. Results of limited internet test marketing for fiscal year 2004 produced 53 requests for charters sales that were declined, equating to \$1,368,000 and exceeding sales projections by 68%.

1. Form alliance with others in the charter and travel industry both nationally and internationally through various trade associations within the travel industry.
2. Initiate a direct marketing and telemarketing campaign to targeted midsize private companies as well as key executives and management of publicly traded companies, both domestic and international, utilizing Dunn & Bradstreet's database.
3. Use of press releases, both internet and other to introduce our services through the broad reach of the media.
4. Establish relations with charter agents and tour companies both domestic and international, offering competitive commissions and incentives.
5. Provide agents with booking ability and availability status online in real time through our generic web site. Agents will be able to view availability via the internet up to 24 months in advance allowing for maximum booking capacity and reducing or eliminating vacancies. This will also allow clients of agents the ability to view our services and protect the agent's interest.
6. Provide the Screen Actors Guild with promotional material and incentives to recommend our services to celebrities.
7. Promote our services with the NFL, NBA, NHL and MLB associations, sports agents and players unions as well as key sports marketing companies.
8. Provide wedding planners with promotional material and incentives to recommend our services to their clients.
9. Utilize paid inclusion in top ranked Internet link sites having sailing, catamaran and travel highly relevant content. Travel has the second highest search and viewer ship traffic on the internet next to adult entertainment with gambling #3.
10. Join travel related associations.
11. Apply for membership with the Better Business Bureau and Chamber of Commerce in the Florida Keys and Nationally.
12. Join the Private Vessel Association "PVA."
13. Provide promotional materials and video presentations as an exhibitor at major metropolitan trade shows.
14. Have professionally produced color promotional material; DVD, CD, PDF brochure, written brochure, flash video, Power Point presentations, art work, video and exhibition booth.
15. Target the European, Asian and Canadian markets utilizing the above mentioned strategies.

16. Increase visibility and search engine rankings utilizing PPC to achieve first page ranking for selected key word searches on sites that are deficient in natural search results. First page rankings for the key word phrases "sailing charters" and "catamaran charters" with Google, Yahoo, AOL and MSN will cost between ten and twenty cents (0.10 to 0.20) per click. Based on existing research and 2004 results for USA Sail's existing web sites we expect an additional 4,000 visitors per month at a cost between \$400 and \$800 dollars per month. Our existing web sites currently dominate the internet for both MSN and Yahoo natural searches on all key word phrases related to "Florida", the "Florida Keys," "Bahamas," "Key Largo," "Key West," "honeymoon sailing," and "all-inclusive." We currently trace over 2,500 key word(s) and phrases on over 150 search engines worldwide for all 12 web sites.

[www.usasail.com](http://www.usasail.com)

[www.keylargoscuba.com](http://www.keylargoscuba.com)

[www.floridakeysscuba.com](http://www.floridakeysscuba.com)

[www.sailingkeywest.com](http://www.sailingkeywest.com)

[www.keywestsailingandscuba.com](http://www.keywestsailingandscuba.com)

[www.keylargosailingcharters.com](http://www.keylargosailingcharters.com)

[www.sailingthekeys.com](http://www.sailingthekeys.com)

[www.sailanddivecharters.com](http://www.sailanddivecharters.com)

[www.diveandsailcharters.com](http://www.diveandsailcharters.com)

[www.bahamassailing.com](http://www.bahamassailing.com)

[www.sailthekeys.com](http://www.sailthekeys.com)

[www.caribbeancatamarancharters.com](http://www.caribbeancatamarancharters.com)

17. Promote our services on E Bay utilizing Pay Pal credit card payments. We will also establish a Merchants credit card account that integrates with Intuit Quick Books Pro allowing for the processing of all major credit cards utilizing an internet connection from the yacht. This will simplify bookkeeping and allow reservations to be secured as well as the purchase of novelty items while underway or docked.

## Market Conclusions

Success in the charter markets is dependent on providing the highest level of service at a reasonable price and the ability to market, manage and maintain the yacht. USA Sail LLC's management is committed to providing the best charter experience at the best value in the market today. There are few if any crewed extended-day catamaran charters in the Florida Keys that offer the same level of service and activities as USA Sail LLC. For this reason there will be a high demand for our charters. The current trend of substantial weakness in the US dollar is expected to continue into the foreseeable future. Since 9/11 the Euro Dollar has seen a 68% increase in purchasing power, 28% increase for the British Pound, 32% increase for the Canadian Dollar and 26% increase for the Japanese Yen. This increase in purchasing power by foreign tourists, along with the recent events in major tourists retreats in South East Asia and concern for security, historically have dramatically increased foreign tourism in the United States with Florida being the major benefactor.

According to the Islamorada Chamber of Commerce, tourism in the Florida Keys increased 10% in 2003 and 10% in 2004 with similar increases expected in the 2004 season. During this same time frame, the cost for accommodations, food and beverages in the Florida Keys have increased dramatically making crewed extended-day catamaran charters a comparable and cost-effective alternative and is reflective of the results of USA Sail LLC's test marketing on the internet for fiscal year 2004. The Florida Keys are the only tropical environment within the USA and are one of Florida's major tourist attractions with Key West being the southernmost point in the continental USA. The Florida Keys have the most Federal and State protected marine sanctuaries in the United States. Reefs in the Florida Keys with their abundance of fish and pristine water are ideal for snorkeling and shallow reef diving because the top of the reef comes to within 3 feet of the surface while the bottom is at 25 to 35 feet. This combined with the warm crystal clear tropical water has made the Florida Keys the number one scuba destination in the USA. The shallow draft of a catamaran allows entry into a world of anchorages in the Florida Keys and Bahamas that deeper draft monohulls are not able to enter.

## Target Market

USA Sail LLC's primary revenues will be produced by seven-day charters in Florida Keys. The target market is more dynamic in the case of USA Sail LLC than other charter operations as few, if any,

extended-day catamaran charters are available in the Florida Keys. This allows us to reach further into the charter market thus accessing a larger group of people. Furthermore the popularity of the Florida Keys and Key West has grown consistently over the past three decades allowing USA Sail LLC's marketing and alliance potential to increase as well. The primary customer age group for the charters we are offering is 35 to 65 years old, both single and married, in the upper middle-to-wealthy economic bracket. Once USA Sail LLC completes the development of its base operation and the activation of its marketing plan, the company intends to pursue the middle and lower Caribbean markets with similar strategies.

## Competition

USA Sail LLC's market for charters is based on value and demand. There are many charter operations but few, if any, provide charters in the Florida Keys or from Palm Beach to Key West, and none are offered as all-inclusive with the amount of activities (scuba diving, snorkeling and sport fishing) at no extra charge or the value and quality of service as USA Sail LLC. Most existing catamaran sailing charter operations in the Florida Keys utilize smaller and cramped, poorly-maintained older vessels that are poorly-staffed and managed, lack amenities and service, offer day charters or sunset cruises only. The philosophy of our competition from independent owner/operators is to hide as many costs as possible until you are already onboard. We anticipate many travel agencies will promote our charters simply for the value, high level of customer service and high standards offered by USA Sail LLC. Additionally, all-inclusive Catamaran sail charters are almost non-existent in southeast Florida or the Florida Keys. In the sail charter market, The Moorings and The Catamaran Company emerge as our major competition. Incidentally, neither offer comparable catamaran charters in the Florida Keys or south east Florida and both charge extra daily or usage charges for scuba diving, snorkeling, fishing and all meals and beverages.

## Strategic Alliances

USA Sail LLC will form strategic alliances with major travel agencies, tour groups, and charter agents nationally and internationally that specialize in sailing charters and have clientele conducive to our market and services. Additionally, we will pursue alliances with other charter operations both nationally and internationally that are able to refer companies or individuals to us as part of our marketing campaign.

## Detailed Cost Analysis

### Use of Offering Proceeds

Yacht purchase	\$700,000	Fountain-Pajot Marquises 56' or Lagoon 57' 1997 or newer. Both of these vessels have 4 or 5 double state rooms with en-suite heads and crew's quarters and are considered the best luxury catamarans in their size class. Full marine vessel survey inspection to be performed prior to purchase with value to exceed purchase price. 1.5% US Customs Duty, 6% Florida sales tax, US Coast Guard documentation, Customs House Broker, US Customs Bond, and filing fees.
Rigging for chartering	\$156,000	Local, State, Federal and International licensing. Update electronics, guest amenities including fishing and scuba gear. 12 months prepaid Insurance, dockage and satellite services. Advertising and promotion.
Cash reserves	\$144,000	Cash reserves equal to 277% of annual maintenance budget or 145% of all annual fixed costs.
<b>Total</b>	<b>\$1,000,000</b>	

### Cost to rig for charter operation\*

Insurance	\$20,000	Vessel to be fully insured for full replacement cost against all allowed conditions with \$10,000,000 liability rider.
Licensing	\$3,500	Local, State, Federal, International and US Coast Guard licensing to include annual vessel fishing license for Florida and the Bahamas.
Dockage	\$12,000	Dockage with on-site facilities to be located in Key Largo or other Upper Keys at \$1,000 per month ( \$18 per foot monthly).
Satellite services	\$4,000	Satellite TV with high speed internet access. Satellite phone and Weather Channel Marine satellite weather with charter plotter and radar overlay.
Electronics	\$45,000	Raytheon or Nobeltec GPS charter plotter with 24-mile radar, sonar and Weather Channel Marine overlay. SSB and VHF ICOM radios. DTV satellite receiver. Global Star satellite phone.
Fishing gear	\$15,000	Penn Spinners and Penn 50 & 80 game fish rod reel combos along with miscellaneous fishing gear.
Scuba gear	\$16,500	Brownie SAS and miscellaneous scuba gear.
Cabin computers	\$5,000	4 Dell or equivalent laptop (1 computer per cabin) computers on wireless network with internet and e-mail access.
Entertainment center	\$15,000	DVD, TV, VCR, CD and radio
Advertising	\$20,000	Primary focus on Tour and Travel Agency incentives.
<b>Total</b>	<b>\$156,000</b>	

The equipment expenditures listed above may be reduced if the vessel acquired is equipped with suitable and modern equipment.

# Management and Operations

## 1. Organizational Structure

A Limited Liability Company ("LLC") is a separate legal entity that offers an alternative to partnerships and corporations by combining the corporate advantages of limited liability with the partnership advantage of pass-through taxation. The LLC operates much like a partnership. Each member shares equally in the decision-making process of the LLC. The managers are in charge of the business affairs of the LLC. LLCs allow for pass-through taxation, allowing earnings of an LLC to be taxed only once. The earnings from an LLC are treated in a similar manner as earnings from a partnership, sole proprietorship and most S corporations. The member's liability is generally limited to the amount of money which the member invested in the LLC. As a result, the members of an LLC receive the same limited liability protection as do shareholders of a corporation. The member's ownership in the LLC is represented by their respective "membership interest," in the same manner as a partner has an "interest" in a partnership or a shareholder has stock in a corporation.

## 2. Managing Director "Frank Miller"

**Background:** Mr. Miller is currently pending his US Coast Guard OUPV & Masters license, STCW-95 and Sail Endorsement. Mr. Miller has over 24 years of sailing experience and has over 9 years of management experience in the hospitality industry. For the past fifteen years Mr. Miller has been a money manager and trader in the financial markets.

**Responsibilities:** The Managing Director will be responsible and have sole authority for all day-to-day operations of USA Sail.

**Compensation:** The Managing Director may be compensated up to \$600 per month for administrative services and will be additionally compensated when acting in the capacity of Captain or Crew at the rates set forth in this document.

**Bonding:** USA Sail may obtain Bonding or Liability insurance protecting deposited funds against failure of service, dishonesty, forgery, alteration, etc.

## 3. Assistant Director

The Assistant Director of USA Sail LLC shall be appointed by the USA Sail members by majority vote. The Assistant Director will assume temporary responsibility as Managing Director of USA Sail LLC upon the death or other incapacitation of the acting Managing Director. In the event of incapacitation, the Assistant Director will assume these responsibilities until the Managing Director is able to return. Within 30 days of the death of the Managing Director, the Assistant Director shall call for a vote by the USA Sail members to appoint a permanent Managing Director by majority vote.

## 4. Staffing (1099 independent contractors)

**Captain(s)** employed by USA Sail LLC must hold at minimum a US Coast Guard OUPV license, hold a current CPR and First Aid course certification, having passed a recent drug test along with an NCIC criminal background check, and provide references. First consideration will be given to those with a Master, STCW-95 International with Sail Endorsement, CPR & First Aid. The maximum compensation paid to Captains by USA Sail LLC will be \$277 per day or \$1,945 per 7- day charter.

**Crew** must be either a PADI Certified Dive Master or Instructor with experience in the charter & hospitality industry, having passed a recent drug test and NCIC background check and provide references. The maximum compensation paid to crew by USA Sail LLC will be \$119 per day or \$833 per 7- day charter.

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## **5. Vessel maintenance**

The yacht will be maintained to the most rigorous standards in the industry. The vessel will be dry docked for annual mechanical maintenance and detail cleaning between September and October each calendar year. Maintenance will include but not be limited to air conditioning, refrigeration, engine and generator maintenance or overhaul, rigging and lines, electronics, batteries and electrical, water maker, plumbing and waste water systems, galley and cooking facilities, through hull fittings, painting and varnish, hull cleaning and complete interior and exterior detailing.

## **6. Member participation**

The USA Sail LLC is owned by its members. The members of the USA Sail LLC are similar to shareholders of a corporation. Other than the Managing Director, members in the USA Sail LLC will not participate in the day-to-day management of USA Sail LLC.

## **7. Amendments**

Amendments to USA Sail LLC may be made at the annual meeting with a 66% majority vote.

## **8. Governing Authority**

USA Sail LLC shall be governed under the laws of The State of Florida.

## **9. Financial Statements & Operational Correspondence**

After the acquisition of the vessel, members will receive Operational Correspondence on a quarterly basis. Financial statements will be issued biannual. Audited financial statements will be provided to members at the USA Sail LLC annual meeting.

## **10. Annual Meeting**

After the acquisition of the vessel, annual meetings shall be held off season in Florida while the vessel is dry docked for maintenance and repairs. Members may make proposals and vote to adopt the proposals in person or by absentee ballot. Proposals will be adopted with a 66% majority vote of the membership.

## **11. Legal**

Local legal council with knowledge and experience dealing with marine law and the charter business shall be retained within the budget guidelines set forth on page 6 of this document.

## **12. Accounting**

USA Sail will retain the services of a local Certified Public Accountant (CPA) with knowledge and experience dealing with marine tax law and the charter business within the budget guidelines set forth on page 6 of this document.

## **13. Registered Trademark**

USA Sail LLC will pursue registering USA Sail as a registered trademark with the appropriate State and Federal agencies.

## **14. Copyright**

All original written material, photographs, designs and any other intellectual property produced by or for USA Sail is the sole property of USA Sail LLC and copyright protected

## State Requirements

Residents of Kentucky must have either (i) a net worth or a joint net worth with the person's spouse of at least \$100,000 or (ii) a net worth of at least \$25,000 and an annual income of at least \$25,000

Residents of Pennsylvania may not subscribe for amounts in excess of 20% of their net worth.

Residents of South Dakota purchasing one or more whole or fractional units must warrant that he or she has either (i) a minimum net worth (exclusive of home, furnishings and automobiles) of \$30,000 and a minimum gross income of \$30,000 or (ii) a minimum net worth (exclusive of home, furnishings and automobiles) of \$75,000. Additionally, each investor who is not an Accredited Investor or who is an Accredited Investor solely by reason of his or her net worth, income or amount invested, shall not make an investment in USA Sail LLC in excess of 20% of his or her net worth (exclusive of home, furnishings and automobiles).

Residents of Wisconsin must have either (i) a net worth of at least \$75,000 or (ii) a net worth of at least \$30,000 and an annual gross income of at least \$30,000.

Residents of Wyoming must have either (i) a net worth of at least \$250,000 or (ii) invest no more than 20% of their net income. In making such calculations subscribers must exclude from the calculations of such net worth the net fair market value of their homes, furnishings and automobiles.

## Rescission

IT IS THE POLICY OF USA SAIL LLC THAT ALL INVESTORS, FOR ANY REASON, SHALL, IN WRITING, HAVE THE PRIVILEGE OF VOIDING THE PURCHASE OF UNITS OF USA SAIL LLC OFFERED IN THIS MEMORANDUM WITHIN THREE (3) BUSINESS DAYS OF THE FIRST TENDER OF CONSIDERATION MADE BY THE PURCHASER TO USA SAIL LLC, AND SHALL BE DUE A FULL REFUND.

In addition, the following states maintain the following rescission policy:

FOR ALL FLORIDA RESIDENTS – 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 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER COMES LATER.

FOR OHIO RESIDENTS – IN ACCORDANCE WITH SECTION 1707.43 OF THE OHIO REVISED CODE, PURCHASERS ARE ENTITLED TO A FULL REFUND OF THEIR PURCHASE PROVIDED SUCH A REQUEST IS MADE WITHIN TWO (2) WEEKS FROM THE DATE OF SAID PURCHASE. HOWEVER, NO PURCHASER IS ENTITLED TO THE BENEFIT OF SECTION 1707.43 WHO HAS FAILED TO ACCEPT A REFUND WITHIN (30) DAYS FROM THE DATE OF SUCH OFFER. IT IS PRUDENT TO SEND SUCH NOTICE CERTIFIED MAIL, RETURN RECEIPT REQUESTED. A WRITTEN ACKNOWLEDGEMENT WILL BE RETURNED.

Date \_\_\_\_\_, **2005** Member's Signature: \_\_\_\_\_

Date \_\_\_\_\_, **2005** Co-Member's Signature: \_\_\_\_\_

# USA Sail LLC

A Florida Limited Liability Company

200 NE 22nd Avenue, Pompano Beach, FL. 33062

800-481-5089

Private Placement Memorandum

**\$1,000,000 offering of 50 ownership units at \$20,000 per unit**

January 4, 2005

## SUBSCRIPTION DOCUMENTS

An IRA qualified investment

[www.usasail.com](http://www.usasail.com)

**FILED WITH THE SECURITIES AND EXCHANGE COMMISSION REG-D 504  
RESTRICTED SECURITY. THE SECURITIES AND EXCHANGE COMMISSION HAS  
NOT PASSED ON THE MERITS OF THIS OFFERING.**

## INSTRUCTIONS ON HOW TO USE

1. Each prospective member who desires to purchase Units must:  
Complete, date, execute and deliver in person or by certified mail, return receipt requested, the following documents to:

USA Sail LLC  
200 NE 22nd Avenue  
Pompano Beach, FL. 33062  
800-481-5089

Attn: Frank Miller

2. Checks as follows:
  - a) \$20,000 per Unit (1/10 Unit minimum purchase provided however at no time shall there be more than 100 member Voting Units) made payable to USA Sail LLC and,
  - b) \$50 made payable to the legal counsel of USA Sail LLC for legal fees and issue of ownership certificate.
3. The Subscription Agreement beginning on Page 17
4. The Confidential Member Questionnaire beginning on Page 22
5. The Risk Disclosure Document beginning on Page 25

If you have any questions or problems concerning these instructions and documents, please call **USA Sail LLC at 800-481-5089**

## SECTION A

# USA SAIL LLC

## A FLORIDA LIMITED LIABILITY COMPANY

### SUBSCRIPTION AGREEMENT

#### I. Subscription:

- (a) Subject to the terms and conditions hereof, the undersigned member (Member) subscribes for and agrees to purchase the number of USA Sail LLC units (Units) as set forth on page 16 of this subscription agreement and counterpart Execution Page ("Subscription Agreement") a Florida Limited Liability Company. This subscription may be rejected at the sole and absolute discretion of USA Sail LLC.
- (b) Member tenders to the membership payment of \$20,000 per Unit (1/10<sup>th</sup> unit minimum purchase provided, however that at no time shall there be more than 100 Voting Units) which payment shall be made in the form of a check, money order, or bank wire, payable to USA Sail LLC in the amount of \$20,000 per unit.
- (c) Member tenders payment of \$50 payable to the legal counsel of USA Sail LLC for legal fees and issue of certificate of ownership.
- (d) Member also submits a properly executed Confidential Member Questionnaire, Compliance Questionnaire, and Risk Disclosure Document.

#### 2. Representations and Warranties of member.

- (a) Member represents and warrants to the Membership the following:
  - I. I can bear the economic risk of losing my entire Membership capital and can afford to hold the membership Units for an indefinite period of time.
  - II. My overall commitment to investments that are not readily marketable is not disproportionate to my net worth, and my participation in the USA Sail LLC will not cause such overall commitments to become excessive.
  - III. I have adequate means for providing for my current needs and personal contingencies and have no need for liquidity in the Units for which I am subscribing.
  - IV. I have such knowledge and experience in financial and business matters that I am capable of intelligently evaluating the merits and risk of participating in the Membership and exercising my powers as a USA Sail LLC member.

Initials X \_\_\_\_\_

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(b) I acknowledge the following:

- i. USA Sail LLC has been formed recently and, therefore, has no financial and operating history, and the Units are a speculative endeavor which involves a high degree of risk and possible risk of loss by me of my entire participation.
- ii. Some portion of the gross proceeds raised may be utilized for cost incurred including, but not limited to, administration, maintaining an office, telephones, offering expenses and brochures, advertising costs, organizational costs, accounting fees, legal fees, subscribers surveys, and other marketing expenses.
- iii. I have reviewed the brochure accompanying these subscription documents with specific focus on the risk disclosure accompanying the brochure. I understand that there are numerous risk factors associated with the acquisition of a unit in USA Sail LLC as set forth in the brochure. I have had the opportunity to consider the risk factors and hereby acquire units in USA Sail LLC with a full understanding of such risk factors. I have read and agree to be bound by all of its terms.
- iv. The statements and information provided in the Questionnaire that accompanies this Subscription Agreement and all other information provided by me are complete and accurate in all respects. I understand that based on the information provided by me in the Questionnaires, my request to subscribe can be rejected by USA Sail LLC at its sole discretion.
- v. The foregoing representations and warranties are complete and accurate in all respects as of the date hereof.
- vi. By executing where indicated below, I have become a member of USA Sail LLC. USA Sail LLC is formed according to the terms and conditions of the Membership Agreement of the Membership to which this page shall be attached and become part of.
- vii. Within three (3) days of making application to this subscription I may cancel my contract to purchase within my three (3) day right of rescission.
- viii. I understand that the Membership is raising capital to acquire a sailing vessel for charter.
- ix. My interest in USA Sail LLC is evidenced by the number of Units allocated to me as set forth below, and all profits, losses, votes, and interest in USA Sail LLC assets are allocated to me in proportion to the number of Units allocated to me and;
- x. I understand that I am a member, and as such I have an absolute right to vote on all matters concerning USA Sail LLC according to the terms and provisions of the Subscription agreement.
- xi. PENNSYLVANIA RESIDENTS: If the undersigned is a resident of Pennsylvania, a specific acknowledgement is made that the undersigned will not sell the security within twelve (12) months of the date of purchase.
- xii. Special Federal and State Securities Laws Notice  
The undersigned understands and acknowledges that:

THE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, WILL BE ACQUIRED FOR INVESTMENT PURPOSES ONLY, AND MAY NOT BE SOLD OR TRANSFERRED FOR VALUE IN THE ABSENCE OF ANY EFFECTIVE REGISTRATION OF THE UNITS UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR AN EXEMPTION THEREFROM.

Initials **X**\_\_\_\_\_

### 3. Indemnifications

USA Sail LLC is relying on the accuracy of the representatives, warranties and agreements by Member contained herein, and that Member would not be permitted to purchase any Units if any representations or warranty were known to be materially false. Accordingly, Member hereby agrees to indemnify and hold harmless USA Sail LLC and its agents from and against any and all loss, damage, liability, cost, or expense due to, or arising from, a breach of any representation, warranty, or agreement of Member contained in this Subscription Agreement. Members agree that any controversy between USA Sail LLC and any Member arising out of this agreement shall be arbitrated or otherwise resolved by a tribunal located in the Monroe County, Florida. In addition, Member hereby waives trial by jury in any such action or proceeding. Members agree to pay all expenses, including attorneys fees, incurred by USA Sail LLC to defend any unsuccessful claim member brings against USA Sail LLC.

### 4. General Provisions.

The terms used herein, if not defined, shall have the meaning attributed to such terms in the Subscription. All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular, and plural as the identity of the person or persons may require. This subscription Agreement shall be enforced, governed and construed in all respects in accordance with the Laws of The State of Florida. The representations, warranties and agreements herein shall survive the execution of this Subscription Agreement.

### 6. IRA Provisions

The following provisions are required under the rules and regulations set for governing all IRA USA Sail LLC Unit investors.

- a. IRA Members are excluded for being Managing Members. No IRA Member shall own 50% or more of USA Sail LLC. Valuations are the responsibility of the investor.
- b. Any responsibility for payment of Unrelated Business Income Tax is disclaimed on the part of the trustee/custodian. IRA Members are not subject to cash calls or any additional capital contribution.
- c. The asset purchase does not violate prohibited transactions rules and are in compliance with sections 401 and 408 of the Internal Revenue Code. That the asset is transferable to other trustees/custodians/administrators, account owners, participants or beneficiaries without any consent required by other owners. Transactions with fiduciaries under Department of Labor Rules and Regulations for Fiduciary Responsibility section 2550.408 b-2-e are complied with.

Member acknowledges his understanding of, and agrees to be bound by, all of the terms and provisions of this Subscription Agreement.

Date \_\_\_\_\_, 2005      Member's Signature: \_\_\_\_\_

Number of Units \_\_\_\_\_      IRA Accounts only:    Initial \_\_\_\_\_

Date \_\_\_\_\_, 2005      Co-Member's Signature: \_\_\_\_\_

# USA SAIL LLC

## A FLORIDA LIMITED LIABILITY COMPANY

SUBSCRIPTION FOR MEMBERSHIP UNIT(S) 1/10<sup>TH</sup> UNIT MINIMUM PURCHASES PROVIDED, HOWEVER, THAT AT NO TIME SHALL THERE BE MORE THAN 100 MEMBERS OWNING VOTING UNITS:

Number of Units applied for:\_\_\_\_\_.

Total Price per Unit is \$20,000 USD detailed as follows:  
Purchase of vessel, rigging, operating expenses and reserves

Legal Fees and certificate of ownership: \$50

### MEMBER INFORMATION:

Name:\_\_\_\_\_

Please print Name(s) in which your units are to be held

Social Security or Tax Payer ID Number(s)\_\_\_\_\_

Mailing address: (for receipt of Membership Communications)

Street:\_\_\_\_\_

City:\_\_\_\_\_ State:\_\_\_\_\_ Zip Code:\_\_\_\_\_

Telephone Number(s) \_\_\_\_\_

Business

Home

### Type of Ownership (check one)

\_\_\_\_\_ Individual Ownership

\_\_\_\_\_ Tenants –in-Common

\_\_\_\_\_ Joint Tenants with right of survivorship \_\_\_\_\_ Corporation

\_\_\_\_\_ Community Property \_\_\_\_\_ Membership

**FOR INDIVIDUAL, JOINT TENANTS, COMMUNITY PROPERTY,  
TENANTS BY THE ENTIRETIES OR TENANTS-IN-COMMON:**

\_\_\_\_\_  
(Signature of Member)

\_\_\_\_\_  
(Signature of Co- Member)

\_\_\_\_\_  
(Type or Print Name)

\_\_\_\_\_  
(Type or Print Name)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**FOR CORPORATIONS, TRUSTS, MEMBERS, EMPLOYEE  
BENEFIT PLAN OR OTHER ENTITY**

By: \_\_\_\_\_  
(Signature of Authorized representative)

\_\_\_\_\_  
(Type or Print Name of Entity)

\_\_\_\_\_  
(Type or Print Name and Title)

\_\_\_\_\_  
(Date)

**FOR AGENT/DEALER COMPLETION ONLY**

By: \_\_\_\_\_  
(Agent/Dealer Name)

\_\_\_\_\_  
(Type or Print Name and Title)

\_\_\_\_\_  
(Agent/Dealer Address)

\_\_\_\_\_  
(Date)

## SECTION B

### USA SAIL LLC

#### A FLORIDA LIMITED LIABILITY COMPANY

#### CONFIDENTIAL MEMBER QUESTIONNAIRE

All information furnished herein is for the sole use of USA Sail LLC and its Agents and will be held in confidence by them.

1. **GENERAL INFORMATION** (Type or Print)

a. Name of Member(s): \_\_\_\_\_

b. Home Address: \_\_\_\_\_

c. Home Telephone: \_\_\_\_\_

d. Marital Status: \_\_\_\_\_

e. Other States in which you maintain residence: \_\_\_\_\_

f. State(s) in which you pay income tax: \_\_\_\_\_

g. State in which you are registered to vote; \_\_\_\_\_

h. State in which you hold a valid driver's license: \_\_\_\_\_

i. Identify persons who will invest with you as joint tenants, tenants by the entireties, tenants-in-common or community property:

\_\_\_\_\_

j. I am a citizen of the United States: Yes \_\_\_\_\_ No \_\_\_\_\_

**2. FINANCIAL AND BUSINESS KNOWLEDGE AND EXPERIENCE** (Type or Print)

NOTE: PLEASE COMPLETE THIS SECTION CAREFULLY, PROVIDING COMPLETE ANSWERS TO ALL SECTIONS. USA SAIL LLC SHALL RELY ON YOUR FINANCIAL AND BUSINESS KNOWLEDGE AND EXPERTISE IN DETERMINING IF YOU POSSESS THE SUITABLE REQUIREMENTS TO BECOME A MEMBER.

- a. Present occupation or employment indicating name of employer, current position and title, nature of duties, nature of employer's business and period of employment:

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- b. Prior occupation or employment indicating with the specificity described in (a) above all positions held in the past 10 years:

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- c. Education background including schools, subjects of study and degrees:

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- d. List any professional licenses (e.g., bar administration, accounting certifications, federal or state broker-dealer or investment advisor licenses):

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- e. Your investment experience, indicating nature, amounts and dates of investment. A description of the nature of the investments should include the type of investment (e.g. stock, bond, membership interest), the name of the business (e.g. real-estate, oil and gas, hi-tec, equipment leasing, manufacturing), and if the investment was publicly or privately offered.

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f. Fill in the actual or estimated annual income of Member for each year listed:

2002 \$ \_\_\_\_\_ 2003 \$ \_\_\_\_\_ 2004 \$ \_\_\_\_\_

\_\_\_\_\_ Individual \_\_\_\_\_ Joint with Spouse  
(initials) (initials)

g. Fill in the net worth of the Member including the fair market value of home(s), furnishings, automobile(s) as of the date of this Subscription Agreement:

\$ \_\_\_\_\_

\_\_\_\_\_ Individual \_\_\_\_\_ Joint with Spouse  
(initials) (initials)

h. I am hereby interested in becoming the Assistant Director of USA Sail LLC in accordance with the Subscription agreement and authorize the inclusion of my name on a ballot for such purpose.

\_\_\_\_\_ Yes \_\_\_\_\_ No (IRA Members are excluded from this option; see  
(initials) (initials) page 19 paragraph 6)

### 3. REPRESENTATIONS AND WARRANTIES

Member represents that:

1) The information contained in this confidential questionnaire is true, complete and accurate, and may be relied upon by USA Sail LLC.

2) He/She understands that a false representation may constitute actionable conduct, and that any person who suffers damages as a result hereof may have a claim for damages.

Dated: \_\_\_\_\_  
(Member's Signature)

\_\_\_\_\_  
(Co-Member's Signature)

## SECTION C

# USA SAIL LLC

## A FLORIDA LIMITED LIABILITY COMPANY

### RISK DISCLOSURE DOCUMENT

#### **RISK FACTORS:**

Purchase of the USA Sail LLC Units offered involves a high degree of risk. There is no assurance that the risk factors listed below are comprehensive. Each prospective Member should seek whatever advice he/she feels necessary to properly evaluate the merits and risks of participation in USA Sail LLC.

**1. Insufficient Units sold; No minimum sales.**

There is no minimum number of Units that must be sold. Without the sale of substantially all Units, the Membership may not be able to operate. However, in the event that the Membership does not raise sufficient proceeds to purchase the Vessel, through the sale of Voting Units USA Sail LLC has committed to the Membership that it will, and at the option of the Membership, accept all unsold Voting Units in full satisfaction obligations to USA Sail LLC under the Agreement to Purchase the Vessel. In such circumstances, such Units shall be Voting Units.

**2. Competition.**

The Charter business is competitive. Major competition includes The Moorings and The Catamaran Company. Our competition may have an adverse effect on the future performance of USA Sail LLC.

**3. Economic Downturn.**

The projections concerning USA Sail LLC are based on current economic conditions and assumptions that future economic conditions will be similar. The projections are merely the initial Management's best estimate of future performance based upon information supplied to it by third parties and not a guarantee of future performance. Invariably, some, if not all, of the forecasts will not materialize. There is no assurance that any stability will continue in future years. Actual performance will depend upon many factors beyond the control of USA Sail LLC and its Members. However, successful operations are dependent upon the Members of USA Sail LLC managing their affairs competently. No assurance can be given that USA Sail LLC's actual performance will match the projections.

**4. Failure to Adequately Operate USA Sail LLC**

To generate profits and create value in USA Sail LLC, the Members must properly manage the affairs of the USA Sail LLC. While a Member is not required to have experience in the charter business, a Member is required to have sufficient knowledge and experience of business affairs to allow him to intelligently exercise his power as a Member. While a Manager may have

experience in this area, and while there is considerable expertise in the charter industry which USA Sail LLC could look to for support, no assurance can be made that the affairs of USA Sail LLC will be conducted in a way that will generate profit and/or create value.

#### **5. Marketability of Membership Units**

There is currently no public market or secondary market for the Membership Units, and there is no expectation that one will develop. USA Sail LLC Units are only suitable for purchase as a long term investment, and a purchaser of USA Sail LLC Units offered pursuant to this offering must bear the economic risk of the investment for an indefinite period of time.

#### **6. Failure to fully fund the Vessel.**

As disclosed in this document and in the Subscription, USA Sail LLC will be permitted to utilize proceeds provided for development of the company. As a result, there are certain risks to USA Sail LLC associated specifically with the failure to fully fund the entire vessel. For example, if USA Sail LLC is capitalized with less than all Units sold, the capital available for operations will be substantially reduced. USA Sail LLC has committed to accept, at the option of USA Sail LLC, all unsold voting Units in satisfaction of USA Sail LLC's obligations under the Agreement to purchase the Vessel. If USA Sail LLC fails to meet this commitment, the Membership could be adversely affected.

#### **7. Lack of subscription**

USA Sail LLC 's acquisition of the vessel is dependent on the number of subscribers who pay for such acquisition. There can be no assurance USA Sail LLC will obtain any subscribers in the future.

#### **8. Little or No history of Operation**

USA Sail LLC is newly organized, having no or little operating history. Consequently, purchase of Membership Units in USA Sail LLC carries with it significant risk. No revenues have been generated by USA Sail LLC, nor are any expected to be generated until such time that USA Sail LLC acquires and equips a vessel for its operations. The likelihood of success of USA Sail LLC should be considered in light of the events normally encountered in connection with a new business.

#### **9. Unforeseen Events**

Acts of God, nature, weather and other unforeseen events could have an adverse effect on sales projections and revenue as contained in this subscription agreement, as could mechanical failures and breakdowns.



# Fountain-Pajot Marquises 56 sailing catamaran Photos Specifications



## Fountain-Pajot Marquises 56 sailing catamaran Photos and Specifications

<b>Length</b>	56 feet
<b>Beam</b>	26.9 feet
<b>Draft</b>	4.5 feet
<b>Light displacement</b>	28,600 lbs
<b>Motors</b>	2 * 48 CV DIESEL
<b>Fuel tank capacity</b>	160 gals
<b>Water tank capacity</b>	300 gals
<b>Staterooms</b>	5 doubles + 2 Singles

