

## CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**\$3,475,000****TDM VERIFIER TRUST 07****MAXIMUM OFFERING \$3,475,000****MINIMUM OFFERING \$500,000****TWELVE MONTHS: 8.25%****TWENTY FOUR MONTHS: 9.00%**

**TDM VERIFIER TRUST 07** (the "Trust Fund") is hereby offering \$3,475,000 of Contract Certificates, entitled to interest at the per annum rate of 8.25% or 9.00% per annum (the "Certificates"). Interest on the Certificates is payable in quarterly installments commencing May 15, 2007. See "Description of the Certificates and the Trust Agreement".

The Certificates will be issued and registered in the names of the purchasing Certificateholders. Interests in the Certificates will be shown on, and transfers thereof will be effected through, records maintained by the Trustee under the Trust Agreement. See "Description of the Certificates and the Trust Agreement."

Price of Certificates 100%

See "Risk Factors" for a discussion of certain risks that should be considered by prospective purchasers of the Certificates offered hereby.

THESE CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to the Public	Underwriting Discount	Proceeds to the Trust Fund
	100%	9.5%	90.5%
Minimum Offering	\$500,000	\$47,500	\$452,500
Maximum Offering	\$3,475,000	\$330,125	\$3,144,875

The date of this Memorandum is February 23, 2007

**MCGINN, SMITH & CO., INC.**  
**Capital Center • 99 Pine Street**  
**Albany, New York 12207**

GOVERNMENT  
EXHIBIT

GA4

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The Offering of Certificates will terminate on April 15, 2007, unless the Minimum Amount of Certificates are sold prior to that date. All subscriptions will be held in an escrow account (the "Escrow Account") at Mercantile Bank, Boca Raton, Florida (the "Escrow Agent") or such other financial institution as may be selected by the Trust Fund in the event that the Escrow Agent is unable or unwilling to serve. Interest will be earned on funds held in the Escrow Account commencing three days after the funds are deposited until the earlier of the termination of this Offering or the investment of such funds in Certificates. During the period that an investor's funds are held in the Escrow Account, he will not be a Certificateholder of the Trust Fund. An investor's funds will not be held in the Escrow Account more than two months before being invested in the Certificates, with Escrow Agent fees being deducted from escrow interest payable to investors. See "Terms of the Offering".

The Trust Fund will furnish to investors certain reports, financial statements and tax information. See "Description of the Certificates and the Trust Agreement - Reports".

#### WHO MAY INVEST

The Certificates will generally be offered only to accredited investors as that term is defined under Regulation D promulgated under the Act ("Accredited Investors"). The Sales Agent may, however, offer and sell Certificates to 35 or fewer non-accredited investors. With certain exceptions (primarily with respect to institutional investors) an Accredited Investor is an individual who (i) has a net worth (along and together with the Investor's spouse) in excess of \$1,000,000 or (ii) has had gross income in excess of \$200,000 in each of the past two years or joint income with that person's spouse in excess of \$300,000 in each of those years and reasonably expects gross income at the same level in the current year. Corporations, partnerships and other entities will be considered Accredited Investors if each of its beneficial owners individually qualify as Accredited Investors, or if such entity has total assets in excess of \$5 million. Prospective investors to be admitted as Accredited Investors will be required to represent that they satisfy the requirements of an Accredited Investor. See "Suitability".

The Certificates offered hereby are suitable only for those investors whose business and investment experience makes them capable of evaluating the merits and risks of their prospective investment in the Certificates, who can afford to bear the economic risk of their investment for an indefinite period of time and have no need for liquidity in this investment. Each investor will be required to represent in the Subscription Agreement that he is acquiring the Certificates for his own account as principal for investment, and not with a view to resale or distribution, and that he is aware that (a) his transfer rights are restricted; and (b) that the Certificates have not been registered under the Securities Act of 1933, as amended, and therefore, cannot be resold unless they are so registered or unless exemption from registration is available with respect to such transaction. (See "Suitability".) Since there can be no assurance that the Contracts will generate sufficient income necessary to pay the Certificates, investment in the Certificates is suited for persons who have substantial income from other sources. See "Risk Factors".

The Trust Fund may require prospective investors to complete a questionnaire relating to the suitability on the investment for them, and may make or cause to be made such further inquiry as it deems appropriate. The Trust Fund and Sales Agent will collectively have the sole discretion regarding sale of the Certificates to any prospective investor. The Trust Fund and Sales Agent reserve the right to reject any subscription for any reason and to allocate to any investor a smaller amount of Certificates, or fractions thereof, than that for which he has subscribed. See "Suitability".

## SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum and the exhibits attached to the Memorandum.

### The Trust Fund

TDM VERIFIER TRUST 07 (the "Trust Fund") is a common law trust formed under the laws of the State of New York on January 18, 2007. The Trustee of the Trust Fund is McGinn, Smith Capital Holdings Corp., a New York Corporation. The Trustee of the Trust Fund will have no liability in connection with the Certificates or the affairs of the Trust Fund in the absence of willful misconduct or gross negligence. Although Certificateholders will have recourse to all assets of the Trust Fund, which include an assignment of \$2,500,000 face value of Guaranteed Payment Units issued by Verifier Capital LLC ("Verifier"), which when discounted to a present value at the blended interest rates contemplated by this offering, will have a value of \$3,475,000.

The Trust Fund will advance funds to TDM Cable Funding LLC, a New York State Limited Liability Corporation. TDM has in turn purchased \$2,500,000 of face value Guaranteed Payment Units from Verifier Capital LLC.

Verifier provides capital to security alarm dealers by purchasing some or all of their security alarm monitoring accounts at a multiple of recurring monthly revenue ("RMR") and subcontracting back to them service and monitoring obligations in respect of the purchased accounts for a fixed percentage of RMR received from the underlying customers. As of December 31, 2006, Verifier owned 3,500 security alarm accounts purchased from six independent dealers, generating total RMR of \$280,000. The average purchase price paid for accounts was thirty times RMR in fiscal 2006 was thirty times RMR and the average subcontract fee was 35%. This implies a payback period of forty-six months before attrition and overhead expense, on assets with useful lives in excess of ten years.

Verifier Capital LLC will use the net proceeds of the sale of the Guaranteed Payment Units to redeem \$750,000 of Guaranteed Payment Units issued in 2006 including accrued payments in kind, repay its \$750,000 Unsecured Loan Note due January 15, 2015 plus accrued interest, purchase approximately \$25,000 of RMR from "Hidden Eyes" (see page 9), with the remainder used to pay down senior debt.

### The Investment

Certificateholders will purchase either a Certificate with a one year maturity (February 15, 2008) or a Certificate with a two year maturity (February 15, 2009). The rate of interest payable on the one year maturity Certificate will be 8.25% per annum, payable quarterly; and the rate of interest payable on the two year maturity Certificates will be 9.00%, payable quarterly.

Certificates may be purchased in denominations of \$5,000 with a minimum purchase of \$10,000.

### Risk Factors

In evaluating this Offering, prospective investors should consider carefully, among others, the following risk factors:

- No assurance that the Certificates will be paid;
- No market for resale of Certificates;
- Illiquid collateral;
- Potential for Guaranteed Payment Unit defaults;
- Potential conflicts of interest in connection with the acquisition of the assets to be consigned to the Trust Fund;
- No amortization of principal.

### **Description of the Certificates and the Trust Agreement**

The Certificates will be issued under a Declaration of Trust by McGinn, Smith Capital Holdings Corp., the Trustee. The Certificates will be available for purchase in denominations of \$5,000.00 with a minimum investment of \$10,000.00. The Certificates will be registered in the name of the individual Certificateholders. See "Description of the Trust Agreement and the Certificates."

The Certificates will bear interest at a per annum rate of 8.25% or 9.00%. Interest will accrue commencing on the Closing Date for the purchase of such Certificate and will be payable to Certificateholders quarterly on the first day of each quarter commencing May 15, 2007.

### **Use of Proceeds**

The net proceeds from the Offering will be lent to TDM Cable Funding LLC for the purpose of purchasing \$2,500,000 face value of Guaranteed Payment Units issued by Verifier Capital LLC.

### **Income Tax Considerations**

The Certificates will be treated as indebtedness of the Trust Fund for federal income tax purposes. Each Certificateholder will generally be required to report interest income on a Certificate in accordance with such Certificateholder's method of accounting. Each prospective investor should consult with his or her own tax advisor with respect to the tax consequences of the acquisition, ownership and disposition of the Certificates.

## **RISK FACTORS**

In evaluating this Offering, prospective investors should consider carefully all of the information contained in this Memorandum and, in particular, the factors discussed below. The following summary is not intended to state in full or replace portions of this Memorandum that discuss these factors and others in greater depth. Although the risk factors are intended to be presented in order of their materiality to investors, such order may not be indicative of their relative importance to any particular investor.

### **Limitation of Transfer of Certificates**

The Certificates may not be offered for resale to any person without the consent of the Trust Fund. Prior to this offering, there has been no market for the Certificates of the Trust Fund. Each investor will be required to represent that his purchase of the Certificates will be for investment only and not with a view towards the resale or distribution thereof. A Certificateholder will not have any right to sell, transfer, exchange or otherwise dispose of his Certificates, or to cause a security interest to be created therein, unless the Trust Fund has received evidence satisfactory to it that such disposition or creation of a security interest is not in violation of federal or state securities laws. The Certificates have not been registered or qualified under the Securities Act of 1933 or applicable state securities laws and may not be sold or transferred without such registration or qualification or an exemption therefrom.

### **Potential for Guaranteed Payment Unit Defaults**

Default by Verifier Capital LLC under the terms of the Guaranteed Payment Units would result in an interruption in available cash distributed to Certificateholders and could cause significant loss of principal.

### **No Monthly Amortization Schedule**

There will be no amortization of the principal arising out of the cash flow generated from the Verifier Guaranteed Payment Units "GPUs". It is anticipated that each of the maturities will be refinanced at

approximately similar interest rates until Verifier redeems the GPUs. It is currently contemplated by Verifier that such redemption will occur after six years.

**No Independent Counsel to Investors**

Purchases of the Certificates offered here by will not be afforded the services of independent counsel. Disclosure of material facts and risks has been reviewed by counsel to the underwriter.

**Lack of Financial Statements**

This Memorandum does not include financial statements for the Trust Fund. The Trust Fund is newly formed for the limited purpose of acquiring the Portfolio of Contracts.

**Conflicts of Interest**

The Trust Fund will acquire the GPUs from Verifier Capital LLC. The Trustee of the Trust is McGinn, Smith Capital Holdings Corp., the sales agent for this offering is McGinn, Smith & Co., Inc., the principals of TDM Cable Funding LLC are Timothy McGinn, David Smith, and Matthew Rogers. Mr. Rogers is the Chairman of the Board of Verifier Capital LLC and is the beneficial owner of 12.50% of the common stock of Verifier Capital LLC. Further, Mr. Rogers is a Senior Managing Director of McGinn, Smith & Co., Inc. Although there is no specified formula for determining the purchase price paid for the assets of the Trust Fund, and Certificateholders will not have a voice in the amount paid by the Trust Fund, the Trustee will purchase the assets only when TDM represents to the Trustee that the price of such assets will allow the Trust Fund to pay its operating expenses and discharge its obligations with respect to the Certificates.

**USE OF PROCEEDS**

The net proceeds to the Trust Fund from the sale of the Certificates offered hereby, after deducting the Underwriting Discount, will be approximately \$3,144,875 (90.5% of gross proceeds) if the Maximum Offering for the Certificates is achieved.

The net proceeds to the Trust Fund from the sale of the Certificates offered hereby, after deducting the Underwriting Discount, will be approximately \$453,750 (90.5% of gross proceeds) if the Minimum Offering for the Certificates is achieved. The Trust Fund intends to use all of the net proceeds of the Offering to purchase approximately fourteen percent (14%) of the described Assets.

The net proceeds from the offering will be lent by the Trust to TDM Cable Funding LLC for the purpose of acquiring \$2,500,000 of face value GPU's. Additionally, certain fees and expenses will be paid as more fully described below:

	Maximum Offering
<u>Sources</u>	
Maximum Net Proceeds	\$3,144,875
<u>Uses by TDM Verifier Trust 07</u>	
Legal Fees	75,000
Printing, Marketing, Postage	20,000
Bridge Financing	100,000
Loan to TDM Cable Funding LLC	2,733,875
Trust Administration Fee	<u>216,000</u>
Total uses by TDM Verifier Trust '07	\$3,144,875

	Minimum Offering
<u>Sources</u>	
Minimum Net Proceeds	\$452,500
<u>Uses by TDM Verifier Trust '07</u>	
Legal Fees	10,750
Printing, Marketing, Postage	3,000
Bridge Financing	14,250
Loan to TDM Cable Funding LLC	395,000
Trust Administration Fee	<u>29,500</u>
Total uses by TDM Verifier Trust '07	\$452,500

### THE TRUST FUND

The Trust Fund is a common law trust formed under the laws of the State of New York on January 18, 2007. The principal executive office of the Trust Fund is located at c/o McGinn, Smith Capital Holdings Corp., Trustee, Capital Center, 99 Pine Street, Albany, New York 12207, and its telephone number is 518-449-5131. McGinn, Smith Capital Holdings Corp. is the Trustee of the Trust Fund. The owners of all issued and out-standing common stock of the Trustee are Timothy M. McGinn (30%), David L. Smith (50%), and Thomas E. Livingston (20%). McGinn, Smith & Co., Inc. is the Sales Agent for the offering.

#### **Business of the Trust Fund**

The Trust Fund has been formed solely for the purpose of lending the Net Proceeds to TDM Cable Funding, LLC. Subsequent to the closing date, the Trust Fund will lend the Net Proceeds of the offering to TDM Cable Funding LLC. TDM Cable Funding LLC will, in turn, purchase up to \$2,500,000 face value of GPU's issued by Verifier Capital LLC. The Trustee believes that the present value of the GPU's, discounted at the blended interest rates hereby offered, equals or exceeds \$3,475,000.

### BUSINESS OF VERIFIER CAPITAL LLC

#### **Verifier Capital LLC**

Verifier provides capital to security alarm dealers by purchasing some or all of their security alarm monitoring accounts at a multiple of recurring monthly revenue ("RMR") and subcontracting back to them service and monitoring obligations in respect of the purchased accounts for a fixed percentage of RMR received from the underlying customers. As of December 31, 2006, Verifier owned 3,500 security alarm accounts purchased from six independent dealers, generating total RMR of \$280,000. The average purchase price paid for accounts in fiscal 2006 was thirty times RMR and the average subcontract fee was 35%. This implies a payback period of forty-six months before attrition and overhead expense, on assets with useful lives in excess of ten years.

To date, Verifier has solely financed franchisees of Sonitrol Corporation, which manufactures and distributes a proprietary range of security alarms that use microphones, instead of passive infra-red detectors and contact switches, as the primary means of detecting an intrusion. Following detection, a communications session is opened between the control panel at the subscriber's premise and the central monitoring station ("CMS") during which an operator listens in to the system and determines the appropriate response. The CMS operator's ability to use additional information from the system after the initial activation is called 'Verification' by the alarm industry, hence the company's name. Verified systems were developed in order to improve police response to alarm systems, which suffers as confidence in alarms is undermined by repeated false alarms. When an operator using a verified system determines that there is an intrusion in progress, whether through use of audio or video inputs, the probability of the police making an arrest at the site increases exponentially. This increase significantly reduces response time, thereby delivering subscribers with an enhanced level of protection. Sonitrol is

the North American market leader in verified systems and claims 156,000 apprehensions from its systems since the business was founded in 1963. As well as its product development, manufacturing and franchising operations, Sonitrol is a significant operator of alarm systems across the United States with approximately \$5 million of RMR and was ranked number 10 in the 2006 SDM 100.

The enhanced features provided by verified systems means that they cost significantly more than conventional systems both to install and to monitor. The average monthly charge for monitoring a conventional security alarm in the United States is approximately \$30 and the average for a Sonitrol system is approximately \$90, with similar premiums being charged at the installation stage. As a result, Sonitrol systems are usually sold to non residential customers with a demonstrated need for intruder protection, who make significant cash investments in their installation. These factors mean that the attrition, or cancellation, rate on Sonitrol systems is significantly lower than that for conventional systems. For the year ended December, 2006, Verifier's net attrition rate was 7.5%, as compared with market leader ADT North America's 13.3% for its fiscal year ended September 30, 2006.

Verifier Capital LLC was established as Verifier Inc. in 1996 by two former owners of Sonitrol Corporation. Verifier Inc. was acquired by Verifier Capital LLC on February 28, 2006 for an enterprise value of \$7.7 million before transaction expenses, which was 31.4x the RMR of \$244,277. Since the acquisition, Verifier has recruited new management, maintained excellent relations with the five dealers acquired, recruited one additional dealer, grown RMR at an annualized rate of 17.7% to \$280,000, raised \$580,000 by way of the sale of additional common units and reduced the interest rate on its senior loan facility by an effective 125 bps.

### **The Market Opportunity**

The commercial security alarm monitoring industry in North America is worth approximately \$9 billion per annum, and has enjoyed a compound annual growth rate of approximately 8% over the last ten years. Total industry commercial RMR is estimated at over \$300 million. The market is highly fragmented with only three participants with commercial revenues in excess of \$100 million per annum and over 10,000 participants. Verifier has decided to focus its activities on alarm accounts which can reasonably be expected to have lower than average attrition rates and on smaller dealers who have difficulties (as a result of their size) efficiently accessing the capital markets. The Sonitrol network has approximately \$12.5 million of RMR, of which Sonitrol Corporation accounts for \$5 million, leaving \$7.5 million with its franchisees. Verifier expects to significantly increase its market share of this RMR from its current 3.7% both by increasing its share of RMR with its existing dealers, supporting them in their organic and acquisition growth initiatives and by adding new dealers.

Verifier is extremely cautious about extending its offering to conventional alarm dealers because of increased competition in that market which adversely affects purchase multiples and the likely adverse effect such growth would have on our attrition rates.

Verifier has investigated a number of alternate market niches into which it can aggressively grow Verifier Capital LLC and believes that entering the market in the United Kingdom satisfies its investment criteria for a number of reasons. The UK alarm market at \$1.8 billion is approximately 20% of the size of the US market in line with both population and GDP, and is by far the most developed market for security alarms in Europe. In the commercial sector, the insurance industry plays a critical role in mandating the purchase of high quality monitored alarm systems by the insured. This is a significant contributory factor to attrition rates in the UK commercial market being more in line with Sonitrol at 7-9% than with the US average of 12%. However, unlike in the US market, the banking sector in the UK has not developed security alarm industry expertise, which means that alarm companies are unable to release capital in their RMR for growth or other purposes, presenting Verifier with an attractive pricing environment. Lastly, the background of Verifier's management and major shareholder at Automated Security Holdings PLC, which before its purchase by ADT in 1996 was the largest security alarm company in the UK, gives Verifier confidence that it has sufficient local industry knowledge and contacts.



## The Strategy

Verifier believes that its ten year operating history gives it unique insights into the critical success factors involved in stripping out the financial from the operating component of a security alarm monitoring contract. Management has experience in the security alarm industry with many different business models, market segments and geographies. Verifier intends to leverage this combined experience to grow its current asset base and seek out other asset classes with similar financial characteristics, in order to generate value for our common unit holders, including ourselves. With this end in mind, Verifier is pursuing the following business strategies:

- *Grow Market Share within the Sonitrol Franchise Network.* Verifier is using its good relations with its current customers, together with its industry knowledge, to develop discussions with other Sonitrol franchisees about how we can play a role in solving their capital requirements. Verifier is currently in discussions with three additional franchisees who have an aggregate \$150,000 of RMR and is discussing financing one of its current customer's purchase of an adjacent franchise.
- *Reduce its Cost of Capital.* The current senior loan agreement is priced off the prime rate, which currently stands at 8.25%, plus a variable margin based on senior debt to RMR, which is currently 1.25% for a total cost of debt of 9.50%. Verifier is currently in discussion with multiple financial institutions about refinancing its senior line and believes it can reduce our borrowing costs by in excess of 100 bps, while at the same time increasing credit available under the facility.
- *Improve Back Office Efficiencies.* Key to Verifier's business plan is its ability to benefit from operating leverage as it grows assets quicker than expenses, thereby generating more income attributable to our common unit holders. Verifier is currently investing in various back office automation projects designed to improve its efficiencies and thereby leverage our existing overhead over more RMR.
- *Expand into New Product Markets.* Verifier is continually evaluating expansion opportunities into other asset classes that share financial characteristics with its Sonitrol contract pools. Verifier is currently in discussions about acquiring monitoring contracts relating to remote management of entry/exit points into gated residential communities in Florida and Texas and acquiring conventional alarm RMR from an existing customer, which is monitored by him at his own CMS.
- *Expand into New Geographic Markets.* Verifier has determined that the UK market represents a compelling opportunity to replicate its business model targeted at a larger addressable market, with significantly less competition.

## Hidden Eyes

In addition to Verifier's plans to establish operations in the UK, Verifier is in relatively advanced discussions about partnering with one of its Sonitrol customers, Sonitrol of Sarasota, to purchase the business and assets of Hidden Eyes Guard Services ("Hidden Eyes"). Hidden Eyes provides gated communities with a kiosk that stands at their various entry/exit points. This kiosk contains two CCTV cameras and a duplex intercom system, linked to a Central Monitoring Station ("CMS"), currently based in Sebring Florida. Visitors to the communities press a button and are connected by a high speed internet connection to an operator in the CMS, who authorizes and records their entrance and then opens the gate. This service is a substitute for a security guard at the gate, as provided by the manned guarding companies throughout the US. The guard companies charge out at \$13-\$14 per hour for this service, and Hidden Eyes charges \$9-\$10, thereby delivering savings to the customer as well as significantly improved record keeping. Hidden Eyes currently has contracts with four communities, three in Naples, FL and one in Ft. Myers, FL, generating total RMR of \$24,947. Verifier intends to purchase this RMR for approximately \$450,000, and to subcontract the service and monitoring obligations back to a newly formed LLC ("NEWCO") at 35% of RMR received. This RMR multiple of 18 times compares with the 30 times that Verifier pays for Sonitrol RMR, and Verifier believes that this discount more than compensates it for the risks inherent in a smaller and less well established customer and service portfolio. Sonitrol of

Sarasota will contribute \$150,000 of capital to NEWCO and will own a sixty percent membership interest therein and Verifier will own the remaining 40%. NEWCO will contract with Verifier to sell it at least 50% of all newly originated RMR at twenty-five times RMR with a 35% service fee, which new RMR will be supported by five year subscriber monitoring agreements in a form acceptable to Verifier.

Verifier plans to relocate its monitoring center to Sonitrol of Sarasota's facility within six months following the closing and thereafter sales and service staff will sell, install and maintain the kiosks, such that Verifier can demonstrate the viability of the service offering by acquiring meaningful market share on the West Coast of Florida. To the extent this is achieved, Verifier intends to roll the service out to other geographies, whether through a wholly-owned branch network, through other Sonitrol franchisees or other distribution channels.

Verifier believes this transaction will provide it with a new and growing source of RMR at attractive purchase multiples and thus returns, together with potentially significant upside arising from our equity position in NEWCO.

#### **Verifier Capital Investors**

Verifier's largest shareholder is Thomas V. Buffett, who owns 520,000 of its common units. Mr. Buffett was one of the founders of Verifier and was the Chairman and Chief Executive Officer of Automated Security Holdings PLC ("ASH") between 1976 and 1995. ASH purchased Sonitrol Corporation in 1992 and operated the business until it was in turn purchased by ADT in 1996. Collectively Verifier's directors and executive officers own 760,000 common units out of a total of 1,605,000 (47.4%), and the remaining 845,000 are owned by 9 private investors.

### SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth Verifier's selected historical financial information. The statement of operations and cash flow data for the years ended December 31 2002, 2003, 2004 and 2005 are derived from its audited consolidated financial statements. The statements of operations data for the year ended December 31, 2006 is derived from the unaudited consolidated financial statements. In the opinion of management, the unaudited consolidated financial statements have been prepared on the same basis as Verifier's audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth therein.

The results included below and elsewhere in this prospectus are not necessarily indicative of our future performance.

	For the Years Ended December 31				
	2002	2003	2004	2005	2006
	(dollars in thousands)				
<b>Statement of Operations Data:</b>					
Monitoring and service revenues	\$ 2,807	\$ 2,922	\$ 2,666	\$ 2,490	\$ 3,027
Monitoring and service expense	982	1,023	933	864	1,040
Gross profit	1,824	1,899	1,733	1,626	1,987
Gross margin	65%	65%	65%	65%	66%
Operating expenses:					
Salaries and wages	287	612	533	1,000	507
Office expenses	38	177	116	85	163
Professional and finance fees	-	53	29	159	122
Other General & Administrative	-	1	4	15	1
Total operating expenses	325	843	682	1,259	792
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,499	1,056	1,051	367	1,195
EBITDA margin	53%	36%	39%	15%	39%
Other (income)/expense:					
Gain on sale of accounts	-	-	70	-	-
Account compensation	-	-	-	188	-
Other (income)/expense	8	15	(7)	9	16
Total other (income)/expense	8	15	63	197	16
Depreciation and amortization	669	731	775	601	888
Earnings before interest and tax (EBIT)	823	310	213	(631)	291
EBIT margin	29%	11%	8%	-25%	10%
Interest expense, net	332	342	304	276	624
Net income/ (loss) before taxes	\$ 491	\$ (32)	\$ (90)	\$ (906)	\$ (333)
<b>Statement of Cash Flow Data:</b>					
Net cash (used in)/ provided by operating activities	\$ 775	\$ 775	\$ 716	\$ 841	\$ (49)
Net cash (used in)/ provided by investing activities	(896)	(664)	(377)	(1,224)	(3,812)
Net cash (used in)/ provided by financing activities	440	(206)	(589)	521	3,713

### Risk Factors

An investment in Verifier's Guaranteed Payment Units involves a high degree of risk. The following risks, as well as the other risks discussed in "Risk Factors", should be carefully considered before participating in this offering:

- Verifier's history of net losses before taxes and its need for cash to finance the acquisition of new security alarm accounts;
- While Verifier has a long history of attrition rates below 10%, a significant adverse movement in this metric would have a material adverse effect on its future profitability;
- Verifier depends on its dealers to service its security alarm accounts. Significant breaches or defaults by dealers under their service agreements would likely result in Verifier's being forced to contract with another party to provide the services with likely adverse effects on both attrition and gross margins;
- Verifier has only five employees in its North American business, each with unique relevant experience. Death or disability of any of these employees would, key man insurance proceeds notwithstanding, have an adverse effect on its prospects;
- Verifier's interest expense on its senior facility is linked to the Prime Rate. Increases in the Prime Rate would adversely affect profitability. Verifier does not currently hedge this exposure;
- Verifier has \$71,000 of RMR in the Miami area and \$69,500 in and around Mobile, AL., being 50% of its total RMR. While Verifier did not experience an upturn in attrition from the storms of 2004 and 2005, a category 4 or 5 hurricane in either of these locations may result in a loss of recurring revenue.
- Verifier is about to expand into the UK market, where assumptions regarding the availability of RMR for purchase at its assumed purchase multiples and the attrition performance of that RMR may prove optimistic.

#### **Corporate Information**

Verifier was formed in Florida in November, 2005 as Verifier LLC, a limited liability company organized under the laws of the State of Florida, and changed its name to Verifier Capital LLC in December, 2006.

#### **Risk Factors**

*Investing in Verifier's Guaranteed Payment Units involves a high degree of risk. Any of these risks could materially adversely affect the business, financial condition and results of operations and the fair market value of Verifier's Guaranteed Payment Units, resulting in significant losses.*

#### **Risks related Verifier**

##### **Verifier had a loss before tax in the year ended December 31, 2006**

Verifier has incurred losses since the acquisition of Verifier Inc in February 2006. This is a result of an increase in overhead expense resulting from the cost of its new management and the increase in its interest expense associated with financing its \$2.4 million of goodwill. These adverse movements have been mitigated by a sustained increase in revenues and gross profits resulting from accelerated purchases of RMR from existing and new dealers during the year. Verifier anticipates incurring a net loss in fiscal 2007 as it continues to grow marketing expenses in advance of the revenues resulting from future RMR purchases. Establishing operations in the United Kingdom will, according to estimates, widen its loss in fiscal years 2007 and 2008.

##### **Attrition rates may increase in the future**

Verifier's purchase price for an acquired alarm account and the service fee paid to its dealers are fixed by contract with those dealers. The only variable, therefore, that has a significant impact on an account's rate of return is the length of time it survives, the inverse of our attrition rate. While Verifier has a ten year track record of attrition rates of less than ten percent per annum there is no guarantee that attrition rates will remain at or around these levels. Were attrition rates to double in the future, Verifier would be in

breach of its covenants with its senior lender and would generate rates of return significantly below the weighted average cost of capital.

**Verifier relies on dealers to service and monitor our security alarm accounts**

Verifier subcontracts back to its dealers the service and monitoring obligations related to the security alarm accounts it owns for a fixed percentage of the RMR received by it. Performance of these obligations requires the service provider to be a franchisee in good standing with Sonitrol Corporation and ownership, or access to, specialized monitoring equipment provided by Sonitrol Corporation. Verifier does not own the assets necessary to perform these service and monitoring obligations. While Verifier has not had a dealer default on service agreements in a ten year history, such a default or breach would likely require Verifier to source an alternate service provider. This alternate provider would likely demand a higher service fee, adversely affecting gross margins and the transition of the alarm accounts to the new service provider would likely cause an upward spike in attrition.

**Verifier has only five employees, four of whom have uniquely relevant experience**

The Chief Financial Officer of Verifier has worked in that position for the entire ten year history of Verifier and has a unique understanding of the business model and long-standing relations with customers. Three of the remaining employees have unique experience across the domestic and global security industry from their time at the world market leader, ADT. While Verifier believes it maintains adequate key man insurance to protect against their death or disability, the loss of their services for any reason would have an adverse effect on the business, as it would be difficult to find replacements of equal quality and experience.

**Verifier has a floating rate senior secured facility**

The current \$10 million senior secured revolving credit facility is priced at the Prime Rate plus a margin. A 100 bps increase in the Prime Rate from the prevailing level of 8.25% would increase Verifier's annual interest expense by \$57,050, based on the drawn amount as of December 31, 2006. Verifier does not believe it is economically prudent to hedge this exposure at this time and has not done so.

**Verifier has exposure to hurricanes in Florida and Alabama**

Approximately fifty percent of the RMR is generated in Miami, FL and Mobile, AL. While Verifier did not suffer any adverse attrition experience as a result of the hurricanes in 2004 and 2005, it is aware of other security alarm dealers who suffered material attrition in the New Orleans area arising out of Hurricane Katrina. Verifier has explored using insurance to mitigate this risk, but has yet to receive an economically viable insurance proposal and therefore has no hedging against this exposure.

**Verifier is about to enter the United Kingdom market where it has no experience**

Verifier has historically only done business in the United States with franchisees of Sonitrol Corporation. In order to accelerate the growth of business, Verifier plans to establish operations in the United Kingdom, where it intends to purchase conventional security alarm accounts. While it is believed that Verifier has significant experience in the United Kingdom, the estimates of the requirement of that market for growth capital, the prices at which one can purchase security alarm accounts, the rates of attrition which will be suffered and the cost of running operations there may be wrong, thereby adversely affecting the profitability and rates of return earned through this geographic expansion.

**Risks Related to this Offering**

*There is no existing market for Verifier's Guaranteed Payment Units.*

Currently there is no public market for Guaranteed Payment Units. Verifier cannot predict the extent to which investor or acquirer interest will lead to the development of a trading market or sale transaction or otherwise provide liquidity to Certificateholders.

### DESCRIPTION OF TRUST AGREEMENT AND THE CERTIFICATES

On January 18, 2007 David L. Smith, as President of McGinn, Smith Capital Holdings Corp., ("McGinn, Smith") executed the Declaration of Trust ("Declaration") of TDM Verifier Trust 07 ("Trust"), declaring that McGinn, Smith Capital Holdings was the Trustee of the Trust, establishing the Trust for the benefit of Certificateholders, and defining its purpose.

The Trust is intended to be a common law trust under the laws of the State of New York, with its principal office at Capital Center, 99 Pine Street, Albany, New York 12207, which is the office of McGinn, Smith. The initial capital of the Trust was established at \$100.00, and the purpose of the Trust is to lend the net proceeds of this offering to TDM Cable Funding LLC. TDM Cable Funding LLC will use the proceeds of the loan to purchase \$2,500,000 face value of GPUs issued by Verifier Capital, LLC. Under the Declaration, the Trustee acquires virtually complete discretion in the operation of the Trust, so long as that discretion is exercised within the purpose of the Trust. The Declaration limits the liability of the Trustee in two ways. The Trustee will not be liable in the absence of willful misconduct or gross negligence. Further, the Trustee will not be liable, in any event, to pay sums of money beyond the corpus of the Trust. The Trustee is entitled to indemnification from the funds of the Trust (except in the case of willful misconduct or gross negligence) and to reimbursement for the reasonable and necessary fees and expenses incurred in the administration of the Trust. The Trustee is entitled to indemnification and reimbursement from the corpus of the Trust before payments are made to Certificateholders.

The Declaration specifically provides that the Certificateholders shall not have any legal or equitable title to the Trust Estate, that no Certificateholder shall have a voice in the management or control of the property or affairs of the Trust, that the Trustee has no authority to require additional capital contributions from any Certificateholder, and that the Trustee is precluded from taking any action to make Certificateholders liable for the debts or obligations of the Trust.

#### Certificates

The Certificates will be issued under the Declaration, a copy of which is included as an exhibit to this Memorandum. The rights of the Certificateholders and the obligations of the Trustee as they relate to the Certificates will be governed by the Declaration. Reference should be made to the Declaration for its complete terms. The statements contained in this Memorandum concerning the Declaration are merely a summary thereof, do not purport to be complete, and do not modify or amend the Declaration.

Subject to the conditions set forth in this Memorandum, Certificates in the maximum amount of \$3,475,000 will be offered by the Trust Fund. The Certificates will bear interest on the outstanding principal at a per annum rate of 8.25% for one year maturity Certificates and 9.00% for two year maturity Certificates. Interest on the Certificates will be paid in quarterly installments on the first day of each quarter commencing May 15, 2007.

The Certificates will be issued and registered in the name of the purchasing Certificateholder(s). Interest on the Certificates will be shown on, and transfers thereof will be effected through, records maintained by the Trustee.

**Prepayments**

The Certificates are not subject to a mandatory prepayment or redemption provision.

**Registration**

Each Certificate will be registered in the name of the purchaser thereof.

**Limited Transferability of the Certificates**

The Certificates are not freely transferable, and there is no secondary market for the Certificates and none is expected to develop. The Certificates should not be treated by Certificateholders as securities.

The Certificates have not been registered under the Securities Act of 1933. They may not be offered for resale in the absence of an opinion of counsel, satisfactory to the Trust Fund, that registration is not required.

**Reports**

Not later than January 31 of each year, the Trust Fund will furnish to the Certificateholders statements of interest income on IRS Form 1099-INT and such tax information as shall be necessary in the preparation of such person's Federal income tax return.

**CONFLICTS OF INTEREST**

Timothy M. McGinn, David L. Smith, and Thomas E. Livingston collectively own 100% of the issued and outstanding common shares of McGinn, Smith Capital Holdings Corp. and McGinn, Smith & Co., Inc. McGinn, Smith & Co., Inc. is acting as the Sales Agent for this Offering and will receive an Underwriting Discount equal to nine and one-half percent (9.5%) of the gross proceeds of this Offering. The Underwriting Discount was not negotiated at arms length.

Additionally, Mathew Rogers is the Chairman of the Board of Verifier Capital LLC, owns 12.5% of the common stock of Verifier and is a Senior Managing Director of McGinn, Smith & Co., Inc.

McGinn, Smith Capital Holdings Corp. may experience a conflict of interest in performing its obligation to exercise due diligence with respect to the statements made in this Memorandum and, therefore, its due diligence review cannot be considered independent. A qualified independent underwriter has not been retained by the Trust Fund in connection with this offering. However, McGinn, Smith Capital Holdings Corp. believes that such due diligence has, in fact, been exercised.

There has been no independent counsel retained to represent the interests of the Certificateholders.

**THE TRUSTEE**

The names and positions of the directors and executive officers of the Trustee are as follows:

Name	Position
Timothy M. McGinn	Chairman of the Board and Director
David L. Smith	President and Director
Thomas E. Livingston	Treasurer

The officers and directors of the Trustee will devote such time and effort to the business of the Trust Fund as they may deem necessary and will actively be engaged in other business ventures.

The principal business occupations of the officers and directors during the past five (5) years are as follows:

Timothy M. McGinn, age 58, is the Chairman of the Board and Secretary of McGinn, Smith & Co., Inc. He has served as Chairman of the Board since the inception of this firm in 1980. From 2003 to 2006, Mr. McGinn served as Chairman of the Board and CEO of Integrated Alarm Services Group, Inc. a NASDAQ listed public company. Prior to founding McGinn, Smith & Co., Inc. he was with Paine, Webber, Jackson & Curtis. He has served on a number of corporate and charitable boards of directors and holds a bachelor's degree in Mechanical Engineering from the Rochester Institute of Technology.

David L. Smith, age 61, is the President of McGinn, Smith & Co., Inc. and a member of the Board of Directors. He has served in this capacity since 1980. Prior to founding McGinn, Smith & Co., Inc. he was with Paine Webber, Jackson & Curtis. Mr. Smith has served on a number of charitable and corporate boards of directors and holds a bachelor's degree from Hamilton College.

Thomas E. Livingston, age 45, is Sr. Vice President of McGinn, Smith & Co., Inc. and a member of its Board of Directors. Mr. Livingston has been employed by McGinn, Smith & Co., Inc. since 1986. Prior to joining McGinn, Smith he was affiliated with Prudential Bache Securities.

#### COMPENSATION AND FEES

The Trustee of the Trust Fund will serve without fee but will be reimbursed for expenses incurred by the Trustee in connection with the Trust Fund by TDM Cable Funding LLC.

#### SUITABILITY

Certificates will be sold only to investors who make a minimum purchase of \$10,000.00.

As described elsewhere in this Memorandum, the Certificates will generally be sold only to Accredited Investors as defined in Rule 501 of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended; provided, however, that at the discretion of the Sales Agent and Verifier Capital LLC, Certificates may be sold to up to 35 non-accredited investors. Included in the definition of "Accredited Investor", as defined in Rule 501, are the following:

(a) any natural person whose individual net worth (including personal residences, furnishings and automobiles), or joint net worth with that person's spouse, at the time of purchase exceeds \$1,000,000;

(b) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who reasonably expects gross income at the same level in the current year; and

(c) any entity in which all of the equity owners are Accredited Investors or which has total assets in excess of \$5,000,000.

Each investor accepted as an Accredited Investor will be required to represent that he satisfies the requirements of an Accredited Investor under Rule 501.

Among other things, each investor will be required to acknowledge and represent in the Subscription Agreement that: (i) he is purchasing the Certificates for his own account for investment and not with a view to the sale or distribution thereof; (ii) he is aware that the Certificates have not been registered for sale under the Securities Act of 1933 as amended, and that he will not transfer his Certificates in the absence of an opinion of counsel satisfactory to the Trust Fund that the Certificates have been registered or that registration is not required under the Securities Act of 1933, as then in effect, and under applicable state securities laws, if any; (iii) he understands that this investment involves a high degree of risk; (iv) he has adequate means of providing for his current needs and foreseeable personal contingencies, has no need for liquidity in this investment; (v) all books, records and documents pertaining to this investment



have been made available to him; and (vi) his overall commitment to investments which are not readily marketable is not disproportionate to his net worth and his purchase of Certificates will not cause such overall commitment to become excessive.

The Sales Agent and Trust Fund reserve the right to reject any subscription in its entirety for any reason or to allocate to any investor Certificates in an aggregate principal amount less than that for which he has subscribed. In the event a subscription is rejected, the investor's subscription check for his Certificates (or the amount thereof) will be returned, and in the event of a partial rejection, a pro rata amount of his subscription check for his Certificates will be refunded.

Prospective investors may be required to complete an Investor Representation Letter relating to the suitability of the investment for them, and the Trust Fund may make or cause to be made such further inquiry as the Trust Fund deems appropriate.

Any prospective investor will be afforded the opportunity to obtain from the Trust Fund prior to the consummation of the transaction contemplated herein any additional information he may request necessary to verify the accuracy of the contents of this Memorandum and which the Trust Fund possesses or can acquire without unreasonable effort or expense and to confer with, ask questions of, and receive answers from the Trust Fund or persons authorized to act on its behalf, concerning the terms and conditions of the transaction, this memorandum and any additional information which has been requested and supplied to a prospective investor or his purchaser representative.

The purchase of Certificates may be suitable for individuals seeking an investment intended to provide income. An investment in Certificates may also be appropriate for corporations and trusts seeking investments which are structured to provide income. Nevertheless, this investment involves a number of significant risks, including no assurance that the Certificates will be paid and illiquidity. See "Risk Factors." Accordingly, the suitability of a purchase of Certificates for any particular investor will depend upon, among other things, such investor's investment objectives and such investor's ability and willingness to accept the risks of an investment in the Certificates.

The Sales Agent Agreement between the Trust Fund and the Sales Agent requires the Sales Agent to make diligent inquiries as required by law of all prospective purchasers in order to ascertain whether a purchase of Certificates is suitable for such person and to transmit promptly to the Trust Fund all fully completed Subscription Agreements. By tendering payment for a Certificate and by acceptance of the confirmation of purchase, an investor represents that he or it satisfies any applicable suitability standards. See "Plan of Distribution."

#### **TERMS OF THE OFFERING**

Subject to the conditions set forth in this Memorandum, Certificates in the maximum amount of \$3,475,000 (the "Maximum Offering") and the minimum amount of \$500,000 (the "Minimum Offering") will be offered by the Trust Fund.

The Certificates will be offered through McGinn, Smith Capital Holdings Corp., the Sales Agent, on a best efforts basis over a period of two months. The Sales Agent is a member of the National Association of Securities Dealers, Inc.

All funds received by the Sales Agent from subscriptions for the Certificates will be placed in an escrow account (the "Escrow Account") maintained at Mercantile Bank, (the "Escrow Agent"). During the period that an investor's funds are held in the Escrow Account he will not be considered a Certificateholder.

With respect to the Certificates, no funding from the Escrow Account will occur until the Minimum Offering is subscribed for. If subscriptions for the Minimum Offering are not received within two months from the date of this Memorandum, subscriptions received with respect to the Certificates will be promptly returned in full to the investor by the Escrow Agent.

### **How to Subscribe.**

The Certificates will be available for purchase in the minimum denomination of \$10,000.00 and increments of \$5,000.00. An investor who meets the qualifications set forth under "Who May Invest" and "Suitability" may subscribe for Certificates by completing, signing and delivering to the Sales Agent an executed copy of the Subscription Agreement contained in this Memorandum. All subscriptions must be accompanied by a check in the amount of the Certificate(s) purchased payable to "Mercantile Bank, Escrow Agent for TDM Verifier Trust 07". Upon execution of a Subscription Agreement, the investor agrees to all of the terms and conditions contained in the Agreement. Subscriptions are, however, subject to acceptance by the Trust Fund.

### **PLAN OF DISTRIBUTION**

The Trust Fund is offering a maximum of \$3,475,000 of Certificates, and a minimum of \$500,000. The minimum investment by an investor is \$10,000.00 with increments of \$5,000.00. The Offering period will end not later than two (2) months from the date of this Memorandum. No Certificates will be sold unless subscriptions for the Minimum Offering are received and accepted within two months of the date of this Memorandum. Subscriptions are subject to acceptance by the Trust Fund. See "Suitability"; "Who May Invest".

During the course of the Offering, the subscription payments will be promptly forwarded by the Sales Agent to the Escrow Agent for deposit in the Escrow Account. For a description of the distribution of funds from the Escrow Account, see "Terms of the Offering".

The Certificates will be offered on a "best efforts" basis by the Sales Agent.

### **DISCLAIMER OF LIABILITY OF TRUSTEE**

Reference is hereby made to the Declaration of Trust dated January 18, 2007 a copy of which is attached hereto as Exhibit "A". Other than potential liability under the Securities Act, neither the Trustee, nor any shareholder, manager, officer, employee, affiliate or agent of the Trustee may be held to any liability in connection with the Offering or the Certificates, or in connection with the affairs of the Trust Fund, in the absence of willful misconduct or gross negligence. Further, the Trustee will not be liable, in any event, to pay sums of money beyond the corpus of the Trust.

### **INCOME TAX CONSIDERATIONS**

The following discussion summarizes certain material anticipated federal income tax consequences relevant to the acquisition, ownership and disposition of Certificates, but does not purport to address all potential consequences. The summary is for general information only and does not discuss all of the tax consequences that may be relevant to particular investors in light of their personal investment circumstances or holders who receive special treatment under the Internal Revenue Code of 1986, as amended (the "Code"), such as insurance companies, financial institutions, and broker-dealers. In addition, this discussion does not describe any tax consequences arising out of foreign, state or local jurisdictions.

The discussion is based upon current provisions of the Code, applicable regulations promulgated thereunder, judicial authority and administrative rulings and practice. All of the foregoing is subject to change which may be retroactive and could affect the continuing validity of this discussion. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view, and no ruling from the IRS has been or will be sought.

The Trust Fund has not obtained an independent tax opinion with regard to this Offering. Prospective investors should consult their own tax advisors regarding the federal, foreign, state, local and other tax consequences of purchasing, holding and disposing of the Certificates.

#### **Interest Income to Certificateholders**

It is anticipated that the Certificates will be issued at par value and, therefore, no original issue discount will arise with respect to the Certificates. Accordingly, a Certificateholder will be required to report interest on a Certificate as income for federal income tax purposes in accordance with such holder's method of accounting.

#### **Gain or Loss on Disposition of Certificates**

In general, the holder of a Certificate will recognize gain or loss on the sale, exchange, redemption or other disposition of a Certificate equal to the difference between the amount realized (except to the extent attributable to the payment of accrued interest) and the adjusted basis in his Certificate. Any gain or loss recognized will generally be a Trust gain or loss if the Certificate is held as a Trust asset and will be long-term gain or loss if the Certificate is held for more than one year.

#### **Information Reporting**

The Trust Fund will report interest income to Certificateholders on IRS Form 1099-INT and as otherwise consistent with such treatment.

#### **Backup Withholding**

A Certificateholder may be subject to "backup withholding" at the rate of 31% (see IRC§3406(a)) with respect to interest paid on, or the proceeds of a sale, exchange or redemption of, such Certificates, unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable exemption from backup withholding rules. Any amount withheld under these rules will be creditable against the Certificateholder's federal tax liability.

**THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES.**

#### **TABLE OF CONTENTS OF EXHIBITS**

The discussion in this Memorandum of each Exhibit set forth below is qualified in its entirety by reference to such Exhibit.

Exhibit "A"	Declaration of Trust
Exhibit "B"	Subscription Agreement
Exhibit "C"	Investor Representation Letter

#### **ADDITIONAL INFORMATION**

Additional information is available upon request to the Trust Fund. Only additional information provided by the Trust Fund may be relied upon. Prospective investors may request such information from the Sales Agent, McGinn, Smith Capital Holdings Corp., Fifth Floor, 99 Pine Street, Albany, New York 12207.

**EXHIBIT "A"**

**DECLARATION OF TRUST**

DECLARATION OF TRUST OF TDM VERIFIER TRUST 07

This Trust Agreement made as of the 18<sup>th</sup> of January, 2007, by and between McGinn, Smith Capital Holdings Corp., a New York Corporation with an address at Capital Center, 99 Pine Street - 5th Floor, Albany, New York 12207 ("Trustee"), and those persons who acquire an interest herein by the execution and performance of a subscription agreement ("Subscription Agreement") attached as Exhibit B to the Confidential Private Placement Memorandum dated as of February 23, 2007 ("Confidential Memorandum").

WITNESSETH:

WHEREAS, McGinn, Smith Capital Holdings Corp. desires to create a trust for the purpose of enabling and authorizing the acquisition of certain contracts more fully described herein ("Contracts") and

WHEREAS, the Trustee is willing to accept the duties and obligations imposed hereby on the terms and conditions hereinafter set forth;

NOW, THEREFORE, the Trustee does hereby declare, that the Trustee will hold said property which it may acquire as such Trustee, together with the proceeds thereof in trust, to manage and dispose of the same for the benefit of the Certificateholders hereunder in the manner and subject to the stipulations herein contained.

ARTICLE I  
NAME

This trust shall be designated and known as the "TDM VERIFIER TRUST 07", not incorporated, and under that name shall, so far as practicable, conduct all activities and execute all instruments in writing in the performance of the Trust.

ARTICLE II  
DEFINITIONS

The following words, terms and phrases used herein shall be given the meaning stated below in this Article, unless such meaning would be clearly in conflict with the purposes and spirit of this instrument; capitalized words not defined in this Declaration shall have the meaning provided in the Verifier Capital, LLC Guaranteed Payment Units ("GPUs") Agreement, dated January 30, 2007.

"Certificateholder" shall mean the holder for the time being, according to the books of the Trustee, of the Certificates as evidenced by this Declaration and the Certificates issued by the Trustee.

"Permitted Investments" means investments in the obligations to pay for goods or services in return for residential electronic monitoring services, more commonly known as "Residential Monitoring Contracts", as more fully described in the Financing Agreement. In addition, to the extent not employed for investment in Residential Monitoring Contracts, temporary investments may be made in (1) certificates of deposit, in (2) short term AAA rated debt obligations regularly traded on a recognized exchange in the United States, or in (3) obligations issued by the United States Treasury or other obligations backed by the "full face and credit" of the United States.

"Share" shall mean a share in the beneficial interest of the property, assets, trust fund and corpus of the Trust.

"Transaction Documents" shall mean this Declaration of Trust, the Participation Agreement and the Financing Agreement.

"Trust", "Trust Estate", and "Capital" shall mean the trust fund hereunder, consisting of the corpus of the estate; that is, all property, real, personal and mixed of every kind and description howsoever acquired and wherever situated, held under this Declaration of Trust by the Trustee.

"Trustee" shall mean the trustee herein named, and those who are or may be trustees.

ARTICLE III  
OFFICE OF THE TRUST

The principal office of this Trust shall be located at Capital Center, 99 Pine Street, Albany, New York 12207, until changed by the Trustee. The principal office may be changed and branch offices established, maintained, changed and discontinued at such times and places as the Trustee in its discretion may determine, with notice to the Certificateholders.

ARTICLE IV  
CAPITAL OF THE TRUST

The initial Capital of this Trust shall be One Hundred Dollars (\$100), paid to the Trustee concurrently with execution and delivery hereof. The Capital of the Trust or any part thereof, shall be held for the use and benefit of the Trust at such places and upon such terms as the Trustee may fix. The Trustee may not require any Certificateholder to make any contribution, in addition to the initial contribution made by such Certificateholder, to increase the Capital of the Trust. The Trustee shall receive such contributions to the Capital of the Trust as may be made by Certificateholders from time to time and apply the same for the purpose stated by Article V of this Trust Agreement.

ARTICLE V  
PURPOSE OF THE TRUST

The purpose of the Trust is to lend the net proceeds to TDM Cable Funding LLC for the purpose of acquiring \$2,500,000 of face value GPU's. If the maximum offering for the Certificated is achieved, \$2,500,000 of GPU's will be acquired. If only the minimum is achieved, \$452,500 will be acquired.

(1) the Trustee shall, as far as convenient and practicable, take and hold the title, both legal and equitable, to all property, however acquired under the terms hereof, in the name of the Trust. All conveyances of every kind and description, at any time made to or in the name of the Trustee of the Trust shall be held to vest the title to property so conveyed in the Trustee as such under this instrument, the title "TDM VERIFIER TRUST 07" being merely intended as a convenient designation of the Trustee hereunder.

(2) The Trustee shall administer and dispose of all properties for the benefit of Certificateholders hereunder, as represented by their Certificates.

(3) The Trustee shall manage, control and dispose of all the Trust Estate and its business affairs, of every kind and character within the authority granted in Article I hereof.

(4) The Trustee shall, in such capacity, exclusively and absolutely, have full, absolute and plenary rights, authority to pledge, exchange, mortgage and convey or otherwise dispose of property of every kind, character and description, real, personal and mixed, that may be part of the Trust Estate.

(5) The Trustee shall have, in furtherance of the purposes of the Trust, the absolute right, power and authority to institute, maintain and defend actions, suits and proceedings in any court of law or equity either in the name of said Trust or in its name as Trustee thereof; to sell, transfer, assign and convey the whole or any part of the Trust Estate, invest and reinvest the proceeds thereof at any time in Permitted Investments provided that the Trustee shall have no obligation to invest such proceeds and shall not be accountable for any losses howsoever incurred; to collect any money, and pledge the assets of the Trust as security therefor; to execute and deliver in the manner herein provided all deeds, leases,

mortgages, powers of attorney and other instruments in writing which the Trustee may deem necessary and proper in the exercise of the powers conferred hereunder; and to perform or withhold any act or thing of any kind or character, which in the Trustee's judgment may be necessary, proper or expedient, in carrying into effect the purposes of this Trust or any purposes specified in this Declaration of Trust, or in any amendments hereto, duly made and adopted.

ARTICLE VI  
LIMITATION OF LIABILITY OF TRUSTEE AND CERTIFICATEHOLDERS

Neither the Trustee, nor any of its officers or servants shall have any right, power or authority, under any circumstances, or in any event to act as the agent of the Certificateholders or to bind them personally or to impose any liability or obligation upon them in any way whatsoever with respect to this Trust Estate or otherwise. All persons contracting with the Trustee or its officers, agents or employees shall look only to the Trust Fund for the payment of any damage, claim, judgment or decree, or of any money that may become due or payable in any way to them whether founded upon contract or tort, and neither the Trustee nor the Certificateholders, present or future, nor any of them shall as such be personally liable therefor or on any agreement or contract made by the Trustee, or by any officers, agents or employees of the Trustee, its officers or agents, or employees in connection with the Trust Estate. No amendment shall ever be made to this Declaration of Trust, increasing or enlarging the liability of either the Trustee or the Certificateholders as herein stipulated.

ARTICLE VII  
LIMITATION OF LIABILITY OF TRUSTEE; INDEMNIFICATION

The Trustee shall not be liable hereunder in any event or under any circumstances, for the acts or omissions of any other Trustee or of any officer, agent or employee, or any other person whatsoever, whether employed by such Trustee or not, or for any act or thing whatsoever, other than such Trustee's own willful misconduct or gross negligence. The Trustee in its individual capacity and as Trustee shall be indemnified by, and receive reimbursement from the Trust Estate against and from any and all liability, claim, damage or loss, suit, action, tax (including interest and penal ties), fine, penalty, cost and expense (including but not limited to legal fees and disbursements) of whatsoever kind and nature which may be imposed upon, incurred by or asserted at any time against the Trustee (in its individual or trust capacity) in any way relating to or arising out of the administration of the Trust Estate, or arising from any act or omission hereunder or under the Transaction Documents, except such as may arise from such Trustee's own willful misconduct or gross negligence. In addition, the Trustee shall be entitled to indemnification from the Trust Estate for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Article VII and to secure the same the Trustee shall have a lien on the Trust Estate prior to the interest of the Certificateholders or any other person. Trustee shall file all tax returns and other governmental reports required to be filed by the Trustee in connection with the transaction contemplated hereby. Without limiting the foregoing, the Trustee shall under no circumstances be required to take any action or omit to take any action in the administration of the Trust Estate or otherwise in connection with the transactions contemplated hereunder unless the Trustee determines in its absolute discretion that indemnification in respect of such action or omission is available to it to its reasonable satisfaction, provided that the Trustee shall not be required to take or omit any action if the Trustee shall have been advised by its counsel that taking or omitting such action is contrary to the terms of any other agreement or instrument referred to herein or is otherwise contrary to law. The indemnities contained in this Article VII shall survive the termination of this Trust Agreement.

The Trustee shall not be entitled to receive compensation for its services from the Trust Estate. The Trustee shall not have any duty or obligation to manage, control, use, sell, dispose or otherwise deal with the Trust Estate or to otherwise refrain from taking any such action under or in connection with this Trust Agreement or the other agreements or instruments referred to herein except as expressly provided by the terms of this Trust Agreement, and no implied duties shall be read into this Trust Agreement against the Trustee. The Trustee shall not be answerable or accountable under any circumstances except

for its own willful misconduct or gross negligence. The Trustee shall no duty to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, or assessed or levied against, any part of the Trust Estate.

The Trustee shall at all times be entitled to request and receive instructions from the Certificateholders prior to being required to take or omit to take any action hereunder, provided that except as therein specified no further instruction is required for taking of the actions provided by the second sentence of Article V hereof.

THE TRUSTEE MAKES NO REPRESENTATION OR WARRANTY AS TO THE VALUE, CONDITIONS, MERCHANTABILITY, FITNESS FOR USE, VALIDITY, ENFORCEABILITY OF OR TITLE TO ANY PROPERTY AT ANY TIME CONSTITUTING PART OF THE TRUST ESTATE, and makes no representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any agreement or instrument referred to herein, except that the Trustee hereby represents and warrants that this Trust Agreement has been duly executed and delivered by one of its officers, who is duly authorized to execute and deliver such document on its behalf.

The Trustee shall not incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, telegram, order, certificate, report, opinion, bond, or other document or paper believed by it to be genuine and believed by it to be signed or sent by the proper party or parties. As to any fact or matter, the manner of ascertainment of which is not specifically described herein, the Trustee may for all purposes rely on a certificate signed by an officer of any Certificateholder as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in reliance thereon. In the performance of its duties hereunder, the Trustee may act directly or through its agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it, and the Trustee shall not be liable for anything done, suffered or omitted by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

The Trustee or successor trustee may resign at any time without cause by giving at least 10 days' prior written notice to the Certificateholders, such resignation to be effective on the date specified in such notice. In such event, the Certificateholders shall appoint such new Trustee. If a successor trustee shall not have been appointed prior to the effective date of such resignation, the Trustee may apply to any court of competent jurisdiction to appoint a successor trustee until such time, if any, as a successor trustee shall have been appointed. Any successor trustee shall execute and deliver to the predecessor trustee an instrument accepting such appointment and thereupon the predecessor trustee shall be released from its obligations hereunder and the successor trustee shall be vested with all rights, powers, duties and obligations of the Trustee hereunder, and the predecessor trustee shall transfer, deliver, and pay over, at the expense of the Trust Estate, any monies or other property then held by such predecessor trustee upon the Trust herein expressed.

All monies received hereunder by the Trustee shall constitute trust funds for the purpose of which they were paid or are held, but need not be segregated in any manner from any other monies and may be deposited and paid by the Trustee under such conditions as may be prescribed or permitted by law for trust funds.

#### ARTICLE VIII CERTIFICATEHOLDERS, LACK OF CONTROL AND MANAGEMENT

No Certificateholder shall have any title, legal or equitable, to the Trust Estate, real or personal, held from time to time by the Trustee, or to any part thereof, or any right or voice in the management or control of the property or affairs of the Trust, each Certificateholder's interest being only such as is defined in this Declaration of Trust. No Certificateholder shall have the right to call for or demand or secure any partition or accounting during the continuance of this Trust. Its interest in this Trust shall be personal property, carrying only the right to payments pursuant to the Certificate. The Trust shall not be



dissolved, nor affected by the death, insolvency or incapacity of the Certificateholder or one or more of the Trustees, nor shall such death, insolvency or incapacity entitle the legal representatives or heirs or assigns, voluntary holder, receiver or trustee to any accounting or to any action at law or in equity or otherwise, against the Certificateholders or Trustee, or against the Trust Estate, or any part thereof, but such legal representative, heir, assign, receiver, or trustee shall succeed to the rights of the deceased, insolvent, bankrupt or incapacitated Certificateholder, subject to this Declaration of Trust and any amendments hereto, and shall succeed to nothing more.

ARTICLE IX  
NO PARTNERSHIP

It is expressly declared that a trust, and not a partnership, is created and established by this instrument. Neither the Trustee nor any Certificateholder shall ever be deemed in any way whatsoever to be liable or responsible hereunder as partners or otherwise.

ARTICLE X  
CERTIFICATEHOLDERS; NO PERSONAL LIABILITY

No assessment or other personal liability or obligation shall, under any circumstances or in any event, be made or imposed upon the Certificateholders.

ARTICLE XI  
REFERENCE TO INSTRUMENT

The Trustee shall, as far as practicable, make reference to the Declaration in every written contract or undertaking that shall be entered into in the name of the Trustee or on behalf of, or relating to the business, affairs or property of this Trust.

ARTICLE XII  
RELATIONSHIP WITH THIRD PARTIES; NO INQUIRY

In no event and under no circumstances shall any one dealing with the Trustee be obligated either at law or in equity to see to the application of any funds or properties passing into the hands of the Trustee, there being no intention that purchasers of Trust property, or any other parties dealing with the Trustee, shall see that the purchase money is applied to the purposes of the Trust.

ARTICLE XIII  
INTEREST AND EARNINGS

The Capital of the Trust and the earnings and interest thereon shall be apportioned and distributed to the Certificateholders in accordance with this Declaration and the Certificates issued by the Trustee.

ARTICLE XIV  
AGREEMENT OF CERTIFICATEHOLDERS

The Certificateholders shall be held to have assented to this Declaration of Trust, and to all acts performed by Trustee within the authority granted by this Declaration.

ARTICLE XV  
TERM AND TERMINATION

Unless earlier terminated, as hereinafter provided, this Trust shall continue until the earlier of either (i) ten years from the date first hereinabove mentioned or (ii) the date when the Trust shall have distributed all of its Capital. The Trustee may otherwise terminate this Trust only with the unanimous written consent of the Certificateholders, provided, however, that any termination of the Trust shall not impair or have any effect whatever upon the contracts, obligations, and liabilities of said Trust Estate existing or outstanding at the time of such termination. At the expiration or upon the termination of the Trust, the Trustee shall proceed to wind up its affairs, liquidate its assets and distribute the same to the Certificateholders, without recourse or warranty of any kind, and for these purposes the then Trustee shall continue act until such duties have been fully performed. Upon completion of such duties, the Trustee shall be deemed discharged in full.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the 18th day of January 2007.

MCGINN, SMITH CAPITAL HOLDINGS CORP., not in its individual capacity, except as specified herein, but solely as Trustee under this Declaration of Trust dated as of January 18, 2007.

By: \_\_\_\_\_  
David L. Smith, President

STATE OF NEW YORK)  
COUNTY OF ALBANY ) SS.:

On the 18<sup>th</sup> day of January in the year 2007 before me, the undersigned, a Notary Public in and for said State, personally appeared David L. Smith, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in her/his capacity, and that by her/his signature on the instrument, the individuals, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

**EXHIBIT "B"**

**SUBSCRIPTION AGREEMENT**

### SUBSCRIPTION AGREEMENT

### TDM VERIFIER TRUST 07

Notification:

To all prospective investors in the TDM VERIFIER TRUST 07(the "Trust Fund").

Please be advised that page 2 of the Subscription Agreement which is attached to the Trust Fund's Confidential Private Placement Memorandum dated February 23, 2007 as Exhibit "B" has been revised so that the language following paragraph 10 of the Subscription Agreement beginning with "IN WITNESS WHEREOF" is replaced in its entirety with the following:

"IN WITNESS WHEREOF, I have executed this Subscription Agreement this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

*Print exact name in which title is to be held*

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

Printed Name

Tax ID #

Printed Name

Tax ID#

Signature: X \_\_\_\_\_

Signature X \_\_\_\_\_

Address: \_\_\_\_\_

Amount Purchased: \$ \_\_\_\_\_

Rate \_\_\_\_\_ 8.25% \_\_\_\_\_ 9.00%"

## SUBSCRIPTION AGREEMENT

THE CERTIFICATES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE OFFERED FOR RESALE IN THE ABSENCE OF AN OPINION OF COUNSEL, SATISFACTORY TO THE TRUST FUND, THAT REGISTRATION IS NOT REQUIRED. IN ADDITION, THIS AGREEMENT AND THE CERTIFICATES CONTAIN SUBSTANTIAL RESTRICTION ON TRANSFERABILITY.

### TDM VERIFIER TRUST 07 (a New York Trust)

TO: TDM VERIFIER TRUST 07 (the "Trust Fund"):

1. Subscriptions. I hereby subscribe for and agree to purchase the dollar amount of the Trust Fund's Certificates (the "Certificates") as is set forth opposite my name acknowledging the minimum purchase to be Ten Thousand Dollars (\$10,000) and increments of Five Thousand Dollars (\$5,000).
2. Payment. I hereby agree to pay the Trust Fund the purchase price for the Certificates by delivery herewith of a check in the face amount of the Certificates subscribed for payable to the order of "MERCANTILE BANK-Escrow Agent for TDM Verifier Trust 07".
3. Restriction on Transfer of the Certificates. I understand that any resale or transfer of the Certificates by me is subject to substantial restriction, in that:
  - (i) The Certificates have not been registered under the Securities Act of 1933 or applicable state securities laws. The Certificates cannot be sold or transferred by subscribers in the absence of an opinion of counsel that registration is not necessary. The Trust Fund is not required to register the Certificates or to make any exemption from registration available.
  - (ii) My right to sell or transfer any of the Certificates will be restricted as follows: (1) restrictions against sale or transfer in violation of applicable securities law; (2) the requirement that I furnish an opinion of counsel that any proposed sale or transfer by me will not violate such laws; (3) the Trust Fund must consent to the transfer of my Certificates; and (4) other restrictions and requirements, including such restrictions on transfer arising under state securities laws.
  - (iii) There will be no public market for the Certificates, and I may not be able to sell my Certificates. Accordingly, I must bear the economic risk of my investment for an indefinite period of time.
4. Investment Representation. I represent and warrant that I am acquiring my Certificates for my own account and not on behalf of other persons, and that I am acquiring my Certificates for investment purposes only and not with a view to the resale or distribution thereof; I understand that the Certificates will be offered and sold in a manner which would qualify the transaction for an exemption as a private placement under Rule 506 of the Securities Act of 1933. The Certificates may not be transferred or assigned except as provided herein.
5. Subscription Irrevocable by Certificateholder. This Subscription Agreement is not, and shall not be, revocable by me, except as provided by applicable state securities law requirements, and I intend to be legally bound by this Subscription Agreement.
6. Subscription Subject to Acceptance or Rejection by the Trust Fund. The Trust Fund, in its sole discretion, shall have the right to accept or reject this subscription at any time on or before the Closing.

7. Offering of Certificates Subject to Withdrawal. If the Trust Fund does not receive subscriptions for Certificates in the minimum amount of \$500,000.00 before the Termination Date, the Offering of Certificates will be withdrawn and I understand that all my subscription documents and payments will be returned to me, with interest, less the cost of escrow, and without further obligation of the Trust Fund.
8. Additional Representations and Warranties. I represent and warrant that:
- (a) (i) I have received and have carefully read and understood the Private Placement Memorandum dated February 23, 2007 (the "Memorandum") given to me by the Trust Fund in connection with the offering of Certificates.
  - (ii) I have been furnished with all additional documents and information which I have requested.
  - (iii) I have had the opportunity to ask questions of and receive answers from the Trust Fund concerning the Trust Fund and the offering of Certificates and to obtain any additional information necessary to verify the accuracy of the information furnished.
  - (iv) I have relied only on the foregoing information and documents in determining to make this subscription, and the decision to acquire Certificates of the Trust Fund has been made based upon my own evaluation of the merits and risks of the Trust Fund.
  - (v) I will not offer to sell, or resell, the Certificates except in accordance with Section 3(ii) hereof.
  - (vi) I will require any purchaser to provide the Trust Fund with his address.
- (b) I recognize that investment in the Certificates involves substantial risk factors, including those set forth under "Risks" in the Memorandum.
  - (c) I have adequate means of providing for my current needs and possible personal contingencies, and I have no need for liquidity in my investment in the Certificates.
  - (d) My overall commitment to investments which are not readily marketable is not disproportionate to my net worth and my purchase of Certificates will not cause such overall commitment to become excessive.
9. Indemnification and Hold Harmless. If I breach any agreement, representation or warranty I have made in this Subscription Agreement or any other document I have executed in connection with this offering, I agree to indemnify and hold harmless the Trust Fund, the Trustee, or any officer or director of the Trustee and any person controlling either or any of them against any claims, actions, liability, loss, damage or expense (including attorney's fees and other costs of investigation and litigating claims) caused, directly or indirectly, by my breach.
10. Subscriber Information. This Subscription and my Certificates shall be recorded on the Trust Fund's books.

IN WITNESS WHEREOF, I have executed this Subscription Agreement this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

X \_\_\_\_\_  
Social Security or Fed ID Number

Signature: X \_\_\_\_\_

X \_\_\_\_\_  
Second Signature (if applicable)

Address: \_\_\_\_\_

Amount Purchased: \$ \_\_\_\_\_

\_\_\_\_\_

ACCEPTED BY TDM VERIFIER TRUST 07 this \_\_\_\_ of \_\_\_\_\_, 2007.

**McGinn, Smith Capital Holdings Corp.  
Trustee**

By: \_\_\_\_\_  
David L. Smith, Principal  
or Timothy M. McGinn, Principal

**EXHIBIT "C"**

**INVESTOR REPRESENTATION LETTER**



**CONFIDENTIAL**

**PURCHASER QUESTIONNAIRE FOR INDIVIDUALS**

**TDM VERIFIER TRUST 07  
(A New York Trust)**

The offering is being made pursuant to Regulation D under the Securities Act of 1933 (the "Act"). One of the requirements of the Regulation is that the persons involved in the offering and sale of the securities must have reasonable grounds to believe either:

(i) that the Offeree has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; or

(ii) the undersigned is acquiring the Certificates for investment purposes only and not with a view towards resale.

(iii) the undersigned is aware that this offering will involve Certificates for which no resale market exists, thereby requiring this investment to be maintained for the stated term of each Certificate.

Your answers will, at all times, be kept strictly confidential; however, each party who signs the questionnaire hereby agrees that the Trust may present this questionnaire to such parties as may seem appropriate in order to insure that the offer and sale of the Certificates to you will not result in violation of any exemption from registration under the Act which may be relied upon by the Trust in connection with the sale of the Certificates.

Please complete this questionnaire as thoroughly as possible and sign, date and return to the Trust c/o McGinn, Smith & Co., Inc., 5th Floor, 99 Pine Street, Albany, New York 12207.

Please print or type:

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

Home Address: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Social Security No.: \_\_\_\_\_

Occupation: \_\_\_\_\_

Business Address: \_\_\_\_\_

Business Telephone: \_\_\_\_\_

Home Telephone: \_\_\_\_\_

Communications should be sent to:

Home Address \_\_\_\_\_ or Business Address \_\_\_\_\_

1. What is your approximate net worth?

- \_\_\_\_\_ \$50,000 - \$100,000
- \_\_\_\_\_ \$100,000 - \$250,000
- \_\_\_\_\_ \$250,000 - \$500,000
- \_\_\_\_\_ \$500,000 - \$1,000,000
- \_\_\_\_\_ Greater than \$1,000,000

2. Did your individual income exceed \$200,000.00 in 2005 and 2006, or did your joint income with your spouse exceed \$300,000.00 in each of those years?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. If the answer to #2 above is "yes", do you expect to reach the same income level in 2007?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. What was your approximate gross income for calendar year 2006?

- \_\_\_\_\_ \$25,000 - \$100,000
- \_\_\_\_\_ \$100,000 - \$200,000
- \_\_\_\_\_ \$200,000 - \$300,000
- \_\_\_\_\_ \$300,000 - \$500,000
- \_\_\_\_\_ Greater than \$500,000

5. What will your approximate gross income be for calendar year 2007?

- \_\_\_\_\_ \$25,000 - \$100,000
- \_\_\_\_\_ \$100,000 - \$200,000
- \_\_\_\_\_ \$200,000 - \$300,000
- \_\_\_\_\_ \$300,000 - \$500,000
- \_\_\_\_\_ Greater than \$500,000

To the best of my information and belief, the above information is accurate and complete in all respects. I agree to notify the Trust promptly of any changes which occur prior to sale of the Certificates.

Purchaser

Date:

\_\_\_\_\_  
Name (printed)

\_\_\_\_\_  
Signature

CONFIDENTIAL

PURCHASER QUESTIONNAIRE FOR CORPORATIONS AND PARTNERSHIPS

TDM VERIFIER TRUST 07  
(A New York Trust)

The offering is being made pursuant to Regulation D under the Securities Act of 1933 (the "Act"). One of the requirements of the Regulation is that the persons involved in the offering and sale of the securities must have reasonable grounds to believe either:

(i) that the Offeree has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; or

(ii) that the Offeree and its Offeree Representative(s), together, have such knowledge and experience in financial and business matters, that they are capable of evaluating the merits and risks of the prospective investment and that the Offeree is able to bear the economic risk of the invest.

The purpose of this Questionnaire is to assist TDM VERIFIER TRUST 07 (the "Trust") in complying with the above requirement.

Please contact McGinn, Smith & Co, Inc., 5th Floor, 99 Pine Street, Albany, New York 12207 (518-449-5131) if you have any questions in answering this questionnaire.

If the answer to any questions "None" or "Not Applicable", please so state.

Your answers will, at all times, be kept strictly confidential; however, each party who signs the Questionnaire hereby agrees that the Trust may present this Questionnaire to such parties as may seem appropriate in order to insure that the offer and sale of the Certificates to you will not result in violation of any exemption from registration under the Act which may be relied upon by the Trust in connection with the sale of the Certificates.

Please complete this Questionnaire as thoroughly as possible and sign, date and return one (1) copy to the Trust c/o McGinn, Smith & Co., Inc., 5th Floor, 99 Pine Street, Albany, New York 12207.

Please print or type:

Name of Organization: \_\_\_\_\_

Business Address: \_\_\_\_\_

Business Telephone: \_\_\_\_\_

Federal ID Number: \_\_\_\_\_

1. Was the organization formed for the specific purpose of acquiring the Trust's Certificates?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Does the organization possess total assets in excess of \$5,000,000?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Does each equity owner of the organization:

A. Have a net worth, exclusive of home, furnishings, and automobiles, of at least \$1,000,000?

Yes \_\_\_\_\_ No \_\_\_\_\_

B. Had an individual net income in excess of \$200,000 in 2005 and 2006, or joint income with that person's spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in 2007?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. I am aware that the Certificates proposed to be offered will not be readily marketable or transferable.

Yes \_\_\_\_\_ No \_\_\_\_\_

5. The organization can afford the complete loss of its investments in the Certificates and has no need for liquidity in this investment.

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Stated below are the organization's previous investments in similar securities and other private placements during the past five years:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. I understand that, unless the organization satisfies certain criteria, in order to qualify as a purchaser of Certificates, I must have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Trust or I must engage an attorney, accountant or other financial advisor for the purpose of this particular transaction.

I hereby represent, by initialing on the Representation A or Representation B line below, that:

A. I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of an investment in the Certificates and will not require a Purchase Representative.

Representation A. \_\_\_\_\_

B. I have relied upon the advice of the following Purchaser Representative(s) in evaluating the merits and risks of an investment in the Certificates:

Representation B. \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Relationship

\_\_\_\_\_  
Relationship

To the best of my information and belief, the above information is accurate and complete in all respects. I agree to notify the Trust promptly of any changes which occur prior to sale of the Trust's Certificates.

Purchaser:

Date:

\_\_\_\_\_  
Print Name of Organization

By: \_\_\_\_\_

Title: \_\_\_\_\_

PURCHASER REPRESENTATIVE QUESTIONNAIRE

TDM VERIFIER TRUST 07

The information contained herein is being furnished to TDM VERIFIER TRUST 07 (the "Trust") in order to facilitate a determination as to whether the undersigned may act as a Purchaser Representative, as such term is used in Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"), in connection with the proposed offer and sale by the Trust of its Contract Certificates (hereinafter referred to as the "Certificates"). The answers below are correct, and the Trustee is entitled to rely on them in making the foregoing determination.

REPRESENTATIONS

I represent, warrant and covenant to you that:

(a) the information contained herein is complete and accurate and may be relied upon by you in determining whether I may act as a Purchaser Representative pursuant to Regulation D in connection with offers and sales of the Certificates;

(b) I will notify you immediately of any material change in any of such information occurring within ninety (90) days of the close of sale of the Certificates to the Purchaser;

(c) (i) I have been designated, or will be designated, pursuant to the Purchaser Questionnaire of each Purchaser, as the Purchaser Representative or such Purchaser, in connection with evaluating the merits and risks of his prospective investment in the Certificates;

(ii) I have disclosed or will disclose, to each Purchaser, in writing, prior to the designation referred to above, any material relationship between me or my affiliates and the Trust, which now exists or is mutually understood to be contemplated, or which has existed at any time during the previous two (2) years, and any compensation received as a result of such relationship, including any compensation received in connection the offering of Certificates herein; and

(iii) I will deliver to each of you a counterpart of the disclosure statement referred to in (ii) above, and such other documents or information as each of you may request relating to the performance by me of my duties as a Purchaser Representative.

(Attach additional sheets if required)

1. Name: \_\_\_\_\_

Age: \_\_\_\_\_

Social Security No.: \_\_\_\_\_

2. Names of offerees I am representing:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Firm name: \_\_\_\_\_

Empl. Iden. No.: \_\_\_\_\_

Position: \_\_\_\_\_

Nature of Duties: \_\_\_\_\_

Business Address: \_\_\_\_\_

Business telephone number: (\_\_\_\_) \_\_\_\_\_

4. Prior occupations or positions during the past five years:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Description of prior experience in advising clients with respect to investments, including a description of the types of investments, the dollar amounts involved, and the number of years of experience which you have in financial, business and tax oriented matters:

General Investments (specify)

\_\_\_\_\_  
\_\_\_\_\_

Private Placements (specify)

\_\_\_\_\_

Other Investments (specify)

\_\_\_\_\_

6. The Professional licenses or registrations (including bar admissions, accounting certificates, real estate brokerage licenses, broker-dealer or investments advisory registrations) held by me are as follows:

Registration	Year Received	Is License or Registration Still Effective?
_____	_____	_____
_____	_____	_____

7. My educational background, including degrees obtained and date of attendance:

\_\_\_\_\_  
\_\_\_\_\_

8. (a) Neither I nor any of my affiliates now have or have had any material relationship with the Trust or any of its affiliates, are not affiliates or the Trust, and no such relationship is contemplated in the future, except as follows:

\_\_\_\_\_  
\_\_\_\_\_

(b) The amounts of compensation received or to be received as a result of the material relationship(s) described in Item 8(a)(including any compensation received or to be received in connection with this transaction) are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Neither I nor any of my affiliates own beneficially any interest in the Trust except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. I have received and read the Trust's Private Placement Memorandum dated February 23, 2007 and Exhibits thereto and have reviewed it with the Offeree.

11. Other comments or disclosures:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Purchaser Representative Signature

\_\_\_\_\_  
Type Purchaser Representative Name

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City and State

( ) \_\_\_\_\_  
Telephone

**Acknowledgement of Investor(s)**

I acknowledge receipt of the foregoing disclosures this \_\_\_\_\_ day of \_\_\_\_\_, 2007, and this represents my acknowledgment in writing to the Trust that I have read the foregoing and desire that the above stated person serve as my Purchaser Representative with respect to the offering of the Trust's Certificates.

\_\_\_\_\_  
Investor's Signature

\_\_\_\_\_  
Investor's Signature

\_\_\_\_\_  
Investor's Signature

## PRIVATE PLACEMENT MEMORANDUM

### TDM VERIFIER TRUST 07 UPDATE

*The following summary is qualified in its entirety by the more detailed information and financial statements and notes appearing elsewhere in this Update and in the TDM Verifier Trust 07 Confidential Private Placement Memorandum dated February 23, 2007 (the "PPM"). Before making an investment, prospective investors should read this entire Update and the PPM carefully, especially the information set forth under the heading "Risk Factors".*

#### Notification:

To all prospective investors in the TDM VERIFIER TRUST 07(the "Trust Fund").

The Trust Fund's Confidential Private Placement Memorandum dated February 23, 2007 (the "PPM") has been revised as follows:

The language in the first paragraph of page 3 of the PPM beginning with "The Offering of Certificates will terminate on April 15, 2007" is deleted and replaced in its entirety with the following: "The Offering of Certificates will terminate on May 15, 2008".

References to Twenty-Four Month Certificates bearing interest at the rate of 9.00% per annum are deleted throughout the PPM as the offering period with respect to those Certificates has expired and is not being extended at this time.

References to Twelve Month Certificates bearing interest at the rate of 8.25% per annum are deleted throughout the PPM as the offering period with respect to those Certificates has expired and has been replaced by an offering of Eighteen Month Certificates bearing interest at the rate of 8.50% per annum maturing on August 15, 2009. The PPM is revised throughout to reflect the foregoing.

Those Certificateholders who purchased Certificates with a one year maturity of February 15, 2008 were either repaid in full or elected to roll over their Certificates to a new maturity date of August 15, 2009 with interest payable quarterly at the rate of 8.50% per annum. As a result of the foregoing the first paragraph of the section entitled "**The Investment**" on page 4 of the PPM is deleted and replaced in its entirety with:

Certificateholders will purchase a Certificate with an eighteen month maturity (August 15, 2009). The rate of interest payable on the Certificate will be 8.50% per annum, payable quarterly.

The second paragraph of the section entitled "**Description of the Certificates and the Trust Agreement**" on page 5 of the PPM is deleted and replaced in its entirety with:



The Certificates now being offered will bear interest at a per annum rate of 8.50%. Interest will accrue commencing on the Closing Date for the purchase of such Certificate and will be payable to Certificateholders quarterly on the first day of each quarter commencing May 15, 2008.

The second paragraph of the section entitled "**Certificates**" on page 14 of the PPM is deleted and replaced in its entirety with:

Subject to the conditions set forth in this Memorandum, Certificates in the maximum amount of \$3,475,000 will be offered by the Trust Fund. The Certificates now being offered will bear interest on the outstanding principal at a per annum rate of 8.50% with a maturity of August 15, 2009. Interest on the Certificates will be paid in quarterly installments on the first day of each quarter commencing May 15, 2008.

### **Update Relative to the Company**

The company provides capital to security alarm dealers by purchasing some or all of their security alarm monitoring accounts at an agreed multiple of recurring monthly revenue ("RMR") and subcontracting back to them service and monitoring obligations in respect of the purchased accounts for a fixed percentage of RMR received from the underlying customers. As of December 31, 2007, the company owned approximately 5,170 security alarm accounts purchased from seven independent dealers, generating total RMR of \$369,000. The average purchase price paid for accounts in fiscal year 2007 was 27 times RMR and the average subcontract fee was 35% of the RMR. This implies a payback period of 42 months before attrition or account cancellation and overhead expense, on assets with useful lives in excess of ten years.

To date, the company has primarily financed franchisees of Sonitrol Corporation, which manufactures and distributes a proprietary range of security alarms that use a proprietary audio intrusion technology, instead of passive infra-red detectors and contact switches, as the primary means of detecting an intrusion. Following detection, a communications session is opened between the control panel at the subscriber's premises and an operator at the central monitoring station ("CMS") during which the operator listens in to the system and determines the appropriate response. The CMS operator's ability to use additional information from the system after the initial activation is called "verification" by the alarm industry, from which the company has derived its company's name. Verified systems were developed in order to improve police response to alarm systems, which suffers as confidence in alarms is undermined by repeated false alarms. When an operator using a verified system determines that there is an intrusion in progress, whether through use of audio or video inputs, the probability of the police making an arrest at the site increases exponentially. This increase significantly reduces response time, thereby delivering subscribers with an enhanced level of protection. Sonitrol is the North American market leader in verified systems and claims 157,000

apprehensions<sup>1</sup> from its systems since the business was founded in 1963. As well as its product development, manufacturing and franchising operations, Sonitrol is a significant operator of alarm systems across the United States with approximately \$5 million of RMR and was ranked number 10 in the 2006 Security Distribution & Marketing 100<sup>2</sup>.

The enhanced features provided by verified systems means that they cost significantly more than conventional systems both to install and to monitor. The average monthly charge for monitoring a conventional security alarm in the United States is approximately \$30 and the average for a Sonitrol system is approximately \$90, with similar premiums being charged at the installation stage.<sup>3</sup> As a result, Sonitrol systems are usually sold to non-residential customers with a demonstrated need for intruder protection, who make significant cash investments in their installation. These factors mean that the attrition rate on Sonitrol systems is consistently lower than that for conventional systems. For the year ended December 31, 2006, Verifier's net attrition rate was 4.4%, as compared with market leader ADT North America's 13.3% for its fiscal year ended September 30, 2006.<sup>4</sup>

The company was established as Verifier Inc. in 1995 by two former owners of Sonitrol Corporation. Verifier Inc. was acquired by Verifier, LLC on March 7, 2006 for an enterprise value of \$7.7 million before transaction expenses, equivalent to 31.4 times the RMR of \$244,277. Since the acquisition, the company has recruited additional management, maintained excellent relations with the five dealers acquired, recruited one additional dealer, expanded the company's customer base to two new asset classes, grown RMR at an annualized rate of 26% to \$369,000, raised \$3.8 million by way of sale of additional Guaranteed Payment Units and preferred stock, and reduced the company's interest rate on the company's senior loan facility by an effective 125bps.

### **The Company's Market Opportunity**

The commercial security alarm monitoring industry in North America is worth approximately \$9 billion per annum, and has enjoyed a compound annual growth rate of approximately 8% over the last ten years. Total industry commercial RMR is estimated at over \$300 million<sup>5</sup>. The market is highly fragmented with only three participants with commercial revenues in excess of \$100 million per annum and over 10,000 participants.<sup>6</sup> The company have decided to focus the company's activities on alarm accounts which can reasonably be expected to have lower than average attrition rates and on smaller dealers who have difficulties (as a result of their size) efficiently accessing the capital markets. The Sonitrol network has approximately \$12.5 million of RMR, of which Sonitrol Corporation accounts for \$5 million, leaving \$7.5 million with its franchisees.

<sup>1</sup> [www.sonitrol.com](http://www.sonitrol.com) / About Sonitrol/History

<sup>2</sup> Security Distributing and Marketing annual industry review and rankings, [www.sdmmag.com](http://www.sdmmag.com)

<sup>3</sup> Management research

<sup>4</sup> Net attrition rate is defined as (Lost RMR minus holdback RMR minus price increases) divided by average RMR in period.

<sup>5</sup> Management research

<sup>6</sup> Security Distributing and Marketing annual industry review and rankings, [www.sdmmag.com](http://www.sdmmag.com)

The company expects to significantly increase its market share of the franchisee RMR from its current 3.9% both by increasing the company's share of RMR with the company's existing dealers, supporting them in their organic and acquisition growth initiatives and by adding new dealers.

The company is extremely cautious about extending the company's offering to conventional alarm dealers owing to increased competition in that market which adversely affects purchase multiples and the likely adverse effect such growth would have on the company's attrition rates.

The company has investigated a number of alternate market niches into which the company can aggressively grow its company and believe that entering the market in the United Kingdom satisfies the company's investment criteria for a number of reasons. The UK alarm market at \$1.8 billion is approximately 20% of the size of the US market in line with both population and GDP, and is by far the most developed market for security alarms in Europe.<sup>7</sup> In the commercial sector, the insurance industry plays a critical role in mandating the purchase of high quality monitored alarm systems by the insured. This is a significant contributory factor to attrition rates in the UK commercial market being more in line with Sonitrol at 8-9% than with the US average of 12%. However, unlike in the US market, the banking sector in the UK has not developed security alarm industry expertise, which means that alarm companies are unable to release capital in their RMR for growth or other purposes, presenting us with an attractive pricing environment. Lastly, the background of the company's management and major shareholder at Automated Security Holdings PLC, which before its purchase by ADT in 1996 was the largest security alarm company in the UK, gives us confidence that the company have sufficient local industry knowledge and contacts to successfully enter this market.

### **The Company's Strategy**

The company believes that its 11 year operating history gives it unique insights into the critical success factors involved in stripping out the financial from the operating component of a security alarm monitoring contract. The company's management has experience in the security alarm industry with many different business models, market segments and geographies. The company intends to leverage this combined experience to grow its current asset base and seek out other asset classes with similar financial characteristics to generate value for the company's Common Unit holders, including management. With this end in mind, the company is pursuing the following business strategies:

- *Grow Market Share within the Sonitrol Franchise Network.* The company is using its good relationships with their current dealers, together with the company's industry knowledge, to develop discussions with other Sonitrol franchisees about how the company can play a role in addressing their capital requirements. The company is currently in discussions with two franchisees that have an aggregate \$150,000 of RMR,

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<sup>7</sup> Management research

both of whom are looking to retire and transfer the business to their children who are actively involved in the business.

- *Expand into New Product Markets.* The company is continually evaluating expansion opportunities into other asset classes that share financial characteristics with the company's Sonitrol contract pools. In Q2 2007, the company closed a transaction to acquire 40% of Hidden Eyes Guard Service, Inc. including \$26,000 of remote video monitoring RMR relating to remote management of entry/exit points into gated residential communities in Florida and Texas. The company also began funding conventional alarm rate monitored by existing dealers.
- *Reduce the Company's Cost of Capital.* The company's current senior loan agreement is priced off the "Prime Rate" (as stated in the "Money Rates" section of *The Wall Street Journal*), which stands, as of the date hereof at 7.75%, plus a variable margin based on senior debt to RMR, which is currently 1.00% for a total cost of debt of 8.75%. The company is continually evaluating alternate financing proposals with multiple financial institutions regarding the refinancing of the company's senior line and believe the company can reduce its borrowing costs by more than 100 bps, while at the same time increasing credit available under the facility.
- *Expand into New Geographic Markets.* The company has determined that the UK market represents a compelling opportunity to replicate the company's business model targeted at a larger addressable market, with significantly less competition. To date, the company has conducted due diligence on two potential UK alarm dealers, and has several other prospects that the company intends to examine before the end of 2007 in order to identify the company's first UK dealer.
- *Improve the Company's Back Office Efficiencies.* Key to the company's business plan is its ability to benefit from operating leverage as the company grows its assets faster than the its expenses, thereby generating more income attributable to the company's Common Unit holders. The company is currently investing in various back office automation projects designed to improve the company's efficiencies and thereby leverage the company's existing overhead over more RMR.

### **The Company's Investors**

The company's largest shareholder is Thomas Buffett, who owns 520,000 of the company's Guaranteed Payment Units. Mr. Buffett was one of the founders of Verifier Inc. and was the Chairman and Chief Executive Officer of Automated Security Holdings PLC ("ASH") between 1976 and 1995. ASH purchased Sonitrol Corporation ("Sonitrol") in 1992 and operated the business until Sonitrol was in turn purchased by ADT in 1996. Collectively the company's directors and executive officers own 1,180,000 Guaranteed Payment Units out of a total of 2,250,000 (52.4%), and the remaining 1,070,000 are owned by ten private investors.

### **Company Information**

The company was formed in November, 2005 as Verifier, LLC, a limited liability company organized under the laws of the State of Florida, and changed the company's name to Verifier Capital LLC in December, 2006.

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## SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth the company's summary consolidated financial data. The statements of operations and cash flow data for the years ended December 31, 2005 and the balance sheet data as of December 31, 2005 are derived from the company's audited consolidated financial statements. The statements of operations and cash flow data for the years ended December 31, 2006 and December 31, 2007 and the balance sheet data as of December 31, 2006 and December 31, 2007 are derived from the company's unaudited management accounts and forecasts.

The results included below and elsewhere in this Memorandum are not necessarily indicative of the company's future financial performance. You should read this information together with "Selected Historical Financial Data", and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	For the Years Ended December 31		
	2005	2006	2007
	(dollars in thousands)		
<b>Statement of Operations Data:</b> <sup>1</sup>			
Monitoring, service, and other revenues	\$ 2,490	\$ 3,023	\$ 3,888
Monitoring and service expense	864	1,039	1,258
Gross profit	1,626	1,984	2,630
Gross margin	65%	66%	68%
Operating expenses	758	781	1,000
Earnings before interest, tax, depreciation and amortization (EBITDA)	868	1,203	1,630
EBITDA margin	35%	40%	42%
Other (income)/expense <sup>2</sup>	(435)	2	(3)
Depreciation, amortization and impairment of subscriber contracts	801	638	754
Interest expense, net	284	640	555
Net income/ (loss) before taxes	\$ 218	\$ (77)	\$ 324
<b>Statement of Cash Flow Data:</b> <sup>3</sup>			
Net cash provided by operating activities	\$ 1,007	\$ 739	\$ 1,340
Net cash (used in)/ provided by investing activities	(1,102)	(4,124)	(2,788)
Net cash (used in)/ provided by financing activities	233	3,509	1,262

(1) 2007 figures include actual results through September 30, 2007 and forecast results through December 31, 2007. No adjustments for the impact of this Offering are included in the forecast results.

(2) 2005 Other Income of \$435,000 is mainly comprised of a one-time, non-operating transaction related to the sale of subscriber contracts.

(3) 2006 Cash Flow Data does not include all the cash flows from the investing and financing activities related to the acquisition of Verifier Inc. by Verifier LLC.

	December 31,		
	2005	2006	2007
	(dollars in thousands)		
<b>Balance Sheet Data:</b>			
Cash	\$ 212	\$ 336	\$ 150
Accounts receivable	291	348	399
Other current assets	186	28	31
Property, equipment, and intangibles net <sup>4</sup>	5,982	8,250	9,826
Note receivable Hidden Eyes LLC	-	-	275
Investment in Hidden Eyes LLC	-	-	183
Goodwill	-	649	649
<b>Total assets</b>	<b>6,671</b>	<b>9,611</b>	<b>11,513</b>
Accounts payable and accrued expenses	297	355	629
Deferred revenue	442	528	581
Holdback liability	128	130	129
Senior debt	4,823	5,820	5,865
Subordinated debt	-	750	-
<b>Total members' equity</b>	<b>981</b>	<b>2,028</b>	<b>4,309</b>
<b>Total liabilities and members' equity</b>	<b>\$ 6,671</b>	<b>\$ 9,611</b>	<b>\$ 11,513</b>

**For the Years Ended December 31**

	2005			2006			2007		
	(dollars in thousands)								
	<b>Operating and Other Data:</b>								
End of period RMR	\$	240	\$	274	\$	335			
RMR purchased in period	\$	44	\$	49	\$	75			
RMR lost in period	\$	21	\$	21	\$	26			
Gross attrition rate		9.1%		8.0%		8.5%			
Net attrition rate		6.7%		4.4%		4.0%			
Senior debt/ RMR		20.1x		21.2x		17.5x			
Total debt/ RMR		20.1x		24.0x		17.5x			
Total capital/ RMR		22.0x		33.0x		32.5x			

(4) 2007 intangibles includes \$329,000 of organizational costs and operating expenses for Verifier Capital Ltd., which has been capitalized in the management accounts as start-up costs related to the first year of operations in the UK. In 2008, the Company expects the financial statements of Verifier Capital Ltd., a wholly owned subsidiary of Verifier Capital LLC, to be consolidated with the US financial statements.

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## **RISK FACTORS**

*Investing in the company's Guaranteed Payment Units involves a high degree of risk. Before you invest in the company's Guaranteed Payment Units, you should understand and carefully consider the risks below, as well as all of the other information contained in this Memorandum and the company's financial statements and the related notes included elsewhere in this Memorandum. Any of these risks could materially adversely affect the company's business, financial condition and results of operations and the fair market value of the company's Guaranteed Payment Units, and you may lose all or part of the company's investment.*

### **Risks Related to The company's Business**

#### ***The company made a loss before taxes in the year ended December 31, 2006***

The company has incurred losses since the company's acquisition of Verifier, Inc. in March 2006. This is a result of an increase in overhead expense resulting from the cost of the company's new management and the increase in the company's interest expense associated with financing the company's purchase of the shares of Verifier, Inc. These adverse movements have been mitigated by a sustained increase in revenues and gross profits resulting from accelerated purchases of RMR from existing and new dealers during the year. The company anticipate incurring a net profit in fiscal year 2007, for the US operations only, as the company continues to grow gross profits through RMR purchases and other revenue sources. Expensing organizational and start-up costs in the United Kingdom would bring the company's consolidated net profit to approximately break-even in fiscal year 2007.

#### ***The company's attrition rates may increase in the future***

The company's purchase price for an acquired alarm account and the service fee the company pays to its dealers are fixed by contract with those dealers. The only variable, therefore, that has a significant impact on an account's rate of return is the length of time the contract remains with the company, the inverse of the company's attrition rate. While the company has an 11 year track record of attrition rates of less than ten percent per annum, at which rate the company believes the company generates attractive rates of return, there is no guarantee that attrition rates will remain at or around these levels. Were the company's attrition rates to double in the future, the company would be in breach of the company's covenants with its senior lender and would generate rates of return significantly below the company's weighted average cost of capital.

#### ***The company relies on the company's dealers to service and monitor the company's security alarm accounts***

The company subcontracts back to the company's dealers the service and monitoring obligations related to the security alarm accounts the company own for a fixed percentage of the RMR received by it. Performance of these obligations requires the service provider to be a franchisee in good standing with Sonitrol and ownership, or access to, specialized monitoring equipment provided by Sonitrol. The company does not own the assets necessary to perform these service and monitoring obligations. While



the company has not had a dealer default on the company's service agreements in their 11 year history, nor has the company experienced a material breach thereof, such a default or breach would likely require them to source an alternate service provider. This alternate provider would likely demand a higher service fee, adversely affecting the company's gross margins, and the transition of the alarm accounts to the new service provider would likely cause an upward spike in attrition.

***The company has only five employees, four of whom have uniquely relevant experience***

The company's Chief Financial Officer has worked in his position for the company's entire 11 year history and has a unique understanding of the company's business model and long-standing relations with the company's dealers. Three of the company's remaining employees have unique experience across the domestic and global security industry from their employment at the world market leader, ADT. While the company believe it maintains adequate key man insurance to protect it against their death or disability, the company's loss of their services for any reason would have an adverse effect on the company's business, as it would be difficult for it to find replacements of equal quality and experience.

***The company has a floating rate senior secured facility***

The company's current \$10 million senior secured revolving credit facility is priced at the Prime Rate plus a margin. A 100 bps increase in the Prime Rate from the prevailing level of 7.75% would increase the company's annual interest expense by \$58,260, based on the drawn amount as of December 31, 2006. The company does not believe it is economically prudent for it to hedge this exposure at this time and have not done so.

***The company has exposure to hurricanes in Florida and Alabama***

Approximately 56% of the company's total RMR is located in Florida and Mobile, AL. While the company did not suffer any adverse attrition experience as a result of the hurricanes in 2004 and 2005, the company is aware of other security alarm dealers who suffered material attrition in the New Orleans area arising out of Hurricane Katrina. The company has explored using insurance to mitigate this risk, but has yet to receive an economically viable insurance proposal and therefore has not hedged against this exposure.

***The company has entered the United Kingdom market where the company has no experience***

The company has historically only done business in the United States with franchisees of Sonitrol. In order to accelerate the growth of the company's business, the company has established operations in the United Kingdom, where the company intends to purchase conventional security alarm accounts. While the company believes it has adequate experience in the United Kingdom, the company's estimates of the requirement of that market for growth capital, the prices at which the company can buy these security

alarm accounts, the rates of attrition the company will suffer and the cost of running the company's operations there may be incorrect, which would adversely affect the profitability and rates of return the company will earn through this geographic expansion.

#### **Risks Related to this Offering**

***There is no existing market for the company's Guaranteed Payment Units. You may not be able to resell them at or above the offering price***

Currently there is no public market for the company's Guaranteed Payment Units. The company cannot predict the extent to which investor or acquirer interest in it will lead to the development of a trading market or sale transaction or otherwise provide liquidity to you. The offering price has been determined with reference to the price paid for the existing Guaranteed Payment Units by the company's current investors, plus an increase to reflect the growth in the company's revenues and EBITDA since the company's last offering of Guaranteed Payment Units, and may not be indicative of the price that would prevail were the company to initiate a sale of the company. You may not be able to resell the company's Guaranteed Payment Units at or above the offering price.

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**CAPITALIZATION**

The following table sets forth the company's cash, debt and capitalization as of September 30, 2007 on an actual basis and on a pro forma adjusted basis, after giving effect to:

- the company's receipt of the net proceeds from the company's sale of Guaranteed Payment Units (estimated at \$3,000,000) in this Offering, their receipt of the net proceeds from the sale of preferred stock units (estimated at \$2,760,000) after deducting \$240,000 for estimated fees and expenses in connection with the sale of \$2,200,000 of additional preferred stock units;
- the company's use of surplus proceeds to repay the company's senior secured line of credit.

	As of September 30, 2007	
	Actual	Proforma as adjusted
	(dollars in thousands)	
Cash	\$ 213	\$ 213
Total debt:		
Senior debt	5,826	1,286
Subordinated debt	-	-
Accrued interest	5,826	1,286
Total debt	5,826	1,286
Common Units and preferred stock units:		
Preferred stock units at par	2,650	5,350
Preferred stock units, accrued return	56	56
Common Units paid in	2,250	4,750
Total Common Units and preferred stock units	4,956	10,156
Total Capitalization	\$ 10,782	\$ 11,442
Debt/ Total Capitalization	54%	11%

**Table 2: Proforma Capitalization as adjusted for the Offering**

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### **SELECTED HISTORICAL FINANCIAL DATA**

The following table sets forth the company's selected historical financial information. The statements of operations and cash flow data for the year ended December 31, 2005, and the ten months ended December 31, 2006, and the balance sheet data as of December 31, 2005 and 2006 are derived from the company's audited consolidated financial statements. The statements of operations and cash flow data for the year ended December 31, 2007 and the balance sheet data as of December 31, 2007 are derived from the company's unaudited consolidated financial statements for the nine months ended September 30, 2007 combined with the company's forecast of operating results for the quarter ended December 31, 2007. All the Operating and Other Data are derived from the company's unaudited management accounts. In the opinion of management, the unaudited consolidated financial statements have been prepared on the same basis as the company's audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth therein.

The results included below and elsewhere in this Memorandum are not necessarily indicative of the company's future performance. You should read this information together with "Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the related notes included elsewhere in this Memorandum.

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	For the Year Ended December 31 2005	For the Ten Months <sup>1</sup> Ended December 31 2006	For the Year Ended December 31 2007
(dollars in thousands)			
<b>Statement of Operations Data:</b>			
Monitoring, service, and other revenues	\$ 2,490	\$ 2,556	\$ 3,888
Monitoring and service expense	864	878	1,258
Gross profit	1,626	1,677	2,630
Gross margin <sup>2</sup>	65%	66%	68%
Operating expenses	758	946	1,000
Earnings before interest, tax, depreciation and amortization (EBITDA)	868	731	1,630
EBITDA margin	35%	29%	42%
Other (income)/expense <sup>3</sup>	(435)	(16)	(3)
Depreciation, amortization and impairment of subscriber contracts <sup>4</sup>	801	512	754
Interest expense, net <sup>5</sup>	284	565	555
Net income/ (loss) before taxes	\$ 218	\$ (329)	\$ 324

<b>Statement of Cash Flow Data:</b>			
Net cash provided by operating activities	\$ 1,007	\$ 393	\$ 1,340
Net cash (used in)/ provided by investing activities <sup>5</sup>	(1,102)	(8,647)	(2,788)
Net cash (used in)/ provided by financing activities <sup>5</sup>	233	8,378	1,262

	December 31,		
	2005	2006	2007
(dollars in thousands)			
<b>Balance Sheet Data:</b>			
Cash	\$ 212	\$ 336	\$ 150
Accounts receivable	291	348	399
Other current assets	148	28	31
Property, equipment, and intangibles net	5,982	8,176	9,826
Note receivable Hidden Eyes LLC	-	-	275
Investment in HE LLC	-	-	183
Goodwill	-	649	649
Total assets	6,633	9,537	11,513
Accounts payable and accrued expenses	259	356	629
Deferred revenue	442	528	581
Holdback liability	128	130	129
Senior debt	4,823	5,820	5,865
Subordinated debt	-	750	-
Total members' equity	981	1,953	4,309
Total liabilities and members' equity	\$ 6,633	\$ 9,537	\$ 11,513

## For the Years Ended December 31

	2005	2006	2007
	(dollars in thousands)		
<b>Operating and Other Data:</b>			
End of period RMR	\$ 240	\$ 274	\$ 335
RMR purchased in period	\$ 44	\$ 49	\$ 75
RMR lost in period	\$ 21	\$ 21	\$ 26
Gross attrition rate <sup>6</sup>	9.1%	8.0%	8.5%
Net attrition rate	6.7%	4.4%	4.0%
Senior debt/ RMR	20.1x	21.2x	17.5x
Total debt/ RMR	20.1x	24.0x	17.5x
Total capital/ RMR	22.0x	33.0x	32.5x

*Notes to Selected Historical Financial Data*

- (1) On March 7, 2006, Verifier Inc. was acquired by Verifier, LLC, now Verifier Capital LLC. The new Board of Directors appointed a new President in March, 2006, and a Controller was added to the staff in December, 2006.
- (2) The audited financial statements for fiscal year 2006 encompassed the results of operations from March through December, plus additional adjustments to operating expenses and balance sheet accounts to reflect the push-down accounting for the acquisition of Verifier Inc. by Verifier LLC. The difference between the operating expenses of \$946,000 and the operating expenses for the twelve months ended December 31, 2006 of \$781,000, as reflected in the unaudited consolidated management accounts on page 12, are as follows: (a) \$104,000 in normal operating expenses from January through February, (b) \$235,000 in legal and financing fees related to the transaction, (c) \$17,000 in compensation payments related to the transaction, and (d) \$17,000 in miscellaneous expense adjustments.
- (3) 2005 Other Income of \$435,000 is mainly comprised of a one-time, non-operating transaction related to the sale of subscriber contracts.
- (4) In 2006, management chose to adopt a new accounting policy for the amortization of subscriber contracts. Previously, the book value of subscriber contracts was amortized straight-line over estimated useful lives of five to 15 years. Consistent with the application of FAS No. 142 *Goodwill and Other Intangible Assets*, subscriber contracts are treated as indefinite-lived intangible assets, and the book value is written-off when the contract is deemed impaired (cancelled).

- (5) Interest expense increased in 2006 related to the additional debt incurred to finance the acquisition of Verifier Inc. by Verifier, LLC. The additional debt and equity related to the \$7,700,000 transaction is also reflected in the 2006 investing and financing cash flows.
- (6) Although gross attrition in 2006 and 2007 was slightly below 2005, the 2-3% drop in net attrition rates of 4.4% and 4.0% are primarily a function of the 2-3% price increases that were initiated in September, 2006 and 2007, respectively. On average, the company expects the company's net attrition rate to be between 6% and 8%.

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### SUBSCRIPTION AGREEMENT

### TDM VERIFIER TRUST 07

Notification:

To all prospective investors in the TDM VERIFIER TRUST 07(the "Trust Fund").

Please be advised that page 2 of the Subscription Agreement which is attached to the Trust Fund's Confidential Private Placement Memorandum dated February 23, 2007 as Exhibit "B" has been revised so that the language following paragraph 10 of the Subscription Agreement beginning with "IN WITNESS WHEREOF" is replaced in its entirety with the following:

"IN WITNESS WHEREOF, I have executed this Subscription Agreement this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

*Print exact name in which title is to be held*

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

Printed Name

Tax ID #

Printed Name

Tax ID#

Signature: X \_\_\_\_\_

Signature X \_\_\_\_\_

Address: \_\_\_\_\_

Amount Purchased: \$ \_\_\_\_\_

Rate \_\_\_\_\_ 8.25% \_\_\_\_\_ 9.00%"



**\$3,475,000 MAXIMUM  
\$500,000 MINIMUM**

**TDM Verifier Trust 07**

**CONTRACT CERTIFICATES  
TWELVE MONTHS—8.25%  
TWENTY FOUR MONTHS—9.00%**

**PRIVATE PLACEMENT  
MEMORANDUM**

**MCGINN, SMITH & Co., INC.  
ALBANY, NEW YORK**

**February 23, 2007**

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Memorandum and if given or made, such information or representations must not be relied upon as having been authorized. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any securities to which it relates. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. Neither the delivery of this Memorandum nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Trust since the date hereof or that the information contained herein is correct as of any time subsequent to its date. However, in the event of any material change, this Memorandum will be amended, supplemented or updated accordingly.

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