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FORM D
NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING EXEMPTION

Name of Offering (check if this is an amendment and name has changed, and indicate change.)
The Cry, LLC

Filing Under (Check box(es) that apply): Rule 504 Rule 505 Rule 506 Section 4(6) ULOE

Type of Filing: New Filing Amendment

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer (check if this is an amendment and name has changed, and indicate change.)
The Cry, LLC

Address of Executive Offices <u>1173A Second Avenue #183, New York, NY 10021</u>	(Number and Street, City, State, Zip Code)	Telephone Number (Including Area Code) <u>(212) 588-0126</u>
Address of Principal Business Operations (if different from Executive Offices)	(Number and Street, City, State, Zip Code)	Telephone Number (Including Area Code)

Brief Description of Business
Production of one (1) feature film

PROCESSED
JUN 24 2004

Type of Business Organization

corporation limited partnership, already formed other (please specify): Limited Liability Company

business trust limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization: Month 06 Year 04 Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State: NY)
CN for Canada; FN for other foreign jurisdiction)

GENERAL INSTRUCTIONS

Federal:
Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).
When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.
Where To File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.
Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.
Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.
Filing Fee: There is no federal filing fee.

State:
This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer.
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Santistevan, Bernadine

Full Name (Last name first, if individual)

1173A Second Avenue #183, New York, NY 10021

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

B INFORMATION ABOUT OFFERING

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering? Yes No

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual? \$ 5,000

3. Does the offering permit joint ownership of a single unit? Yes No

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)

None

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if the answer is "none" or "zero." If the transaction is an exchange offering, check this box and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt	\$ <u>0</u>	\$ <u>0</u>
Equity	\$ <u>500,000</u>	\$ <u>0</u>
	<input type="checkbox"/> Common <input type="checkbox"/> Preferred	
Convertible Securities (including warrants)	\$ <u>0</u>	\$ <u>0</u>
Partnership Interests	\$ <u>0</u>	\$ <u>0</u>
Other (Specify _____)	\$ <u>0</u>	\$ <u>0</u>
Total	\$ <u>500,000</u>	\$ <u>0</u>

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors	<u>0</u>	\$ <u>0</u>
Non-accredited Investors	<u>0</u>	\$ <u>0</u>
Total (for filings under Rule 504 only)	<u>0</u>	\$ <u>0</u>

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C — Question 1.

Type of Offering	Type of Security	Dollar Amount Sold
Rule 505	<u>N/A</u>	\$ <u>0</u>
Regulation A	<u>N/A</u>	\$ <u>0</u>
Rule 504	<u>N/A</u>	\$ <u>0</u>
Total	<u>N/A</u>	\$ <u>0</u>

4 a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the insurer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees	<input type="checkbox"/>	\$ <u>0</u>
Printing and Engraving Costs	<input checked="" type="checkbox"/>	\$ <u>200</u>
Legal Fees	<input checked="" type="checkbox"/>	\$ <u>5000</u>
Accounting Fees	<input checked="" type="checkbox"/>	\$ <u>1000</u>
Engineering Fees	<input type="checkbox"/>	\$ <u>0</u>
Sales Commissions (specify finders' fees separately)	<input type="checkbox"/>	\$ <u>0</u>
Other Expenses (identify) <u>Postage / FedEx</u>	<input checked="" type="checkbox"/>	\$ <u>200</u>
Total	<input checked="" type="checkbox"/>	\$ <u>6400</u>

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C — Question 1 and total expenses furnished in response to Part C — Question 4.a. This difference is the “adjusted gross proceeds to the issuer.”

\$ 493,600

5. Indicate below the amount of the adjusted gross proceed to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C — Question 4.b above.

	Payments to Officers, Directors, & Affiliates	Payments to Others
Salaries and fees	<input checked="" type="checkbox"/> \$ <u>15,000</u>	<input checked="" type="checkbox"/> \$ <u>150,000</u>
Purchase of real estate	<input type="checkbox"/> \$ <u>0</u>	<input type="checkbox"/> \$ <u>0</u>
Purchase, rental or leasing and installation of machinery and equipment	<input type="checkbox"/> \$ <u>0</u>	<input checked="" type="checkbox"/> \$ <u>250,000</u>
Construction or leasing of plant buildings and facilities	<input type="checkbox"/> \$ <u>0</u>	<input type="checkbox"/> \$ <u>0</u>
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	<input type="checkbox"/> \$ <u>0</u>	<input type="checkbox"/> \$ <u>0</u>
Repayment of indebtedness	<input type="checkbox"/> \$ <u>0</u>	<input type="checkbox"/> \$ <u>0</u>
Working capital	<input type="checkbox"/> \$ <u>0</u>	<input type="checkbox"/> \$ <u>0</u>
Other (specify): <u>Food, Travel, Disposables</u>	<input checked="" type="checkbox"/> \$ <u>0</u>	<input checked="" type="checkbox"/> \$ <u>78,600</u>
.....	<input checked="" type="checkbox"/> \$ <u>0</u>	<input type="checkbox"/> \$ <u>0</u>
Column Totals	<input checked="" type="checkbox"/> \$ <u>15,000</u>	<input checked="" type="checkbox"/> \$ <u>478,600</u>
Total Payments Listed (column totals added)	<input checked="" type="checkbox"/> \$ <u>493,600</u>	

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) <u>The Cry, LLC</u>	Signature <u>Bernadine Santistevan for Santo LLC</u>	Date <u>Jun 15, 2004</u>
Name of Signer (Print or Type) <u>Bernadine Santistevan, Santo LLC</u>	Title of Signer (Print or Type) <u>General Partner</u>	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

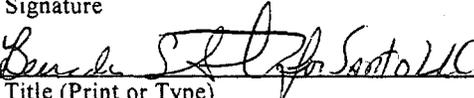
E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.262 presently subject to any of the disqualification provisions of such rule? Yes No

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) The Cry, LLC	Signature 	Date June 15, 2004
Name (Print or Type) Bernadine Santistevan, Santo LLC	Title (Print or Type) General Partner	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)			Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL									
AK									
AZ									
AR									
CA									
CO									
CT									
DE									
DC									
FL									
GA									
HI									
ID									
IL									
IN									
IA									
KS									
KY									
LA									
ME									
MD									
MA									
MI									
MN									
MS									

APPENDIX

1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)			Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
MO									
MT									
NE									
NV									
NH									
NJ									
NM	X		Equity \$500,000	0	0	0	0		X
NY	X		Equity \$500,000	0	0	0	0		X
NC									
ND									
OH									
OK									
OR									
PA	X		Equity \$200,000	0	0	0	0		X
RI									
SC									
SD									
TN									
TX									
UT									
VT									
VA									
WA									
WV									
WI									

APPENDIX

1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)			Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
WY									
PR									

(Rev. 11/98)

FORM U-2 UNIFORM CONSENT TO SERVICE OF PROCESS

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, The Cry, LLC (a corporation), (a partnership), (a limited liability company) organized under the laws of New York, or (an individual), [strike out inapplicable nomenclature] for purposes of complying with the laws of the States indicated hereunder relating to either the registration or sale of securities, hereby irrevocably appoints the officers of the States so designated hereunder and their successors in such offices, its attorney in those States so designated upon whom may be served any notice, process or pleading in any action or proceeding against it arising out of, or in connection with, the sale of securities or out of violation of the aforesaid laws of the States so designated; and the undersigned does hereby consent that any such action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within the States so designated hereunder by service of process upon the officers so designated with the same effect as if the undersigned was organized or created under the laws of that State and have been served lawfully with process in that State.

It is requested that a copy of any notice, process or pleading served hereunder be mailed to:

Bernadine Santistevan of Santo LLC

(Name)

1173A Second Avenue #183, New York, NY 10021

(Address)

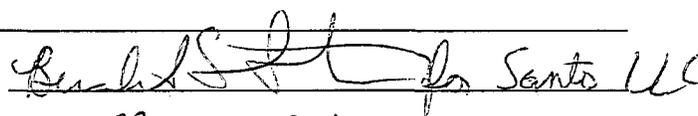
Place an "X" before the names of all the States for which the person executing this form is appointing the designated Officer of that State as its attorney in that State for receipt of process:

- | | | | |
|--------------------------------------|---|-----------------------------------|---------------------------------------|
| <input type="checkbox"/> ALABAMA | Secretary of State. | <input type="checkbox"/> FLORIDA | Department of Banking and Finance. |
| <input type="checkbox"/> ALASKA | Administrator of the Division of Banking and Corporations, Department of Commerce and Economic Development. | <input type="checkbox"/> GEORGIA | Commissioner of Securities. |
| <input type="checkbox"/> ARIZONA | The Corporation Commission. | <input type="checkbox"/> GUAM | Administrator, Department of Finance. |
| <input type="checkbox"/> ARKANSAS | The Securities Commissioner. | <input type="checkbox"/> HAWAII | Commissioner of Securities. |
| <input type="checkbox"/> CALIFORNIA | Commissioner of Corporations. | <input type="checkbox"/> IDAHO | Director, Department of Finance. |
| <input type="checkbox"/> COLORADO | Securities Commissioner. | <input type="checkbox"/> ILLINOIS | Secretary of State. |
| <input type="checkbox"/> CONNECTICUT | Banking Commissioner. | <input type="checkbox"/> INDIANA | Secretary of State. |
| <input type="checkbox"/> DELAWARE | Securities Commissioner. | <input type="checkbox"/> IOWA | Commissioner of Insurance. |
| | | <input type="checkbox"/> KANSAS | Secretary of State. |
| | | <input type="checkbox"/> KENTUCKY | Director, Division of Securities. |

<input type="checkbox"/> DISTRICT OF COLUMBIA	Public Service Commission.	<input type="checkbox"/> LOUISIANA	Commissioner of Securities.
<input type="checkbox"/> MAINE	Administrator, Securities Division.	<input type="checkbox"/> OREGON	Director, Department of Insurance and Finance.
<input type="checkbox"/> MARYLAND	Commissioner of the Division of Securities.	<input type="checkbox"/> OKLAHOMA	Securities Administrator.
<input type="checkbox"/> MASSACHUSETTS	Secretary of State.	*** PENNSYLVANIA	Pennsylvania does not Require filing of a Consent to Service of Process.
<input type="checkbox"/> MICHIGAN	Administrator, Corporation and Securities Bureau, Department of Commerce.	<input type="checkbox"/> PUERTO RICO	Commissioner of Financial Institutions.
<input type="checkbox"/> MINNESOTA	Commissioner of Commerce.	<input type="checkbox"/> RHODE ISLAND	Director of Business Regulation.
<input type="checkbox"/> MISSISSIPPI	Secretary of State.	<input type="checkbox"/> SOUTH CAROLINA	Secretary of State.
<input type="checkbox"/> MISSOURI	Securities Commissioner.	<input type="checkbox"/> SOUTH DAKOTA	Director of the Division of Securities.
<input type="checkbox"/> MONTANA	State Auditor and Commissioner of Insurance.	<input type="checkbox"/> TENNESSEE	Commissioner of Commerce And Insurance.
<input type="checkbox"/> NEBRASKA	Director of Banking and Finance.	<input type="checkbox"/> TEXAS	Securities Commissioner.
<input type="checkbox"/> NEVADA	Secretary of State.	<input type="checkbox"/> UTAH	Director, Division of Securities.
<input type="checkbox"/> NEW HAMPSHIRE	Secretary of State.	<input type="checkbox"/> VERMONT	Secretary of State.
<input type="checkbox"/> NEW JERSEY	Chief, Securities Bureau.	<input type="checkbox"/> VIRGINIA	Clerk, State Corporation Commission.
<input checked="" type="checkbox"/> NEW MEXICO	Director, Securities Division.	<input type="checkbox"/> WASHINGTON	Director of the Department of Licensing.
<input checked="" type="checkbox"/> NEW YORK	Secretary of State.	<input type="checkbox"/> WEST VIRGINIA	Commissioner of Securities.
<input type="checkbox"/> NORTH CAROLINA	Secretary of State.	<input type="checkbox"/> WISCONSIN	Commissioner of Securities.
<input type="checkbox"/> NORTH DAKOTA	Securities Commissioner.	<input type="checkbox"/> WYOMING	Secretary of State
<input type="checkbox"/> OHIO	Secretary of State.		

Dated this 15 day of June, 2004.

(Seal)

By: 
 Title: Manager

ACKNOWLEDGMENT OF CORPORATION/LIMITED LIABILITY COMPANY

STATE OR PROVINCE OF New York)
COUNTY OF N.Y.) ss.

On this 15 day of JUNE, 2007, before me personally appeared BERNADINE A SATSTEVA known personally to me to be the _____ of the above (Title)

named corporation/limited liability company and acknowledged that he/she, as an officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation/limited liability company by himself/herself as an officer.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

LYNN MARSHALL
Notary Public, State of New York
No. 41-4899993
Qualified in Queens County, New York
My Commission Expires 7-6-2007

(Notarial Seal)

My Commission expires:

INDIVIDUAL OR PARTNERSHIP ACKNOWLEDGMENT

STATE OR PROVINCE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, _____, before me personally appeared _____, to me personally known and known to me to be the same person(s) whose name(s) is (are) signed to the foregoing instrument, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary

(Notarial Seal)

My Commission expires:

The Cry, LLC

SUBSCRIPTION DOCUMENTS

The Cry, LLC

SUBSCRIPTION DOCUMENTS

SUBSCRIPTION INSTRUCTIONS

Should you wish to purchase Units in The Cry, LLC, please complete the following documents. Purchases made on behalf of a corporation should be accompanied by an executed copy of the Certificate of Corporate Resolution (included). Purchases made on behalf of a partnership, limited liability company or a trust should be accompanied by a copy of the partnership agreement, operating agreement or the trust agreement authorizing such purchases.

PURCHASER QUESTIONNAIRE: (page 3) Respond in full to all of the information requested and sign page 7.

SUBSCRIPTION APPLICATION AND AGREEMENT: (page 8) Please complete the required information, date, and provide appropriate signatures on page 12.

CERTIFICATE OF CORPORATE RESOLUTION: (page 13) If purchase is being made on behalf of a corporation, please fill in blanks on page 12 and have the Corporation's Secretary sign on page 13.

IRS FORM W-9: Each subscriber must complete and execute the "Request for Taxpayer Identification Number and Certification" (IRS Form W-9), which accompanies the Subscription Documents.

MAKE CHECK PAYABLE TO: **"The Cry, LLC"**

SEND CHECK/DOCUMENTS TO: The Cry, LLC
 ATTN: BERNADINE A. SANTISTEVAN
 1173A Second Avenue, #183
 New York, New York 10021

The Cry, LLC

PURCHASER QUESTIONNAIRE

The Offering of limited liability company interests ("Units") in The Cry, LLC is being made pursuant to the exemptions provided by Sections 3(b) and 4(2) of the Securities Act of 1933, as amended (the "1933 Act"), Regulation D promulgated thereunder and applicable state exemptions from securities registration in the states in which Units are being offered. One of the requirements of securities regulations is that the persons involved in the offering and sale of the relevant securities must have reasonable grounds to believe that the purchaser either alone or together with such purchaser's Purchaser Representative, if any, has such knowledge and experience in financial and business matters that such purchaser is capable of evaluating the merits and risks of the prospective investment.

The purpose of this Questionnaire is to assist in complying with the above requirements. By signing below, you agree that the Manager may present this Questionnaire to such parties as it deems appropriate in order to be assured that the offer and sale of Units to you will not result in violation of the available exemptions from registration under the Act or any applicable state securities laws. Otherwise your answers to this Questionnaire will be kept strictly confidential.

If you are acting as agent for a corporation, partnership, limited liability company, trust or any other entity, any reference to the term "you" shall mean such corporation, partnership, trust, or other entity.

Please complete this Questionnaire as fully as possible, sign and date. PLEASE PRINT OR TYPE. IF THE ANSWER TO ANY QUESTION IS "NONE" OR "NOT APPLICABLE," PLEASE SO STATE.

I. INDIVIDUALS

Please complete the following if you are investing as an individual:

Name	_____
Date of Birth	_____
Marital Status	_____
Permanent Home Address	_____ _____ _____
Home Telephone Number	_____
Social Security Number	_____
Citizenship	_____
Name of Employer	_____
Nature of Business	_____

Position

General Duties

Business Address

Business Telephone Number

Are you acting for your own account?

Yes () No ()

If you are not acting for your own account, please complete the following:

(1) Capacity in which you are acting (Agent, Trustee, or otherwise):

(2) Name, address, and telephone number of person(s) you represent

(3) Please attach evidence of authority

II. CORPORATIONS OR OTHER ENTITIES

Please complete the following if you are investing as a corporation, partnership, trust, or other entity:

Name of corporation, partnership, trust or entity

Employer Identification No.

Business Activities

State and Year of Organization

Fiscal Year

Business Address

Business Telephone Number

Has the corporation, partnership, trust or entity been formed for the specific purpose of making the investment contemplated herein?

Yes () No ()

Has the corporation,
partnership, trust, or entity
been in existence for less than
90 days prior to the date
hereof?

Yes () No ()

III. ALL PURCHASERS

All purchasers should initial the appropriate spaces either in Section A or in Section B, depending on whether you qualify to invest as an "Accredited Investor" (Section A) or as a "Non-Accredited Investor" (Section B). Then, all purchasers should complete Sections C and D.

A. Accredited Investor Status

1. Individual Subscribers—The undersigned hereby certifies that he/she is an accredited investor because (initial one or more of the following):

___ a. He/she had individual income (exclusive of any income attributable to spouse) of more than \$200,000 in each of the last two full calendar years, or joint income with spouse of more than \$300,000 in each of those years, and he/she reasonably expects to have an individual income of more than \$200,000 in the current calendar year, or joint income with spouse of more than \$300,000 in the current calendar year.

(Please note that "income" does not refer simply to gross income or total revenues. Income for a particular year may be calculated by adding to your adjusted gross income as calculated for Federal income tax purposes any deduction for long term capital gains, any deduction for depletion allowance, any exclusion for tax exempt interest and any losses of a partnership allocated to you as a partner.)

___ b. He/she has a net worth as of the date hereof (individually or jointly with spouse), including the value of home, furnishings and automobiles, in excess of \$1,000,000.

___ c. He/she is a director or executive officer of the LLC Manager.

2. Subscribers Other Than Individuals—The undersigned hereby certifies that it is an Accredited investor because it is (initial one or more of the following):

___ a. A bank as defined in Section 3(a)(2) of the 1933 Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Securities Act, whether acting in its individual or fiduciary capacity.

___ b. A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

___ c. An insurance company as defined in Section 2 (13) of the 1933 Securities Act.

___ d. An investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that same act.

___ e. A small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

___ f. It is a trust or estate in which a purchaser and any of the persons related to such purchaser as specified in subparagraphs (3)(iii) or (3)(v) collectively have more than 50% of the beneficial interest (excluding contingent interests).

___ g. It is a corporation or other organization of which a purchaser and any of the persons related to such a purchaser as specified in the subparagraphs (3)(iii) or 3(iv) collectively and beneficial owners of more than 50% of the equity securities (excluding director's qualifying shares) or equity interests.

- ___h. It is a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.
- ___i. It is an entity in which all of the equity owners are (1) a bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the Issuer, a self-employed individual retirement plan, or individual retirement account), any organization described in Section 501(c)(3) of the Internal Revenue Code which has total assets of not less than \$5,000,000 according to its most recent audited financial statement, any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000, and any wholly-owned subsidiary of the foregoing institutional investors), or (2) persons listed in subparagraphs (c)(i) through (v) and (c)(vii) through (xi).

B. Non-Accredited Investor Status

Initial all appropriate spaces in this part to indicate the basis upon which you qualify as a non-accredited investor for purposes of Regulation D.

The undersigned hereby certifies that he/she is a qualified non-accredited investor because he/she is an individual or entity other than an Employee Benefit Plan, a Keogh Plan or IRA having either (initial one or more of the following):

- _____ 1. If purchasing a single Unit (\$5,000), a net worth (exclusive of home, home furnishings and personal automobiles) of at least \$500,000; or
- _____ 2. A net worth at least ten (10) times greater than the amount for which the investor has subscribed.

C. Other investor Suitability Information

- 1. Are you aware that the proposed Offering of Units requires your capital investment to be maintained for an indefinite period of time? Yes () No ()
- 2. Please indicate below the general, business or professional education and the degrees received by you (or, if the Purchaser is a corporation, partnership, trust, or other entity, by the person completing this Questionnaire on its behalf).

<u>School</u>	<u>Degree</u>	<u>Year Received</u>

- 3. Please describe your principal business activities or the business activities of the corporation, partnership, trust, or entity during the last five years.

D. Investment Experience:

- 1. Frequency of investment in market securities: often (); occasionally (); seldom (); never ().
- 2. Frequency of investment in commodities futures: often (); occasionally (); seldom (); never ().
- 3. Frequency of investment in options: often (); occasionally (); seldom (); never ().
- 4. Frequency of investment in securities purchased on margin: often (); occasionally (); seldom (); never ().
- 5. Frequency of investment in illiquid securities: often (); occasionally (); seldom (); never ().

6. Please indicate any previously purchased securities, sold in reliance on private offering exemptions from registration under the 1933 Act, within the past 3 years.

<u>Year</u>	<u>Nature of Security</u>	<u>Issuer</u>	<u>Business of Issuer</u>	<u>Total Amount Invested</u>

7. Indicate in the space provided below any additional information which you think may be helpful in determining that your knowledge and experience in financial and business matters is sufficient to enable you to evaluate the merits and the risks of investing in the restricted securities offered pursuant to the Memorandum of which this forms a part.

I hereby acknowledge that the foregoing statements are true and accurate to the best of my information and belief, and that I will promptly notify the Manager of any changes in the foregoing answers. I further acknowledge that I have requested and hereby authorize the above-named individual to act as a Purchaser Representative in connection with the evaluation of the merits and risks of a prospective investment by the corporation, partnership, trust, entity, or me in the LLC and that I have read and understood the Purchaser Representative Questionnaire delivered to you herewith.

IN WITNESS WHEREOF, I have executed this questionnaire this ____ day of _____, 200__.

Place of Execution: _____

Signature

Printed Name

Title, if Applicable

The Cry, LLC

SUBSCRIPTION APPLICATION AND AGREEMENT

Santo, LLC, Manager
The Cry, LLC
1173A Second Avenue, #183
New York, New York 10021
Attn: Bernadine Santistevan

Dear Bernadine:

- A. I hereby make application for the number of The Cry, LLC limited liability company interests ("Units") set forth below, which are being offered in The Cry, LLC, pursuant to the Confidential Private Placement Offering Memorandum ("Memorandum") associated with such Offering and dated as of **June 1, 2004**.
- B. I am herewith tendering payment for the subscribed for Units by delivering a check payable to **The Cry, LLC**, in the amount of \$_____ (\$5,000 per Unit) or an approved purchase of a fractional Unit).

I understand that the offering of Units will terminate on or before **June 1, 2005**, unless extended by the Manager. In the event that my subscription is not accepted all documents and funds delivered by me will be returned promptly to me without deduction. Upon receipt of such funds I will forthwith return the Memorandum to the Manager. In the sole discretion of the Manager, less than the full number of Units subscribed for by me may be accepted, whereupon the excess funds tendered by me will be returned promptly.

It is understood that this subscription is not binding unless and until it is accepted by the Manager. I also understand and agree that my subscription for Units shall not be deemed binding upon the Manager until the funds paid by me clear and are credited to the special segregated interest-bearing account set up by the Manager to hold Subscriber funds.

- C. I acknowledge that either (a) I have not utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act of 1933, as amended); or (b) if I have utilized the services of a Purchaser Representative, such Purchaser Representative's identity is disclosed in my purchaser Questionnaire. Such person(s) disclosed assisted me in evaluating my investment as contemplated herein and I have been advised by my Purchaser Representative, if any, as to the merits and risks of the investment in general and the suitability of the investment in particular. My purchaser Representative, if any, has confirmed to me in writing in the past, present, or future material relationship, actual or contemplated, between the Purchaser Representative and any entity or its affiliates described in the Memorandum.

I acknowledge that I have received, read, understand, and am familiar with the Memorandum, including all attachments and exhibits thereto and hereby agree that all of the terms and conditions set out in such Memorandum are incorporated herein by reference as if included within this Subscription Application and Agreement.

I further acknowledge that, except as set forth in the Memorandum, no representations or warranties have been made to me, or to my advisors, by the Manager or by any person acting on behalf of the Manager, with respect to the proposed business contemplated by the LLC, the deductibility of any item for tax purposes, and/or the economic, tax, or any other aspects or consequences of a purchase of Units, and that I have not relied upon any information concerning the Offering, written or oral, other than that contained in the Memorandum.

I further acknowledge that I have received, completed, and returned to the Manager the Purchaser Questionnaire relating to my general ability to bear the risks of an investment in the LLC and my suitability as a Purchaser in the Offering, and I hereby affirm the correctness of my answers therein.

- D. I further represent and warrant to the Manager and its Counsel as follows:
1. 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 this LLC;

2. I have the basic means to provide for my current needs and personal contingencies, have no need for liquidity in this investment and have the ability to bear the economic risks of this investment, including loss of the investment;
3. I am acquiring the Units for my own account for a long-term investment and not with a view towards the resale or distribution thereof and have no present intention of selling or granting any participation in, or otherwise distributing, the Units;
4. My overall commitment to investments is not disproportionate to my net worth and the investment in these Units will not cause such overall commitment to become excessive;
5. I have read and understood the Memorandum and all accompanying Exhibits; and
6. I am either:
 - a. An individual whose net worth (jointly with spouse and including home furnishings and automobiles) is at least \$1 million dollars; or
 - b. An individual with an income in the two prior years and an estimated income in the current year in excess of \$200,000 or joint income with spouse of \$300,000 [for individuals, "income" shall mean your adjusted gross income as reported on your Federal tax returns increased by (i) any deduction for long term capital gain, (ii) any deduction or depletion, (iii) any exclusion for interest, and (iv) any losses allocated to you as an individual]; or
 - c. An individual whose net worth (exclusive of home, home furnishings and personal automobiles) is at least \$500,000 or the investment in the LLC does not represent more than 10% of my net worth or
 - d. A corporation, partnership, or other organization (an "entity") in which either
 - (i) Each shareholder, partner, or equity owner (as appropriate) individually satisfies the net worth or income standards set forth in the foregoing clauses (a) or (b); or
 - (ii) The organization is (A) an institutional investor as defined in Rule 501(a)(1) of the Securities and Exchanges Commission, (B) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, or (C) an organization described in Section 501 (c)(3) of the Internal Revenue Code with assets in excess of \$5,000,000.
7. In addition to the representations and warranties made in the preceding subparagraphs (1) and (2), I am a resident of (or the purchasing entity that I represent is domiciled in) the state or states noted in the preceding Purchaser Questionnaire and indicated below. I hereby acknowledge by date and my signature below that I have read, understand, and acknowledge the Legend(s) and/or Purchaser Representation(s), if any, that apply to such state(s) as set out in "Blue Sky Regulations or Multi-State Securities Law Notices" below.
8. I have been represented by such legal and tax counsel and others, each of whom has been personally selected by me, as I have found necessary to consult concerning this transaction, and such representation has included an examination of applicable documents and an analysis of all tax, financial, recording and securities law aspects thereof. I, my counsel, my advisers, and such other persons with whom I have found it necessary or advisable to consult, have sufficient knowledge and experience in business and financial matters to evaluate both the information set forth in the Memorandum and the risks of the investment, and to make an informed investment decision with respect thereto.
9. With respect to the tax aspects of my investment, I am relying solely upon the advise of my own personal tax advisors, and upon my own knowledge with respect thereto.
10. By signing the Subscription Agreement, I hereby specifically consent to the methods set forth in the Operating Agreement and Memorandum by which allocations of net income, net loss, tax credits and other items are made as an express condition to becoming a Unit holder.
11. The Manager has made available to me, my counsel and my advisors, prior to the date hereof, the opportunity to ask questions of, and to receive answers from, its principals and their representatives concerning the terms and conditions of the Offering and access to any information, documents, financial statements, records and books (i) relating to the LLC, the Manager, the business, the Offering and an investment in the Units, and (ii) necessary to verify the accuracy of any information furnished to me. All materials and information required by either me, my counsel,

my advisors, or others representing me, including any information required to verify any information furnished, have been made available and examined. I have been advised that the books and records of the Manager as such relates to the LLC will be available upon reasonable notice for inspection by purchasers during reasonable business hours at the LLC's principal place of business.

12. I understand that the Units have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), nor pursuant to the provisions of the securities or other laws of any other applicable jurisdictions, in reliance upon the exemption for private offerings contained in Section 4(2) of the 1933 Act, Regulation D promulgated thereunder, and the laws of such jurisdictions. I am fully aware that the interest subscribed to by me is to be sold to me in reliance upon such exemptions based upon my representations, warranties, and agreements. I am fully aware of the restrictions on sale, transferability, and assignment of the Units, and that I must bear the economic risk of my investment in the Units for an indefinite period of time because the Units have not been registered under the 1933 Act or an exemption from such registration is available.
 13. My execution and delivery of this Subscription Application have been duly authorized by all necessary action. I will not transfer or assign this Subscription Application or any of my interest herein without complying with the procedure set forth in the Memorandum. I am acquiring the Units hereunder for my own account and not for the account of others and for investment purposes only and not with a view to or for the transfer, assignment, resale, or distribution thereof, in whole or in part. I have no present plans to enter into any such contract undertaking, agreement or arrangement.
 14. I agree that I shall not cancel, terminate or revoke this Application or any agreement of the undersigned made hereunder and that this Application shall survive the death or disability of the undersigned, except as provided in Section B of this Application, or pursuant to the laws of the applicable jurisdiction.
 15. I am aware that the Manager has limited financial or operating history and that the Units are speculative investments involving a high degree of risk.
 16. I recognize that a certain amount of flexibility in such a program is necessary and I understand that the Manager has reserved, and I hereby specifically authorize a considerable amount of discretion to be exercised by the Manager in numerous matters relating to the Offering and LLC as described in the Memorandum and the Operating Agreement.
 17. I understand and agree that as a condition to any subscription for Units and as set forth in the Operating Agreement, I hereby appoint Bernadine A. Santistevan as my true and lawful attorney, with full power of substitution, to sign the Operating Agreement in the form attached to the Memorandum as Exhibit A, and assume all rights and responsibilities set forth therein. My ownership interest in the Company shall be governed solely in accordance with such Operating Agreement, the Company's Articles of Organization and the New York Limited Liability Company Law as amended from time to time.
 18. The address set forth below is my true and correct residence, and I have no present intention of becoming a resident of any other state or jurisdiction.
 19. I understand the meaning and legal consequences of the foregoing representations and warranties, which are true and correct as of the date hereof and will be true and correct as of the date of my purchase of the Units subscribed for herein. Each such representation and warranty shall survive such purchases.
- E. I hereby agree to indemnify and hold harmless the Manager and its affiliated persons including the Manager's Counsel from any and all damages, losses, costs, and expenses (including reasonable attorney's fees) that they, or any of them, may incur by reason of my failure, or alleged failure, to fulfill any of the terms and conditions of this subscription or by reason of my breach of any of my representations and warranties contained herein.
- F. All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, to the undersigned at my address set forth below and to The Cry, LLC, ATTN: BERNADINE SANTISTEVAN, SANTO, LLC, Manager, 1173A Second Avenue, #183, New York, New York 10021.
- G. Notwithstanding the place where this agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the state of New York.

H. This agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

I. **MULTI-STATE (“BLUE SKY”) SECURITIES LAW NOTICES:**

In addition to the representations and warranties made in the preceding paragraphs, I am resident of (or the purchasing entity that I represent is domiciled in) the state or states noted in the preceding Purchaser (or Purchaser Representative) Questionnaire and indicated below. I hereby acknowledge by date and my signature below that I have read, understand, and agree with the legend(s) and or purchaser representation(s), if any, that apply to such state(s) as set out below. I affirm that I understand that some state exemptions do not require legends and purchaser representations.

1. **NEW MEXICO:** These securities are being offered in reliance upon the New Mexico Uniformed Limited Offering Exemption, promulgated under N.M.S.A 1978§ 58-13B-28D, as 12.11.13.1 through 12.11.13.17 NMAC (2003) or other available New Mexico transaction exemptions. No specific legends are required.
2. **NEW YORK:** These securities are being offered in reliance upon on the interpretation of private offerings and G.B.L. art 23-A § 359-(c) (“The Martin Act”) contained in People v. Landes 84 N.Y. 2d 655 (1994), or other available New York transaction exemptions. No specific legends are required.
3. **PENNSYLVANIA:** These securities are being offered in reliance upon Pa. Code § 203(s) or other available Pennsylvania transaction exemptions. No specific legends are required.

IN WITNESS WHEREOF, I have executed this Subscription Application this ____ day of _____, 20____.

Individuals:

Entities:

Name

Name of Entity

Signature

Signature and Title

Name of Joint Tenant or
Tenant-in-Common, if any

Resident State

Signature of Joint Tenant or
Tenant-in-common, if any

Domicile State

TO BE COMPLETED BY ALL APPLICANTS:

of Units

Street Address

Telephone Number

Price per Unit is \$5,000,
payable in full, to "The
Cry, LLC" upon
subscription

City and State

Social Security Number

Paid \$_____ in cash

Name and Address of Purchaser
Representative, if any:

APPROVED AND ACCEPTED this ____ day of _____ 200_____.

Santo, LLC, Manager
The Cry, LLC

By _____
Bernadine A. Santistevan for Santo, LLC, Manager

(If a Purchaser Representative has been used, this Subscription Application must be accompanied by an executed Purchaser Representative Questionnaire.) **EACH SUBSCRIBER MUST ALSO COMPLETE AND EXECUTE THE REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION (IRS FORM W-9) WHICH ACCOMPANIES THESE SUBSCRIPTION DOCUMENTS.**

CERTIFICATE OF CORPORATE RESOLUTION

The undersigned, Secretary of _____ (the "Corporation"), a corporation, does hereby certify that said corporation is duly organized and existing under the laws of the State of _____; that all franchise and other taxes required to maintain its corporate existence have been paid when due and that no such taxes are delinquent; that no proceedings are pending for the forfeiture of its Certificate of Incorporation or for its dissolution, voluntarily or involuntarily; that it is duly qualified to do business in its state of incorporation and is in good standing in such State; that there is no provision of the Articles of Incorporation or by-laws of said corporation limiting the power of the Board of Directors to pass the resolutions set out below and that the same are in conformity with the provisions of said Articles of Incorporation and by-laws; that the Secretary is the keeper of the records and minutes of the proceedings of the Board of Directors of said corporation and that on _____, 200__, the following resolutions were duly and legally adopted in writing by the unanimous consent of all Directors, which unanimous consent was and is in the form required by and in conformity with the by-laws of the corporation and by law and that the same have not been altered, amended, rescinded or repealed and are now in full force and effect.

RESOLVED: that the Corporation purchase _____ Units (interests in The Cry, LLC), for the price and upon the terms described in the associated Offering Memorandum dated **June 1, 2004** and

FUTHER RESOLVED that _____, who holds the office of _____ with the Corporation be authorized, directed, and empowered to execute such instruments and documents as may be required in connection with the purchase of such Units including, but not limited to a Purchaser Questionnaire, Subscription Application, and such further and additional documents or instruments required in connection with such purchase.

The undersigned does hereby certify that the following person is the officer of the Corporation authorized to act and sign in accordance with the foregoing resolution:

Name

Office

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of said Corporation and have attached hereto the official seal of said Corporation, on this _____ day of _____, 200__.

(Corporate Seal)

Secretary

Request for Taxpayer Identification Number and Certification

Give form to the
 requester. Do not
 send to the IRS.

Print or type See Specific Instructions on page 2.	Name	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶	
	<input type="checkbox"/> Exempt from backup withholding	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 3.

Social security number																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25px; border: 1px solid black;"> </td> </tr> </table>																				
or																				
Employer identification number																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25px; border: 1px solid black;"> </td> </tr> </table>																				

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here	Signature of U.S. person ▶	Date ▶
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Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a **nonresident alien or a foreign entity** not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments (29% after December 31, 2003; 28% after December 31, 2005). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will **not** be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your **individual** name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, **enter the owner's name on the "Name" line.** Enter the LLC's name on the "Business name" line.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note: *You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).*

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: *If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.*

Exempt payees. Backup withholding is **not required** on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
2. The United States or any of its agencies or instrumentalities;
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
5. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

6. A corporation;
7. A foreign central bank of issue;
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;

9. A futures commission merchant registered with the Commodity Futures Trading Commission;

10. A real estate investment trust;

11. An entity registered at all times during the tax year under the Investment Company Act of 1940;

12. A common trust fund operated by a bank under section 584(a);

13. A financial institution;

14. A middleman known in the investment community as a nominee or custodian; or

15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

If the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are **not exempt** from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a Federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a **resident alien** and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a **sole proprietor** and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a **single-owner LLC** that is disregarded as an entity separate from its owner (see **Limited liability company (LLC)** on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note: See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5**, Application for a Social Security Card, from your local Social Security Administration office or get this form on-line at www.ssa.gov/online/ss5.html. You may also get this form by calling 1-800-772-1213. Use **Form W-7**, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or **Form SS-4**, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web Site at www.irs.gov.

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see **Exempt from backup withholding** on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA or Archer MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or single-owner LLC	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 30% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.



Confidential Private
Placement Offering Memorandum

Memorandum No. _____
For the exclusive use of:

(Name of Prospective Investor)

THE CRY, LLC
A New York Limited Liability Company

\$100,000 to \$500,000
of
Limited Liability Company Interests (Units)
Offered in 20 to 100 Units of \$5,000 Per Unit

Unless Extended, Offering Terminates On June 1, 2005

The Cry, LLC is a New York Limited Liability Company, with the purpose of financing, producing, owning, distributing and otherwise exploiting a feature film (see "BUSINESS PLAN - Film Description").

Minimum Purchase - One (1) Unit (\$5,000)
Except that under limited circumstances the Manager has the discretion to sell fractional Units.

	Offering Price	Commissions	Proceeds to LP
Unit Price	\$ 5,000	\$ 0	\$ 5,000
Minimum	\$ 100,000	\$ 0	\$ 100,000
Maximum	\$ 500,000	\$ 0	\$ 500,000

THE OFFER AND SALE OF THE PRE-FORMATION LIMITED LIABILITY COMPANY INTERESTS (UNITS) DESCRIBED HEREIN ARE NOT BEING REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE'S SECURITIES ACTS IN RELIANCE UPON AVAILABLE EXEMPTIONS FROM SUCH ACTS' REGISTRATION REQUIREMENTS. UNITS PURCHASED HEREUNDER MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF BY AN INVESTOR UNLESS SUCH UNITS ARE SO REGISTERED OR IN THE OPINION OF THE MANAGERS' COUNSEL EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. TRANSFER OF UNITS IS ALSO SUBJECT TO RESTRICTIONS IN THE OPERATING AGREEMENT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION AND NO SUCH COMMISSION HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED

PURCHASE OF THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK.
(See "REQUIRED NOTICES - Risk Factors")

Santo, LLC - Manager

1173A Second Avenue, #183
New York, NY 10021
212/588-0126

Date of Memorandum: June 1, 2004

NOTICE

For the convenience of Prospective Purchasers, certain terms used in this Memorandum are defined in the Definitions section located in the forepart of the Operating Agreement (Exhibit "A"). Such defined terms will appear in the Memorandum with initial capital letters (see "OPERATING AGREEMENT").

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(The Cry, LLC Subscription Documents
accompany this Memorandum in a separate packet.)

I. SUMMARY OF OFFERING

A. LLC Objectives

The Cry, LLC intends to finance and produce one (1) feature film ("Motion Picture" or "Picture") with an estimated production budget in the \$100,000 to \$500,000 range. Deferments may be used in conjunction with the Offering proceeds, in particular to reach the low-end budget figure. In addition, the Limited Liability Company (LLC) may engage in distribution activities for such Picture through a joint venture or otherwise, so as to:

- a) provide a reasonable return on investment for the LLC's Members; and
- b) reduce the downside risk to investors by financing, producing and owning a low budget feature film.

There is no assurance that such objectives will be attained (see "RISK FACTORS").

B. LLC Manager

The Manager for the LLC is Santo, LLC, whose address is 1173A Second Avenue, #183, New York, NY 10021; telephone 212-588-0126 (see biographical information on Bernadine A. Santistevan in the "BUSINESS PLAN").

C. LLC Management

The Manager will be responsible for the management of the LLC (see "OPERATING AGREEMENT"). The Manager may be supported in its LLC management activities by appropriate staff and consultants.

D. Description of Film Project

If the Offering is funded (i.e., net proceeds after offering and organization expenses plus pre-sales, if any, equal the budget of the Film), the LLC intends to produce and arrange for distribution of a single feature film based on a specified and existing film property, (i.e., the Screenplay entitled: *The Cry (La Llorona)*). The Cry is a contemporary, edgy, horror film about a New York City detective who, when confronted with La Llorona -- a Medea-like ghost with a following of 20 million U.S. Latinos, must face his own demons and decide if he is with La Llorona or against her. The Picture is expected to receive an MPAA rating of "R" (see "BUSINESS PLAN - Story Synopsis" and "OFFERING INFORMATION - Estimated Use of Proceeds").

E. Compensation To Manager

The Manager will waive receipt of any compensation relating to the activities of the LLC in the nature of LLC organization and management fees. The Manager has reserved its rights, however, to be reimbursed out of the Offering Proceeds for expenses incurred in connection with the LLC and certain other valuable consideration will be paid to the Manager for the services of the Manager's owner in connection with the production of the Picture (see "OFFERING INFORMATION - Manager and Affiliate Compensation").

F. Prior Performance

The Manager's owner has prior operating history with respect to the management of Santo, LLC a production and consulting limited liability company. Also, the Manager and its associates prior experience in the entertainment business (see "BUSINESS PLAN - Key Principal").

G. Investor Suitability

Units will only be sold to investors who meet the Offering's investor suitability standards as set out below (see "REQUIRED NOTICES - Investor Suitability Standards").

H. Allocation of Distributions Profits, Losses and Credits

Percentage participation payments will be made to Members out of Distributable Cash. Because of tax considerations the Manager must maintain at least a one percent (1%) interest in LLC revenue at all times. Thus, for this Offering, ninety percent (90%) of Distributable Cash will be paid to the Members and ten percent (10%) of Distributable Cash will be paid to the Manager until the Members achieve Recoupment (i.e., specially defined as 120% of their Original Invested Capital). Subsequent to Investor Recoupment, and for the balance of the life of the LLC, the Manager and the Investor group (Members) will share Distributable Cash, if any, on a 50/50 basis. Tax deductible losses (expenses) will be allocated ninety-nine percent (99%) in favor of the Members throughout the existence of the Members' participation interests in the LLC's Distributable Cash (see "OPERATING AGREEMENT" and "OFFERING INFORMATION - Estimated Use of Proceeds", "Manager Compensation" and "Allocations and Percentage Participations"). NO TAX DISCUSSION OR OPINION REGARDING THE INDIVIDUAL TAX CONSEQUENCES FOR ANY INDIVIDUAL INVESTOR IS PROVIDED HEREIN.

I. Offering Terms

Limited Liability Company Units are being offered hereby in Units of **\$5,000** each, payable in cash upon Subscription. The minimum purchase per Subscriber is **one (1) Unit (\$5,000)**, except that in limited circumstances the Manager has the discretion to accept purchases of fractional Units from qualified investors (see "REQUIRED NOTICES-Investor Suitability Standards"). The Offering will terminate on **June 1, 2005** unless, in the discretion of the Manager, the Offering is extended up to one year from the end date of the Offer.

J. State Date of Organization and Termination

The LLC is a New York limited liability company formed prior to the actual funding of the minimum level of Offering Proceeds. The Operating Agreement provides that the existence of the LLC shall continue for a term of **ten (10)** years from the date of its formation, unless sooner terminated pursuant to the terms of the Operating Agreement. Upon termination of the LLC, the proceeds from the sale of all LLC assets will be distributed in accordance with the terms of the Operating Agreement (see "OPERATING AGREEMENT").

K. Risk Factors and Conflicts of Interest

Investment in the LLC involves various risks including certain Federal income tax risks,

risks associated with the lack of liquidity of the investment, risks associated with the motion picture industry and various potential conflicts of interest (see "REQUIRED NOTICES - Risk Factors" and "Conflicts of Interest").

L. Tax Ruling

The Manager does not intend to apply for a ruling from the IRS regarding the LLC's tax status as a limited liability company, and no discussion of the tax consequences of an investment in this Offering are provided in this memorandum. PROSPECTIVE INVESTORS ARE URGED TO OBTAIN TAX ADVICE SPECIFIC TO THEIR OWN INDIVIDUAL CIRCUMSTANCES FROM A TAX ADVISOR OF THEIR CHOOSING.

II. REQUIRED NOTICES

A. Federal and State Notices

THERE IS NO PUBLIC MARKET FOR THESE UNITS AND, BECAUSE THERE ARE EXPECTED TO BE ONLY A LIMITED NUMBER OF INVESTORS AND SINCE CERTAIN RESTRICTIONS RELATING TO INVESTOR SUITABILITY AND IMPOSED BY THE OPERATING AGREEMENT EXIST AS TO THE TRANSFERABILITY OF UNITS, NO ASSURANCES CAN BE GIVEN THAT SUCH A MARKET WILL DEVELOP. THE UNITS MAY NOT BE RESOLD WITHOUT REGISTRATION OR QUALIFICATION UNLESS AN EXEMPTION IS AVAILABLE WITH THE APPROPRIATE GOVERNMENTAL SECURITIES AGENCIES. IN ADDITION, SUCH UNITS WILL NOT BE TRANSFERABLE EXCEPT UNDER CERTAIN LIMITED CONDITIONS SET FORTH IN THE OPERATING AGREEMENT. CONSEQUENTLY, UNITS SHOULD ONLY BE CONSIDERED FOR PURCHASE AS LONG-TERM INVESTMENTS (SEE "REQUIRED NOTICES - RISK FACTORS" AND THE "OPERATING AGREEMENT").

THIS LLC IS A NEW VENTURE IN A HIGH RISK BUSINESS, AND INVESTORS WHO CANNOT AFFORD A HIGH RISK INVESTMENT, WHICH MAY BE LOST IN ITS ENTIRETY, ARE ADVISED AGAINST AN INVESTMENT IN THE LLC.

THE OBLIGATIONS AND REPRESENTATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE AND ARE SET FORTH ONLY IN THIS OFFERING MEMORANDUM, THE OPERATING AGREEMENT ATTACHED HERETO, AND THE SUBSCRIPTION AGREEMENT REQUIRED TO BE SIGNED BY EACH INVESTOR/MEMBER. THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM HAS BEEN OBTAINED FROM SOURCES DEEMED RELIABLE BY THE MANAGER AND WHERE APPROPRIATE SUCH SOURCES HAVE BEEN CITED.

THE IRS MAY, AS TO CERTAIN MATTERS DISCUSSED IN THIS OFFERING MEMORANDUM, INTERPRET INCOME TAX STATUTES AND REGULATIONS IN A MANNER DETRIMENTAL TO THE LLC AND ONE OR MORE OF ITS MEMBERS. SHOULD THIS HAPPEN, A MEMBER'S INCOME TAX RETURN MAY BE AUTOMATICALLY ADJUSTED BY THE IRS, MAY HAVE TO LITIGATE THE MATTER AT CONSIDERABLE EXPENSE OR MAY HAVE TO SUBMIT TO AN AUDIT OF SUCH MEMBER'S INDIVIDUAL INCOME TAX RETURN THAT MIGHT CAUSE OTHER TAX CONSEQUENCES NOT ASSOCIATED WITH THE LLC.

THE CONTENTS OF THIS OFFERING MEMORANDUM ARE NOT TO BE CONSTRUED AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT SUCH INVESTOR'S OWN ATTORNEY, ACCOUNTANT OR BUSINESS ADVISOR AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THIS INVESTMENT. ALL FINAL DECISIONS REGARDING

SALES OF UNITS WILL BE MADE BY THE MANAGER WHO RESERVES THE RIGHT TO REVOKE THE OFFER AND TO REFUSE TO SELL TO ANY PROSPECTIVE INVESTOR, IF, AMONG OTHER THINGS, THE PROSPECTIVE INVESTOR DOES NOT MEET THE SUITABILITY STANDARDS HEREINAFTER SET FORTH (SEE "REQUIRED NOTICES—SUITABILITY STANDARDS").

NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM SHOULD BE RELIED ON IN CONNECTION WITH THE OFFERING OF THESE UNITS EXCEPT FOR THIS OFFERING MEMORANDUM AND THE STATEMENTS CONTAINED IN IT. NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS OFFERING MEMORANDUM AND SUPPLEMENTAL LITERATURE REFERRED TO HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE LLC OR THE MANAGER. NO PERSONS, EXCEPT THE MANAGER OR ITS AGENTS HAVE BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR TO GIVE ANY INFORMATION, WITH RESPECT TO THE OFFERING OF THE UNITS OR THE PROPOSED OPERATIONS OF THIS LLC, EXCEPT THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION CONTAINED HEREIN SUBSEQUENT TO THE DATE HEREOF.

ANY DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS OTHER THAN AS SPECIFICALLY SET FORTH HEREIN, IS UNAUTHORIZED. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY IN ANY STATE OR TO ANY PERSON IN WHICH OR TO WHOM SUCH AN OFFER OR SOLICITATION WOULD NOT BE PERMITTED BY LAW.

B. Blue Sky (State) Notices:

1. **NEW MEXICO:** These securities are being offered in reliance upon the New Mexico Uniformed Limited Offering Exemption, promulgated under N.M.S.A 1978§ 58-13B-28D, as 12.11.13.1 through 12.11.13.17 NMAC (2003) or other available New Mexico transaction exemptions. No specific legends are required.
2. **NEW YORK:** These securities are being offered in reliance upon on the interpretation of private offerings and G.B.L. art 23-A § 359-(c) ("The Martin Act") contained in People v. Landes 84 N.Y. 2d 655 (1994), or other available New York transaction exemptions. No specific legends are required.
1. **PENNSYLVANIA:** These securities are being offered in reliance upon Pa. Code § 203(s) or other available Pennsylvania transaction exemptions. No specific legends are required.

C. NOTE WITH REGARD TO TO FOREIGN INVESTMENTS:

1. THE LIMITED LIABILITY COMPANY INTERESTS (UNITS) DESCRIBED HEREIN ARE NOT REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR ANY OTHER COUNTRIES' LAWS AND MAY NOT BE SOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS THE SECURITIES ARE REGISTERED UNDER THE ACT.
2. NO DISCUSSION OR OPINION REGARDING THE CONSEQUENCES FOR ANY INDIVIDUAL FOREIGN INVESTOR IS PROVIDED HEREIN, NOR MAY ANY ADVICE REGARDING FOREIGN INVESTMENT BE INFERRED. PROSPECTIVE INVESTORS ARE URGED TO OBTAIN LEGAL ADVICE SPECIFIC TO THEIR OWN INDIVIDUAL CIRCUMSTANCES FROM A LEGAL ADVISOR OF THEIR CHOOSING.
3. ACCEPTANCE OF YOUR SUBSCRIPTION IS EXPRESSLY CONDITIONED ON YOUR WILLINGNESS TO MAKE CERTIFICATIONS REGARDING YOUR QUALIFICATION UNDER APPLICABLE U.S. AND FOREIGN SECURITIES LAWS.

D. Investor Suitability Standards - Who Should Invest

1. **Introduction** - Investment in the LLC involves a certain degree of risk and is a suitable investment vehicle for those persons or entities of substantial financial means who have no need for liquidity in this investment. The success of the Offering depends on many factors beyond the control of the LLC and the Manager. Although the intent of the Manager and the purpose of the LLC is to secure substantial economic gain for all of the LLC's Members, Unit Holders may sustain a loss of their investment (see "REQUIRED NOTICES - Risk Factors").

In addition, transferability of these Units is restricted under the terms of the Operating Agreement and also under federal and state securities laws. There is no public market at present, nor is there likely to be one in the future, for these Units. These Units have not been registered under the Securities Act of 1933, as amended, and the Units cannot be sold unless they are either subsequently registered under that Act or an exemption from such registration is available. Transfers of Units generally will be subject to the requirement that any transferee meet the investor suitability standards as defined below. Also, transferors of Units may suffer adverse income tax consequences and NO DISCUSSION OR OPINION RELATING TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THIS OFFERING IS PROVIDED HEREIN. Thus, Prospective Purchasers should fully understand the consequences of such illiquidity and they should have the financial means sufficient to sustain them through the risks associated with a speculative, illiquid, long-term investment.

2. **General Investor Suitability Standards** - Each individual Subscriber must meet

the following general investor suitability standards and will be required to represent the following by signing the Subscription Agreement:

- a) such Subscriber has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in this LLC;
 - b) such Subscriber has the basic means to provide for his or her current needs and personal contingencies, has no need for liquidity in this investment and has the ability to bear the economic risks of this investment, including loss of the investment;
 - c) such Subscriber is acquiring the Units for his or her own account for a long-term investment and not with a view towards the resale or distribution thereof and has no present intention of selling or granting any participation in, or otherwise distributing, the Units;
 - d) such Subscriber's overall commitment to investments is not disproportionate to his or her net worth and the investment in these Units will not cause such overall commitment to become excessive; and
 - e) such Subscriber has read and understood this Memorandum and all accompanying Exhibits.
3. **Accredited Investors** - An unlimited number of Accredited Investors may be accepted as Unit Holders in the LLC by the Manager. Accredited investors include the following:
- a) those with a net worth (jointly with spouse and including home furnishings and automobiles) of \$1 million dollars;
 - b) persons with an individual income in the two prior years and an estimated income in the current year in excess of \$200,000 or joint income with spouse of \$300,000;
 - c) corporations or other entities with at least \$5 million in total assets;
 - d) certain institutional investors (see the SEC's Regulation D);
 - e) certain tax exempt organizations with assets in excess of \$5 million dollars;
 - f) any director, executive officer, general partner or manager of the issuer of the securities being offered or sold, or any director, executive officer, general partner or manager of a general partner of the issuer;
4. **Non-Accredited Investors** - No more than 35 Subscribers who are classified as non-Accredited investors will be accepted as Unit Holders in the LLC by the Manager. Non-Accredited investors are those who meet the general investor

suitability standards listed above, who do not meet the Accredited investor standards as deemed above and for this Offering must have a net worth (exclusive of home, home furnishings and personal automobiles) of at least **\$500,000** (if purchasing one Unit) or the investment in the LLC does not represent more than **10%** of such nonAccredited investor's net worth.

5. **Acceptance of Subscription by Manager** - The investor suitability requirements referred to above represent minimum requirements for Prospective Purchasers but do not necessarily mean that participation in the LLC constitutes a suitable investment or that the Subscriber's subscription will be accepted by the Manager. All Subscription Applications and Agreements submitted by Subscribers will be carefully reviewed by the Manager to determine the suitability of the Subscriber for this Offering. The Manager may in its sole discretion refuse acceptance of any Subscriber as a Unit Holder in the LLC.

If any representation made by a Prospective Purchaser or other party acting on such person's behalf misleads the Manager as to the financial or other circumstances of a particular Prospective Purchaser, or if, because of any error or misunderstanding as to such circumstances, a copy of this Memorandum is delivered to such Prospective Purchaser, the delivery of such copy of the Memorandum shall not be deemed to be an offer and such Memorandum must be returned to the Manager immediately.

6. **How to Subscribe** - An Investor who meets the qualifications set forth above may subscribe for Units. All Investors must complete the Subscription Application and Agreement and follow the special instructions printed on the cover page thereof. Completed Subscription Application and Agreements should be delivered as specified therein. Payment for subscriptions must be made at the time of subscription. By executing a Subscription Application and Agreement, the Subscriber agrees to be bound by the terms of the Operating Agreement and authorizes the Manager to serve as the subscriber's attorney-in-fact for certain purposes (see "OPERATING AGREEMENT"). The Operating Agreement is set forth in full as Exhibit "A" of the Offering Memorandum.

E. Risk Factors

Investment in the LLC involves various risks relating both to the nature of the financing vehicle (a limited liability company) and the movie industry itself and such investment is therefore suitable only for persons or entities with the financial capability of making and holding long-term investments. Prospective Purchasers should consider the following factors, among others, before making a decision to purchase interests:

1. **LLC Risks**
 - a) **Reliance on Management** - All decisions with respect to the management of the LLC will be made exclusively by the Manager. The success of the LLC will, to a large extent, depend on the quality of the management of the LLC. In particular, the LLC will depend on the services of the individual owner of the

Manager, Bernadine Santistevan, along with others associated with the Manager (see "BUSINESS PLAN – Key Principal"). Although the Manager believes that such person has the necessary business and motion picture experience to supervise the management of the LLC, there can be no assurance that such persons will perform adequately or that LLC operations will be successful. Unit Holders will have no right or power to take part in the management of the LLC. Accordingly, no person should purchase any of the Units offered hereby unless such Prospective Purchaser is willing to entrust all aspects of the management of the LLC to the Manager and has evaluated the Manager's capabilities to perform such functions.

- b) **Limited Transferability** - It is not anticipated that a public trading market will develop for the Units offered hereby. Unit Holders may not, therefore, be able to liquidate their investments in the event of an emergency. In addition, Units may not be readily accepted as collateral for loans. Also, the Manager may not permit an assignee of Units to become a substituted Member. Consequently, the purchase of Units should be considered only as a long-term investment.
- c) **LLC Status** - The LLC will not apply for an IRS ruling that it will be classified as a partnership, rather than an association taxable as a corporation, for Federal income tax purposes, and no discussion or opinion regarding tax matters is provided herein. The IRS may, upon audit, determine that for tax purposes, the LLC is an association taxable as a corporation. Further, there is the possibility that the Treasury could amend its regulations, and if such action were retroactive, the tax status of the LLC might be adversely affected. The Manager would cause the LLC to vigorously contest any contention by the IRS that the LLC constitutes an association taxable as a corporation. In the event the LLC is treated for tax purposes as an association, the effective yield on an investment in the Units could be reduced because certain of the tax benefits associated with the Offering would not be available.
- d) **Tax Considerations** - In evaluating the purchase of Units as an investment, a Prospective Purchaser should consider the tax risks thereof, including (i) the possible reallocation of net income and net loss and credits; (ii) the tax liability resulting from a sale or other disposition of such Purchaser's Units, or a sale or other disposition of the Picture, including income, a portion of which may be taxed at ordinary income rates; (iii) the risk that the LLC will be treated as an association taxable as a corporation for Federal income tax purposes; (iv) the possibility that the deductions taken by the LLC in a taxable year might not be allowed in such year

or that certain expenses may be required to be capitalized; (v) the risk that a Purchaser's tax liability may exceed such Purchaser's share of cash distributions for a particular tax year; (vi) the possibility that an audit of the LLC's information returns may result in the disallowance of the LLC's deductions, and in an audit of such Purchaser's tax return; and (vii) possible adverse changes in the tax laws and their interpretation. No discussion or opinion relating to tax issues associated with an investment in this Offering are provided in this Memorandum, thus prospective investors should seek the advice and counsel of their own tax advisors.

- e) **Manager Conflicts of Interest** - The Manager is not required to render exclusive services in connection with the Picture or the LLC. Consequently, the Manager may render services in connection with other business projects, including entertainment projects, during any or all phases of production or distribution of the Picture. In addition, in order to close the Offering, the Manager may become a purchaser of LLC Units, in which case the Manager will also be an LLC Member/Investor. Such a dual role may create unforeseen conflicts, however, the Manager represents that it will use its best judgment to act in the best interests of the Member/Investors in the conduct of the LLC's business.
- f) **Loss Of Limited Liability** - The Operating Agreement provides that no Member or Unit Purchaser shall be personally liable for any of the debts, contracts or other obligations of the LLC or for any losses thereof, beyond the amount subscribed for by each Member in the LLC plus such Member's share of the undistributed LLC income. The Operating Agreement further provides that the Members and Unit Purchasers will not have any right to take part in, or interfere with, the control of the business of the LLC (see "OPERATING AGREEMENT").

Notwithstanding the foregoing, in the event any Unit Purchaser does take part in the control of the business of the LLC, or is for any reason deemed to have taken part in such control, such Unit Purchaser may incur personal liability for all debts and obligations of the LLC. In addition, a Unit Holder who has received in part or full a return of such Unit Holder's contribution, nevertheless remains liable for any sum, not in excess of such return with interest, necessary to discharge the LLC's liability to creditors who extended credit, or whose claim arose, before such return. Unit Holders may also be required to return to the LLC any distributions determined to be conveyances which operate a fraud upon LLC creditors.

- g) **Indemnification** - The Operating Agreement provides that under

certain circumstances the Manager will be indemnified by the LLC for any liabilities or losses arising out of such Manager's activities in connection with the LLC. Indemnification under such provision could reduce or deplete the assets of the LLC.

2. Movie Industry Risks

- a) **Competitive Industry** - Some segments of the motion picture industry are highly competitive. In the production phase, competition will affect the LLC's ability to obtain the services of preferred performers and other creative personnel. The LLC will be competing with the producers of other films in arranging for distribution in all available markets and media. In the distribution phase, competition will limit the availability of such markets and media required for the successful distribution of the Picture. The Picture will be competing directly with other motion pictures and indirectly with other forms of public entertainment. The LLC will compete with numerous larger motion picture production companies and distribution companies which have substantially greater resources, larger and more experienced production and distribution staff and established histories of successful production and distribution of motion pictures.
- b) **Commercial Success** - Many films are released each year which are not commercially successful and fail to recoup their production costs from United States theatrical distribution. Foreign and ancillary markets have, therefore, become increasingly important. Although both foreign and ancillary markets have grown, neither provides a guarantee of revenue. Licensing of a motion picture in the ancillary markets is particularly dependent upon performance in domestic theatrical distribution. If a motion picture is not an artistic or critical success or if, for any reason, it is not well-received by the public, it may be a financial failure.
- c) **Production** - Particularly as produced by independent filmmakers, each motion picture is a separate business venture with its own management, employees and equipment and its own budgetary requirements. There are substantial risks associated with film production, including death or disability of key personnel, other factors causing delays, destruction or malfunction of sets or equipment, the inability of production personnel to comply with budgetary or scheduling requirements and physical destruction or damage to the film itself. Significant difficulties such as these may materially increase the cost of production or may cause the entire project to be abandoned.
- d) **Audience Appeal** - The ultimate profitability of any motion picture depends upon its audience appeal in relation to the cost of its production and distribution. The audience appeal of a given motion picture depends, among other things, on unpredictable critical reviews and changing public tastes and such appeal cannot be

anticipated with certainty.

- e) **Premature Abandonment** - The production or distribution of the Picture may be abandoned at any stage if further expenditures do not appear commercially feasible, with the resulting loss of some or all of the funds previously expended on the development, production or distribution of the Picture, including funds expended in connection with the development of the Screenplay and the pre-production of the Picture.
- f) **Cost Overruns** - The costs of producing motion pictures are often underestimated and may be increased by reason of factors beyond the control of the producers. Such factors may include weather conditions, illness of technical and artistic personnel, artistic requirements, labor disputes, governmental regulations, equipment breakdowns and other production disruptions. While the LLC intends to engage production personnel who have demonstrated an ability to complete films within the assigned budget, the risk of a film running over budget is always significant and may have a substantial adverse impact on the profitability of the Picture.
- g) **Distribution** - The profitable distribution of a motion picture depends in large part on the availability of one or more capable and efficient distributors who are able to arrange for appropriate advertising and promotion, proper release dates and bookings in first-run and other theatres. There can be no assurance that profitable distribution arrangements will be obtained for the Picture or that the Picture can or will be distributed profitably.
- h) **Long Term Project** - The production and distribution of a motion picture involves the passage of a significant amount of time. Pre-production on a picture may extend for two to three months or more. Principal photography may extend for several weeks or more. Post-production may extend from three to four months or more. Distribution and exhibition of motion pictures generally and of the Picture may continue for years before LLC Gross Revenues or Distributable Cash may be generated, if at all.
- i) **Foreign Distribution** - Foreign distribution of a motion picture (i.e., outside the United States and Canada) may require the use of various foreign distributors. Some foreign countries may impose government regulations on the distribution of films. Also revenues derived from the distribution of the Picture in foreign countries, if any, may be subject to currency controls and other restrictions which may temporarily or permanently prevent the inclusion of such revenue in Gross LLC Revenues.
- j) **Investor Last In Line** - A motion picture typically goes from the producer to the distributor who in turn may send it to territorial sub-distributors, who send it to theatrical exhibitors. The box

office receipts generated by a motion picture travel this same route in reverse. The exhibitor takes a cut and sends the balance to the sub-distributor, who takes a cut and sends the balance to the distributor, who takes a cut and sends the balance to the producer. The problem for the private investors with this system is that such investors, who have had their money at risk for the longest time, are at the tail end of the box office receipts chain. Thus, if the LLC, in negotiating a distribution deal, has to rely heavily on a participation in some defined level of the Film's revenue stream, revenues to the LLC and thus Purchasers of Units are likely to be the last in line to benefit from such a revenue stream, if any.

- k) **Industry Changes** - The entertainment business in general, and the motion picture business in particular, are undergoing significant changes, primarily due to technological developments. These developments have resulted in the availability of alternative forms of leisure time entertainment, including expanded pay and basic cable television, syndicated television, video cassettes, video discs and video games. Revenues from licensing of motion pictures to such media will vary from year to year relative to each other. The level of theatrical success remains a critical factor in generating revenues in these ancillary markets. It is impossible to accurately predict the effect that these and other new technological developments may have on the motion picture industry (see "MOTION PICTURE INDUSTRY OVERVIEW").

F. Conflicts of Interest

The Manager may be subject to various conflicts of interest in managing the LLC. These conflicts may include:

1. **Receipt of Fees and Other Compensation by the Manager** - LLC transactions may result in the reimbursement of certain expenses and in the payment of percentage participations in several stages of the Picture's revenue to the Manager as its interest in the LLC. The Manager has a certain amount of discretion with respect to decisions relating to such transactions (see "OFFERING INFORMATION - Manager Compensation" and the definitions of "Distributable Cash" and "LLC Gross Revenues" in the "OPERATING AGREEMENT - Glossary").
2. **Non-Arm's Length Agreements** - All agreements and arrangements relating to compensation between the LLC and the Manager will not be the result of arm's length negotiations. Therefore, they may not be as favorable to the LLC as agreements which were the result of arm's length negotiations.
3. **Competition For Time And Service** - The Manager's owner may be an officer and/or director of other organizations during the course of the Offering or the production and distribution of the Picture. Accordingly, conflicts of interest may arise in managing the affairs of the LLC and other such entities with

respect to allocating time between such entities and the LLC. Competition with the LLC for the time and service of common managers, officers, directors and/or shareholders may occur. The Manager's owner will devote such time to the affairs of the LLC, as she, within her sole discretion (exercised in good faith), determine to be necessary for the benefit of the LLC.

4. **LLC Competition** - The LLC may compete in the future with other affiliated limited liability companies or partnerships managed by the Manager. The Manager may become the manager of other limited liability companies or the general partners of limited partnerships in the future which may have the same or similar investment objectives as the LLC. Producers who may contract to develop motion pictures for such limited liability companies or partnerships managed or formed by the Manager may be some of the same individuals who are acting in the capacity of a producer for the Motion Picture. Such relationships may create conflicts of interest. Under such circumstances, the Manager will exercise its discretion, in good faith, in allocating film projects among such entities based on availability of funds and specific criteria of the entities for such motion picture projects.
5. **Lack of Separate Representation** - The LLC and the Manager may not be represented by separate counsel or other professionals with regard to their respective business interests. The attorneys, accountants, professional managers and other professionals who perform services for the LLC may also perform similar services for the Manager and future entities managed by the Manager.
6. **Distributors** - With respect to the Motion Picture invested in, financed and produced by the LLC, a motion picture distribution company may act as the Distributor and, thereby may have control over many aspects of the exploitation of such Motion Picture. Such a Distributor will receive a fee measured by some or all of the proceeds derived from exploitation and distribution of the Motion Picture, notwithstanding that the LLC has not recouped its investment, and, therefore, a Distributor's interest in such exploitation may be different from that of the LLC.

G. Fiduciary Duty of the Manager

1. The Manager is accountable to the LLC as a fiduciary and is required to exercise good faith and integrity in handling LLC affairs. The rights, duties and obligations of, and limitations on, the Manager are set forth in the Operating Agreement. The Manager has broad discretionary power, under the terms of the Operating Agreement and under the New York Limited Liability Company Act, to manage the affairs of the LLC with the assistance, if desired, of consultants or others retained for the account of the LLC or the Manager. Generally, actions taken by the Manager are not subject to vote or review by the Unit Holders, except to the limited extent provided in the Operating Agreement and under New York law (see "OPERATING AGREEMENT").
2. Courts have held that persons in a position similar to a limited liability company

member may institute legal action on behalf of such members and all similarly situated members (a class action) to recover damages from a persons acting in a capacity similar to a limited liability company manager for violations of such manager's fiduciary duties, or on behalf of a limited liability company (derivative action) to recover damages from a third-party where the manager has failed or refused to enforce certain rights or obligations. In addition, members (a) may have the right, subject to procedural and jurisdictional requirements, to bring limited liability company class actions to enforce their rights under Federal and/or state securities laws, and (b) may be able to recover any losses suffered in connection with the purchase of Units from the Manager which result from a violation of the registration requirements or anti-fraud provisions of such laws.

3. The Manager beneficiaries, trustees, employees, designees or nominees may not be liable to the LLC or the Unit Holders for certain acts and omissions to act, since provision has been made in the Operating Agreement for indemnification of the Manager and certain other parties except for liability arising by reason of their gross negligence, willful misconduct or breach of fiduciary obligation. In the opinion of the Securities and Exchange Commission indemnification for liabilities arising under the Securities Act of 1933 is against public policy and therefore unenforceable.

Since the foregoing summary involves a rapidly developing and changing area of law, any Unit Holder who believes that a breach of fiduciary duty by the Manager has occurred should consult with his or her counsel. It should be noted, however, that the cost of litigation against the Manager for breach of fiduciary obligations may be prohibitively high and that any judgment obtained which exceeds the Manager's net worth may not be collectible since the Manager is not bonded for such purposes. The investment decision to invest or not to invest in this Offering should be based on the judgment of a Prospective Purchaser as to the investment factors described in this Offering Memorandum rather than in reliance upon the value of the right to bring legal actions against or to control the activities of the Manager.

III. BUSINESS PLAN

The Cry Business Plan

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Distribution #:

This Document has been prepared by Santo, LLC (the "Company") for the sole purpose of providing information to investors for their initial review in considering an investment in The Cry (the "Film"), and does not constitute an offer to sell or a solicitation of offers to buy securities of Santo LLC or the Film. By accepting this Document, each recipient agrees that he or she will not copy, reproduce, or distribute to others this Document in whole or in part, at any time, without the prior written consent of Santo LLC, and that he or she will keep permanently confidential all information, including but not limited to business, concepts, data, methods, process technique, creative ideas and/or proprietary information, contained herein not already public, and will use this Document only for the purpose set forth above. All projections as to future operations, if any, are based on material prepared by Santo LLC and its management and advisors. Although the information contained herein is believed to be complete and accurate, Santo LLC expressly disclaims any and all liability for representations, express or implied, contained in, or for omission from, this Document. Neither the delivery of this Document nor any discussions hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date of this Document or that there has been no change in the affairs of the Company since such date. Santo LLC reserves the right to require the return of this Document at any time. Also note that investing in independent film development and/or production involves a high degree of risk. Santo LLC makes no guarantees as to the financial return to investors.

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The Cry

I. Executive Summary

The Cry is a feature length horror/suspense film inspired by the legend of *La Llorona*—a Medea-like myth that has haunted Latinos throughout the Americas for five hundred years, with reports of her ghost roaming the rivers to this day. In writing the script, the director of *The Cry* not only borrowed from her personal experiences growing up with *La Llorona* in a remote northern New Mexican town, but also conducted years of extensive research on the legend across Latin America and the world. The result is a contemporary horror/suspense story about a New York City detective who, when confronted with *La Llorona*'s reign of terror, must face his own demons and decide if he is with *La Llorona*...or against her.

The Cry brings to life a horrifying universal legend that has never been presented to the general public in a significant way. Moreover, the film's legend has a passionate following of roughly 20 million persons in the U.S. alone, creating a strong pre-existing audience

The film is approximately 90 minutes in length and is targeted for mainstream domestic and foreign distribution. The film's website, www.LaLlorona.com, is already being leveraged for grass roots marketing and has received national acclaim. In addition, the film was selected as one of 14 projects nationwide for participation in last year's "Investing in Media that Matters" conference co-sponsored by Sundance.

Market Strategy

The primary target audience of this film is the pre-existing audience of 20 million (out of the 35 million) U.S. Latinos who have grown up with the legend. *The Cry* is also expected to have substantial mainstream appeal, following the pattern of success of films such as *Harry Potter* and *The Lord of the Rings* that focus on legends/myths, fear, and the battle between good and evil—subjects that have audiences around the world captivated. Moreover, the legend has a large following throughout various Latin American countries and throughout the world, with several significant and similar "*Llorona*" legends in other cultures—indicating a strong international market for the film. The promotable elements of the film include the legend/myth itself, the horror/suspense genre, and the use of authentic superstitions. Clearly, the most compelling aspect of the project is the U.S. following of 20 million individuals, with some of these people—like the film's director—believing they have seen or heard *La Llorona*.

Distribution

The intended distribution vehicles for the film include domestic and foreign theatrical, video/DVD, pay TV, cable syndication, and network & broadcast TV. In addition to proactively working towards securing a favorable agreement with a traditional distributor, the producer has developed a preliminary U.S. theatrical self-distribution strategy that greatly reduces the risks associated with distribution.

Key Principal

Bernadine A. Santistevan is the co-author, director and lead producer of *The Cry*. Ms. Santistevan has several years of experience in filmmaking, complemented by her extensive experience in having managed and been financially responsible for several multi-million dollar businesses. She developed a strategic roadmap for Matt Dillon's new film company, Banyan Tree Films, and recently consulted for Microsoft in developing their entertainment strategy for the film and music industries.

Financial Considerations

Under a Limited Liability Corporation, the producers are seeking a minimum of \$100,000 and a maximum of \$500,000 for the production of the film.

II. Project Description

a. Overview

The Cry is a horror/suspense feature film inspired by the director's personal experiences growing up with this living legend in a remote northern New Mexico town. The director conducted years of extensive study of the legend across Latin America and in which she researched numerous books and articles, interviewed a variety of historians and individuals in academia, recorded and filmed personal testimonials of encounters with La Llorona, and compiled numerous artistic renderings dedicated to La Llorona such as songs, poems, paintings, and artwork submitted by children.

The legend's earliest origins can be traced to the Spanish conquest of the New World and a 16th century Aztec woman reviled as a person who brought death and destruction upon her people at the hands of Hernán Cortés. Her horrifying end has fueled this controversial and pervasive legend throughout the Americas with countless reports of her spirit roaming the rivers to this day.

Belief in *La Llorona* has been passed down through the generations by word-of-mouth for five hundred years. One of the fascinating phenomena surrounding the La Llorona legend is that each community—be it New Mexico, Texas, Colorado, Los Angeles, Mexico, Venezuela, Columbia—believes that the legend is strictly local, with differing versions of who and what she is—a monster, a siren—even the Virgin Mary. Contrary to this localized belief, there are approximately 20 million U.S. Latinos, out of a total of 35 million U.S. Latinos, who have grown up believing in the existence of La Llorona. The film will be shot in its entirety in New York City.

Overview

- Inspired by legend of *La Llorona*
- Horror/Suspense Genre
- Contemporary, set in New York City
- U.S. pre-existing audience of 20 million persons

- Authentic superstitions/events incorporated

The Cry was selected as one of 14 media projects nationwide to participate in last year's "Investing in Media that Matters" conference co-sponsored by Sundance.

b. Story Synopsis & Character Descriptions

This riveting, compelling story transpires over the course of one climactic day as Detective Scott struggles to stop a series of child abductions plaguing New York City. At the same time, he is battling his own emotional and psychological deterioration caused by the death of his own son eight years earlier. After returning from a one-week vacation, Scott's partner, Perez, is struck by Scott's deterioration when they are summoned to interrogate Judy—a suspect who, under *La Llorona's* influence, drowned her baby earlier that morning. During the interrogation, *La Llorona* possesses Judy and taunts Scott with the death of his son, causing him to spiral further towards madness.

Later that day, Scott receives a mysterious call from Maria—a young, single mother and new arrival to Manhattan from a small New Mexican town—telling Scott she knows who is committing the crimes and pleading for his help in saving her son. Maria has been under *La Llorona's* influence for months, sketching chilling portraits of the child victims prior to their horrific encounters with *La Llorona*. Earlier that day, Maria completed a portrait of the latest victim, and became aware of the actual abduction after seeing a televised interview with Scott entering the police precinct. Fearing for her own child's life, Maria breaks out of her tormented denial of her sixth sense "gift" after she sketches a picture of her 5 year old son, Casey, knowing that he will be next.

Maria's phone call to Scott sparks an intricate web of mysterious twists and turns where *La Llorona*—appearing in her three deadly forms of a virgin mother, a siren and a monster—escalates her appetite for revenge and terror. In the shocking ending, Maria finds that only her "gift" can save her and Casey from the clutches of *La Llorona*, while Scott discovers he must confront his greatest enemy to reclaim his life, his soul and, ultimately his own son from the curse of *La Llorona*.

Note that the writers of *The Cry* hired a professional script consultant, Robert Hawk, to review the script and provide critical feedback on story, structure, character development, dialogue, etc. Mr. Hawk has consulted on a wide variety of Academy and Emmy award-winning and nominated films over the past 20 years. Beyond having extremely positive feedback on all aspects of the script, Mr. Hawk asserted that he believes the story is extremely commercial and commented that he believes that "the distributors will be fighting over this film."

Lead and supporting characters include:

- **Alex Scott (lead):** mid 30's, a New York City detective tormented by the mysterious abduction of his child several years back, of which he was a prime suspect. Demons from the past reappear when Scott is assigned as the lead detective to solve a series of child abductions, which tests his nerves, his sanity and his soul.
- **Sergio Perez (supporting):** 30's, a Bronx-raised Cuban, and Scott's detective partner of eight months. Perez's approach of living the "vida loca" clashes with Scott's barriers as Perez tries to forge

a friendship with his distant partner.

- **Maria Romero (lead):** mid-20's, a single mother from New Mexico who, haunted by her "gift" of seeing things before they happen, escapes her past to attend graduate school at Columbia University. She soon discovers her ghosts have followed her when she has premonitions about La Llorona's horrific acts. She later finds that only through her gift can she save herself and her child from La Llorona's curse.
- **La Llorona (lead):** A ghost seeking revenge for the death of her children, leaving a trail of terror and agony in her path. She appears in three forms: The virgin mother, seeking children to replace her own child who she killed; The siren, seducing and killing men that deceive their wives or exploit women; And the monster, casting a curse on any mother that sees her, causing the mother to kill her own child.
- **Gloria (supporting):** 50+, a Mexican curandera (witch doctor) who helps Scott and Perez pull the final pieces of the puzzle together in their pursuit of *La Llorona*.

c. Cast

The director strongly believes—based on historical evidence of successful horror films—that targeting highly talented, up-and-coming actors at the brink of “breaking out” is generally the most commercially effective path to follow within the horror genre. Using talented but not-yet widely known actors allows the audience to more readily project themselves into the “shoes” of the character on the screen—serving to increase the “fear factor.” With this in mind, the targeted lead and supporting cast includes:

Targeted Cast

Actor	Selected Filmography	Role
▪ Christian Camargo (lead)	-K-19: The Widowmaker -Double Bang	Scott - VERBAL COMMITMENT
▪ Carlos Leon (supporting)	-Empire -The Big Lebowski	Perez - VERBAL COMMITMENT
▪ Tamara Mello (supporting)	-Tortilla Soup -She's All That	Maria IN PROCESS
▪ Miriam Colon (featured)	-All the Pretty Horses -Lone Star	Gloria IN PROCESS

III. Marketing Strategy

a. Target Audience

The core target audience is as follows:

Target Audience

▪ Primary	US Latino, pre-existing audience of 20 million believers
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▪ Secondary	Mainstream, 18+ age group
▪ Tertiary	International

Primary: U.S. Latino, pre-existing audience: Jack Valenti of the Motion Picture Association of America recently announced that the Hispanic population is the heaviest in movie-going with a per capita viewing of 9.9 films per year, representing 15% of admissions, while Americans in general see only 5.3 films a year. In addition, according to Scarborough Research in Los Angeles (2003), over 55% of all opening weekend moviegoers in the past year were Hispanics.

Among the 35.3 million U.S. Latino population, a conservative estimate of individuals who have grown up hearing tales of *La Llorona* is 20 million. This estimate includes only Mexican Americans for which penetration is near 100%, and does not include other Americans of Latino descent for whom the legend is also widely known. In the United States, regional penetration is high in particular among Latino communities in Illinois, New Mexico, Texas, Colorado, Arizona and California.

Secondary: Mainstream, 18+: The horror/suspense genre is recognized to have significant mainstream appeal. In addition, films focused on legend/myth, fear, and the battle between good and evil—perhaps owing to the times of fear that we currently live in—currently have audiences around the world captivated. (Examples include the *Harry Potter* and *The Lord of the Ring* series.) *The Cry* includes all of these elements, thus strengthening its wide appeal to audiences regardless of age, gender, or ethnic background.

Tertiary: International: A strong *La Llorona* following exists outside of the United States in multiple countries across the Americas. Penetration of the legend in Mexico and Central America is particularly high, while penetration in South America ranges from medium to high in nearly all Spanish-speaking countries. Exceptions to this include Uruguay, Argentina, and Chile. Penetration in Cuba, the Dominican Republic, and Puerto Rico is low given the strong influence of African culture versus indigenous North and South American culture.

Moreover, given the numerous similar legends to *La Llorona* that exist in other cultures throughout the world, it can be surmised that a pre-existing audience for this universal legend exists beyond the Americas.

***La Llorona* in Other Cultures**
(A few examples)

- | | |
|-----------------------|--------------------------|
| ▪ Irish Banshee | ▪ Philippine White Woman |
| ▪ Israeli Lilith | ▪ Chinese Crying Woman |
| ▪ African Crying Wind | ▪ Greek Medea |
| ▪ Greek Lamia | ▪ Mayan Xtabay |

b. Comparables

Following are three examples of films that are comparable to *The Cry*. The Blair Witch Project is similar from the perspective of the low budget independent focus of this horror genre, while the Sixth Sense and Rosemary's Baby are similar from the perspective of the genre and the nature of the story.

Comparable Films

	The Blair Witch Project	The Sixth Sense	Rosemary's Baby
Release Date	July 16, 1999	August 2, 1999	1968
Distributor	Artisan	Buena Vista Pictures	Paramount Pictures
Production Costs	\$35,000	\$55 million	\$3.8 million
U.S. Box Office¹	\$141 million	\$294 million	Gross: \$30 million
Similarities to The Cry	<ul style="list-style-type: none"> -Horror genre -Low budget -Unknown actors -Focus on urban legend -Incorporates witchcraft & superstitions -Leaves much to the imagination within the story -Controversy is a core marketing element -Use of Internet for grass-roots marketing 	<ul style="list-style-type: none"> -Horror/suspense genre -Smart/intelligent story -Lead actor solves issue linked to his own ghosts/torment -Supporting actor has a 'sixth sense' -Twists and turns with surprise ending 	<ul style="list-style-type: none"> -Horror/suspense genre -Smart/intelligent story -Horror elements involve babies/children & motherhood -Realistic nature of the story...it could happen to anyone

Note that *The Cry* also has elements similar to the *Harry Potter* and *Lord of the Rings* series of films, namely, the focus on legend/myth, fear, and the battle between good and evil.

c. Promotable Elements

The strongest promotable element of this film is the legend itself—which is expected to carry more weight than star power among the primary target audience.

Promotable Elements

- Inspired by legend of *La Llorona*
- Horror/suspense genre
- Focus on legend/myth, fear, and the battle between good and evil
- Based on series of actual events
- Authentic superstitions
- 20 million believers in the US alone

The exclusive rights to use "*La Llorona*" in the title of the film have already been secured by the film's producer from the Motion Picture Association of America.

¹ Note that table ONLY includes U.S. Box Office revenues and not ancillary revenue streams such as foreign, video/DVD, pay TV & cable, etc.

IV. Distribution

a. Traditional Distribution

The intended distribution vehicles for the film include domestic and foreign theatrical, video/DVD, pay TV, cable syndication, and network & broadcast TV. Key revenue sources for the film are expected to be profits from theatrical and video/DVD, which can typically consist of up to 70% of total revenues for a film release.

In today's market it is virtually impossible for an independent film to secure a U.S. theatrical distribution agreement prior to completion of the film. Moreover, it is generally more financially favorable for investors if a distribution agreement is negotiated after completion of the film, since the producers will have a finished product in their hand to point to during the deal making process.

Given the fast growth of the U.S. Latino population and the recent surge in mainstream interest in Latino culture, the sleeping giants in Hollywood have started waking up to the large market potential that exists within this market. In addition, many distributors are focusing on "specialty films" with an extremely well defined, niche target market that is large enough to show a favorable return. *The Cry* is a film that will be hard to surpass in terms of a clearly defined, large and well-established pre-existing audience. Moreover, the horror genre is considered by many to be the lowest risk genre to produce with some of the highest potential returns.

The director/producer of *The Cry* will leverage her personal contacts with key traditional distributors (such as Miramax's Dimension—considered the premier distributor of the horror film genre) upon completion of the film to seek distribution. Moreover, *The Cry* will be submitted to key film markets and festivals such as Cannes, Toronto, Berlin and Sundance to further exploit distribution possibilities.

b. Self-Distribution

The director/producer of *The Cry* has developed a preliminary U.S. theatrical self-distribution strategy within major U.S. cities with a high concentration of the pre-existing audience. (Note that 56% of U.S. Latinos are concentrated in 10 major cities, with 83% of U.S. Latinos concentrated in 10 states.) One case study example of a self-distribution strategy that was successfully deployed was that of Paul Rodriguez, in distributing the low-budget Latino film *A Million to Juan*. The film cost just \$165,000 to produce, was self-distributed in only 200 theaters throughout the Southwest (high concentration of Mexican Americans), and grossed over \$4 million. Upon release to home video, it grossed another \$8 million, bringing total grosses to near \$13 million, including foreign distribution.

The Cry is well positioned for a self-distribution strategy, given its large pre-existing audience and the regional concentration of this audience in a handful of cities and states (i.e., the target audience is well defined and easily reached with efficient use of marketing and distribution monies).

The director/producer has already initiated an online marketing strategy via the film's nationally acclaimed website, www.LaLlorona.com. She has also cultivated a wide network of contacts over the past several years with Latino organizations, foundations, colleges and universities throughout the United States that are available to mobilize for grass roots marketing initiatives surrounding the film. Such cost effective word of mouth marketing initiatives would resemble aspects of the successful campaigns surrounding *My Big Fat Greek Wedding* and *The Blair Witch Project*.

Note that the main objective is to secure a wide release theatrical distribution, with the self-distribution strategy being a secondary strategy.

V. Key Principal

Bernadine A. Santistevan has been active in the independent film community both behind and in front of the camera. Most recently, Ms. Santistevan worked with Matt Dillon in developing a strategy and roadmap for his film development company, Banyan Tree Films. Ms. Santistevan's credits include an internationally acclaimed, award winning short film called *Make Room for Mario*. Other credits include *The Backyard*, *Last Words*, *In the Blood*, *Changing Clothes* and *The Cry*. Ms. Santistevan has dedicated several years of her life passionately researching and exploring the legend of La Llorona throughout the Americas, which is the inspiration for the film.

Ms. Santistevan has developed business and marketing strategies for entertainment companies such as USA Networks. She also recently completed a major consulting project for Microsoft focused on developing the company's entertainment strategy in the film and music industries. As Director of Corporate Ventures for GE Capital, Ms. Santistevan identified and evaluated start-up companies for potential venture capital investment.

Ms. Santistevan studied directing and acting in New York City for four years, and filmmaking at New York University. She holds an M.B.A. from the Wharton School of Business, an M.A. from the University of Pennsylvania and an M.S. from Stanford University. She is the director, co-writer, and lead producer of *The Cry*.

VI. Project Timeline

Pre-production is scheduled for 6 weeks commencing June 1, with principal photography scheduled for 3 weeks commencing July 13. Post-production will take place in August, September and October, with completion of the film scheduled prior to the Sundance Film Festival entry deadline in October.

VII. Financial Considerations

The maximum production budget for the film is \$500,000 with the minimum at \$100,000. This film is budgeted as a non-Directors Guild of America (DGA) production with non-union crew participation. The budget assumes that union actors will work for Screen Actor Guild (SAG) low-budget union rates.

a. Risk/Return

It is important to consider that films are considered a high-risk investment. Any and all efforts will be made by the producer of *The Cry* to secure an attractive return on investment.

b. Investor's Protection

Bernadine Santistevan has extensive experience working on and managing projects that range from one million dollars to \$500 million dollars in size. She has been responsible for managing entities for GE Capital, an investor that is recognized as a global leader in financial management and control.

c. Share of Profits

Net Proceeds will be shared based on a 90/10 split, with 90% of net profits going to investors until 120% of their original investment has been recouped, after which distribution of income will follow a 50/50 split. Investors share their profits based on the percentage level of the investment. Profits will be shared on net (distributable) income, i.e., the monies coming in after contractual payments to third parties such as exhibitors and distributors and deferrals have been made.

IV. OFFERING INFORMATION

A. Terms of the Offering

1. **Description of Units** - Units offered are interests in a New York limited liability company. Such Units are being offered pursuant to federal and state transactional exemptions from the securities registration requirements and are thus restricted securities. No Unit will be assignable or transferable (except for certain gifts or upon death) without the consent of the Manager. A Unit may be transferred only after certain securities law requirements are satisfied, and the Manager may impose applicable investor suitability standards with respect to any transferee (see "REQUIRED NOTICES - Risk Factors/Limited Transferability" and "Investor Suitability Standards").
2. **Terms of Purchase** - The purchase price for each LLC Unit ("Unit") consists of a **\$5,000** cash payment (or the bartered equivalent thereof in the form of products, services or facilities). The Minimum purchase per investor is **one (1) Unit (\$5,000)**, except that in the discretion of the Manager qualified investors may be allowed to purchase fractional Units (see "REQUIRED NOTICES - Investor Suitability Standards").
3. **Subscription Requirements** - Each person desiring to become a Unit Holder must complete, execute, acknowledge and deliver to the Manager the executed copies of the Subscription Materials accompanying this Offering Memorandum. By executing the Subscription Agreement, the subscriber or Prospective Purchaser is agreeing that, if the Subscription Agreement is accepted by the Manager, such subscriber will become a Unit Holder and will be otherwise bound by the terms of the Subscription Agreement and associated Operating Agreement.

The Manager reserves the right, in its sole discretion, to reject any Prospective Purchaser's subscription in whole or in part and to allocate to any Unit Purchaser less than the number of Units applied for by such Purchaser (with a refund of any unused portion of the Unit Holder's investment). Subscriptions will be rejected for failure to conform to the requirements described in this Offering Memorandum, insufficient documentation, incomplete financial statements or financial information, over-subscriptions to the Offering, or such other reasons as the Manager determines to be in the best interests of the project. A subscription may not be revoked, canceled or terminated by the Prospective Purchaser.

4. **Holding of Subscription Funds** - Funds received from accepted Prospective Purchasers for Units will be placed in a segregated, interest-bearing bank account at: Chase Manhattan Bank, 300 East 64th Street, New York, NY 10021. It is contemplated that the Offering will Close not later than **June 1, 2005** unless extended by the Manager in its sole discretion, or fully subscribed at an earlier date, but in no event will the Offering extend beyond one year from the end date of the Offer. If the Offering is not fully subscribed by **June 1, 2005** (or by **June 1, 2006**, if the Offering is extended) the Manager may elect to accept

the remaining Units and conclude the Offering. If they do so, the Manager will lend, obtain loans, purchase such Units or otherwise obtain funds (e.g., through foreign pre-sales) sufficient to insure that the Picture is completed. If the Manager elects not to accept the remaining Units, none of the Units will be sold, and all funds received as subscriptions will be promptly refunded to the subscribers in full with interest. No Investor funds will be released (from the special account set up to hold such funds during the Offering), for use by the Manager on behalf of the LLC unless the Minimum Film budget (as set forth in the "Estimated Use of Proceeds" section below) has been secured by any combination of the above mentioned funding methods.

B. Estimated Use of Proceeds

1. The Proceeds of this Offering will be used to pay the expenses associated with the organization and management of the LLC and the conduct of the Offering and to finance the production of the Picture as well as possibly a portion of the films' marketing and promotion. The table on the following page sets forth the current estimated use of the Offering Proceeds upon the sale of the Minimum of 20 Units at \$5,000 per Unit (\$100,000) or the Maximum of 100 Units at \$5,000 per Unit (\$500,000).

2.

	Minimum ¹	Maximum ¹
Story Rights	0	0
Writer	0	0
Producers	0	25,000
Director	0	15,000
Cast	16,691	76,159
Travel & Living	1,750	1,850
TOTAL ABOVE-THE-LINE	18,441	118,009
Extras and Stand Ins	819	7,000
Production Staff	4,748	60,989
Wardrobe	2,387	13,884
Makeup & Hairdressing	2,504	12,498
Camera	5,400	22,034
Production Film & Lab	657	4,080
Set Design	4,186	30,810
Sound Recording	5,981	12,009
Set Lighting	2,724	15,636
Set Operation	4,090	14,610
Facilities	1,250	2,000
Locations	2,700	23,600
Transportation	3,800	8,332
TOTAL BELOW-THE LINE PRODUCTION	41,246	227,482
Editing	1,700	58,832
Titles	0	4,000
Music	2,000	12,500
Post Production Sound	9,000	27,100
TOTAL BELOW-THE-LINE POST PRODUCTION	2,800	102,432
Medical Exams	500	1,000
Publicity	0	4,000
Legal Fees	7,000	10,000
Insurance: 3%	2,888	13,904
Contingency: 5%	1,925	23,173
TOTAL BELOW-THE-LINE OTHER COSTS	12,313	52,077
Total Above-the-Line	18,441	118,009
Total Below-the-Line	81,559	381,991
Total Above and Below-the-Line	100,000	500,000
GRAND TOTAL²	100,000	500,000

3. Notes to Estimated Use of Proceeds:

¹ If the Maximum Offering proceeds are successfully raised (\$500,000), the Manager expects to utilize the amounts shown in the categories listed above to pay expenses associated with the production of the Film described herein and complete post-production. Deferments may also be used. If the Minimum Offering proceeds are raised (\$100,000), the Manager expects to utilize the amounts shown in the categories listed above, combined with deferred expenses, to produce and complete the Picture. If an amount between the Minimum and Maximum is raised, the Manager intends to exercise its discretion in determining how much to expend on the production of the Picture in each of the above listed production cost categories, and determine in what categories Deferments will be required. Any budget less than that shown in the Maximum column above will require Deferments (i.e., reductions in the normal compensation to be paid at a later time) for one or more of the writers, director,

producer, actors and/or crew, in amounts to be determined at the discretion of the Manager.

²The Estimated Use of Proceeds of the Offering is intended to reflect the Manager's best estimates of all costs of organizing the LLC, selling the limited liability company interests and producing the Picture up to and including the delivery of the required elements to the Distributor for the LLC's Film. These estimates are made at the time of the preparation of this Offering Memorandum and are necessarily tentative ones. Other than as stated herein, the Manager makes no representations with respect to the final cost of any items (including those specified above) relating to the production of the Picture.

C. Allocations and Percentage Participations

1. **LLC Gross Revenues** - The total amount of revenue received by the LLC from all sources for LLC activities, including, but not limited to, distributor advances and all distribution, exhibition and exploitation of the Picture, along with all forms of contingent compensation paid to the LLC as a result of the exploitation of the Picture in all markets and media, but not including any monies due to be paid to any co-financing entity.
2. **Distributable Cash** - All funds received by the LLC from LLC activities ("LLC Gross Revenues") minus (a) all operating expenses of the LLC, including, if any, all remaining unreimbursed offering expenses and expenses incurred by the LLC in connection with the distribution and exploitation of the Picture and the ancillary rights thereto; (b) such reserves as the Manager deems necessary in accord with good business practice to cover future LLC expenses; (c) all costs of production of the Picture which have not been supplied by the LLC, by a completion guarantor or by any pre-sales or other similar agreements (such as, for example production funds obtained through loans); (d) any deferrals or third-party percentage participations granted by the Manager for products or services provided in connection with the financing, production or distribution of the Picture; or (e) any distributions necessary to fund income tax liabilities of Members.
3. **Member/Investor Recoupment** - Percentage participation payments will be made to Members out of the Picture's revenue stream, as defined above. Because of tax considerations the Manager must maintain at least a 1% interest in LLC revenue at all times. Thus, ninety percent (90%) of Distributable Cash will be paid to the Members and ten percent (10%) of Distributable Cash will be paid to the Manager until the Members achieve Recoupment (i.e., specially defined as 120% of their Original Invested Capital).
4. **Final Percentage Participation Ratio** - Subsequent to Investor Recoupment, and for the balance of the life of the LLC, the Manager and the Investor group will share Distributable Cash, if any, on a 50/50 basis. The Manager plans to make quarterly distributions to Members of Distributable Cash beginning at the end of the first full calendar quarterly period following the release of the Film by the motion picture distributor. However, if in the judgment of the Manager there is an

insufficient amount of Distributable Cash at the end of any given quarterly period to justify the preparation of investor checks in small amounts, such funds will be held over until sufficient amounts are available. Distributions of Distributable Cash may vary in amount depending on the amount of distributions the LLC receives from film distributors and the amounts to be deducted from such LLC Gross Revenues as per the definitions of such terms (see "OPERATING AGREEMENT - Glossary" and "REQUIRED NOTICES - Risk Factors").

5. **Allocations Of Net Losses** - The LLC will allocate net loss for each fiscal year ninety-nine percent (99%) among the Members and one percent (1%) to the Manager until the Members' capital accounts have been reduced to zero. Thereafter all losses will be allocated to the Manager. On dissolution of the LLC, all items of income and loss will be allocated first to the Members' capital accounts as set forth below and other credits and deductions to the Members' capital accounts will be made before final distributions are made. The LLC will make the final distributions to the Members and Manager in an amount equal to their positive capital account balances, thereby adjusting each Members' and Manager's capital account to zero.
6. By signing the Subscription Agreement, each Member consents to the methods described above and set forth in the Operating Agreement by which allocations of net income, net loss, tax credits and other items are made as an express condition to becoming a Member. In general, that portion of all items of income, gain, loss, deduction or credit allocable to the Members as a group for any year shall be allocated among them in the same proportion as the number of Units owned by each bears to the total number of Units issued and outstanding and owned by Members during the applicable year, unless otherwise required by law. Net income and net loss of the LLC will be allocated at the close of each fiscal year.

D. Manager and Affiliate Compensation

The following summarizes the form and estimated amounts of compensation, fees and Percentage Participations to be paid to the Manager, its owner and Affiliates. Such items have not been determined by arm's-length negotiations (see "OPERATING AGREEMENT"). Other than as set forth herein, in the Operating Agreement and in the Estimated Use of Proceeds section of the Offering Memorandum, no other compensation or remuneration in any form is to be paid to the Manager or Affiliates.

- a) **Organization Fee**
The Manager has waived any right to receive an LLC Organization Fee for services rendered in connection with the organization of the LLC.
- b) **Reimbursement of Expenses**
The Manager has, and will during the course of this Offering, advance necessary funds for LLC organizational and offering expenses and the Manager will be reimbursed for such expenses out of the Gross Offering Proceeds.
- c) **Management Fee**

The Manager has also waived any right to an LLC Management Fee for its activities and services relating to the management of the LLC.

d) Interest in Distributable Cash

The Manager will have a ten percent (10%) interest in Distributable Cash until the Members achieve Recoupment (120% of their Original Invested Capital) and then a fifty percent (50%) interest in Distributable Cash for the balance of the life of the LLC.

e) Interest In Tax Items

The Manager will have a one percent (1%) interest in LLC Losses and tax deductions for federal income tax purposes throughout the life of the LLC.

f) Film Budget Items

For her contribution of the Screenplay for *The Cry (La Llorona)* and for any additional writing or re-writing services she may provide for the Film, LLC Manager owner Bernadine Santistevan will be paid out of the Film's budget the nominal sum of \$1.00. As further compensation for her Screenplay and script writing duties, Ms. Santistevan will be paid a deferred amount of \$25,000 following Investor Recoupment. In addition, a deferred payment (after Investor Recoupment) will be paid to Ms. Santistevan in the amount of \$10,000 for her services as Director, and a deferred payment of \$15,000 for her services as Lead Producer. Some or all of these fees may be deferred or waived at the discretion of the Manager.

No other compensation in any form shall be paid to the Manager, its owner or any of its Affiliates, except as set out above. At the conclusion of the LLC, however, all property rights and ancillary rights in the Motion Picture shall revert to and be distributed to the Manager.

E. Plan of Distribution of Units

1. **The Offering** - The Offering will continue until the earlier of: (i) the date on which 100 Units have been sold and the Subscribers are accepted by the Manager; or (ii) the final termination date of the Offering, (i.e., June 1, 2005, or June 1, 2006 if extended). In the event that subscriptions, do not reach the 20 Unit Minimum (and sufficient funding from other sources is not raised), the Offering will not close, and all subscriptions will be returned to Subscribers in full, with interest (see "OPERATING AGREEMENT").
2. Subject to availability, there is no limit on the maximum number of Units that may be purchased by any Investor. However, the minimum purchase per Investor is one (1) Unit (\$5,000) except that in the discretion of the Manager qualified investors may be allowed to purchase fractional Units. Each Subscriber will be required to comply with the minimum purchase requirement and Investor Suitability Standards of his or her state of residence or, if such Investor's state of residence does not impose such standards or the LLC's standards are more strict, the minimum purchase requirement and the Investor Suitability

Standards imposed by the LLC (see "REQUIRED NOTICES - Investor Suitability Standards").

3. The full purchase price for each Unit is payable in cash or in bartered products or services at the time of subscription. A subscription is not subject to termination by the Subscriber. The Units are being offered on a "best efforts" basis through the Manager and its upper level management. The Manager may sell Units in the Offering so long as its activities are in compliance with Rule 3a4-1 of the Securities and Exchange Act of 1934. Thus, no transaction-related compensation will be paid to such individuals or entities for issuer sales. The Manager and its Affiliates are prohibited from directly or indirectly paying or awarding any fees, commissions or other compensation to any person engaged by a prospective purchaser for investment advice as an inducement to such advisor to advise in favor of the purchase of Units.
4. The Units are offered subject to the right of the Manager to reject, in whole or in part, any subscription and subject to the approval of certain legal issues by Securities Counsel and the satisfaction of certain other conditions. Purchasers of Units at Closing will be admitted as Members not later than 15 days after the release from the segregated bank account of the gross proceeds of the Offering to the LLC. Offers to purchase Units will be accepted or rejected by the Manager within 30 days after their receipt and, if rejected, associated funds will be immediately returned. If the Manager rejects a subscription, the funds tendered with that subscription will be returned to the subscriber within 10 days after the rejection, along with notification of rejection and interest earned on such funds, if any.

V. MOTION PICTURE INDUSTRY OVERVIEW

This motion picture industry overview provides background information regarding the motion picture industry generally, for persons who may not be familiar with such matters. The information set forth in this overview may or may not apply to the specific project described in this Memorandum.

A. General

The theatrical motion picture industry in the United States has changed substantially over the last three decades and continues to evolve rapidly. Historically, the "major studios" financed, produced and distributed the vast majority of American-made motion pictures seen by most U.S. moviegoers. During the most recent decade, many of the motion pictures released have been produced by so-called independent producers even though some of the production financing for such pictures and distribution funds have been provided by the major studio/distributors. In recent years, independently produced movies make up more than half of all films released theatrically.

The following general description is a simplified overview of the complex process of producing and distributing motion pictures and is intended to be an aid to investors in understanding the motion picture business. This overview does not describe what will necessarily occur in the case of any particular motion picture.

B. Production of Motion Pictures

During the film-making process, which may take approximately 12 to 24 months from the start of the development phase to theatrical release, a film progresses through several stages. The four general stages of motion picture production are development, pre-production, principal photography and postproduction. A brief summary of each of the four general movie production stages follows:

C. Development

In the development stage, underlying literary material for a motion picture project is acquired, either outright, through an option to acquire such rights or by engaging a writer to create original literary material. If the literary material is not in script form, a writer must be engaged to create a script. The script must be sufficiently detailed to provide the production company and others participating in the financing of a motion picture with enough information to estimate the cost of producing the motion picture. Projects in development often do not become completed motion pictures.

D. Pre-Production

During the pre-production stage, the production company usually selects a director, actors and actresses, prepares a budget and secures the necessary financing. In cases involving unique or desired talent, commitments must be made to keep performers available for the picture. Some pre-production activities may occur during development.

E. Principal Photography

Principal photography is the process of filming a motion picture and is the most costly stage of the production of a motion picture. Principal photography may take twelve

weeks or more to complete for some projects. Bad weather at locations, the illness of a cast or crew member, disputes with local authorities or labor unions, a director's or producer's decision to re-shoot scenes for artistic reasons and other often unpredictable events can seriously delay the scheduled completion of principal photography and substantially increase its costs. Once a motion picture reaches the principal photography stage, it usually will be completed.

F. Post-Production

During the post-production stage, the editing of the raw footage and the scoring and mixing of dialogue, music and sound effects tracks take place, and master printing elements are prepared.

G. Distribution of Motion Pictures

Motion picture revenue is derived from the worldwide licensing of a motion picture: (a) for theatrical exhibition; (b) for non-theatrical exhibition (viewing in airplanes, hotels, military bases and other facilities); (c) to pay television systems for delivery to television receivers by means of cable, over-the-air and satellite delivery systems; (d) to commercial television networks; (e) to local commercial television stations and (f) for reproduction on video cassettes (and video discs) for home video use. Revenue is also derived from licensing "ancillary rights" to a motion picture for the creation of books, published music, soundtrack albums and merchandise. A picture is not always sold in all of these markets or media.

The timing of revenues received from the various sources varies from film to film. Typically, theatrical receipts from United States distribution are received approximately 90% in the first twelve months after a film is first exhibited and 10% in the second twelve months. Theatrical receipts from the rest of the world are typically received 40% in the first year following initial theatrical release, 50% in the second year and 10% in the third year. Home video royalties are typically received 80% in the first year following theatrical release and 20% in later years. Pay and cable license fees are typically received 65% in the third year, 25% in the fourth year and 10% in the fifth year following theatrical release. The majority of syndicated domestic television receipts are typically received in the fourth, fifth and sixth years after theatrical release if there are no network television licenses and the sixth, seventh and eighth years if there are network licenses. The markets for film products have been undergoing rapid changes due to technological and other innovations. As a consequence, the sources of revenues available have been changing rapidly and the relative importance of the various markets as well as the timing of such revenues has also changed and can be expected to continue to change.

Expenses incurred in distributing a motion picture are substantial and vary depending on many factors. These factors include the initial response by the public to the motion picture, the nature of its advertising campaign, the pattern of its release (e.g., the number of theatres booked and the length of time that a motion picture is in release).

The following is a brief summary of each of the sources of revenue of motion pictures and the

distribution/licensing process associated with such sources:

H. United States Theatrical Distribution

In recent years, United States theatrical exhibition has generated a declining percentage of the total income earned by most pictures, largely because of the increasing importance of cable and pay television, home video and other ancillary markets. Nevertheless, the total revenues generated in the United States theatrical market are still substantial and are still likely to account for a large percentage of revenues for a particular film. In addition, performance in the United States theatrical market generally also has a profound effect on the value of the picture in other media and markets.

Motion pictures may be distributed to theatrical markets through branch offices. Theatrical distribution requires the commitment of substantial funds in addition to a motion picture's negative cost. The distributor must arrange financing and personnel to: (a) create the motion picture's advertising campaign and distribution plan; (b) disseminate advertising, publicity and promotional material by means of magazines, newspapers, trailers ("coming attractions") and television; (c) duplicate and distribute prints of the motion picture; (d) "book" the motion picture in theatres; and (e) collect from exhibitors the distributor's share of the box office receipts from the motion picture. A distributor must carefully monitor the theatres to which it licenses its picture to ensure that the exhibitor keeps only the amounts to which it is entitled by contract and promptly pays all amounts due to the distributor. Distributors will sometimes reach negotiated settlements with exhibitors as to the amounts to be paid and such settlements may relate to amounts due for several pictures.

For a picture's initial theatrical release, a United States theatre exhibitor will usually pay to a distributor a percentage of box office receipts which is negotiated based on the expected appeal of the motion picture and the stature of the distributor. The negotiated percentage of box office receipts remitted to the distributor is generally known as "film rentals" and is typically characterized in distribution agreements as a portion of the distributor's "gross receipts". Such gross receipts customarily diminish during the course of a picture's theatrical run. Typically, the distributor's share of total box office receipts over the entire initial theatrical release period will average between 25 to 60 percent depending on the distributor; the exhibitor will retain the remaining 75 to 40 percent. The exhibitor will also retain all receipts from the sale of food and drinks at the theatre (concessions). Occasionally, an exhibitor will pay to the distributor a flat fee or percentage of box office receipts against a guaranteed amount. Pay television and new home entertainment equipment (such as video games, computers and video cassette players) offer a more general competitive alternative to motion picture theatrical exhibition of feature films.

Major film distributors are often granted the right to license exhibition of a film in perpetuity, and normally have the responsibility for advertising and supplying prints and other materials to the exhibitors. Under some arrangements, the distributor retains a distribution fee from the gross receipts, which averages approximately 33% of the film's gross receipts, and recoups the costs incurred in distributing the film. The principal costs incurred are the cost of duplicating the negative into prints for actual exhibition and advertising of the motion picture. The distribution deal usually provides that the parties

providing the financing are then entitled to recover the cost of producing the film. However, bank financed productions will typically require that the bank be paid back its principal, interest and fees out of first monies to the distributor.

The amount film distributors spend on prints and advertising is generally left to the discretion of the distributor. In some instances, however, the producer may negotiate minimum expenditures or ceilings on such items.

I. Foreign Theatrical Distribution

While the value of the foreign theatrical market varies due to currency exchange rate fluctuations and the political conditions in the world or specific territories, it continues to provide a significant source of revenue for theatrical distribution. Due to the fact that this market is comprised of a multiplicity of countries and, in some cases, requires the making of foreign language versions, the distribution pattern stretches over a longer period of time than does exploitation of a film in the United States theatrical market. Major studio distributors usually distribute motion pictures in foreign countries through local entities and the distribution fees for such entities usually vary between 35% and 40% depending on the territory or financial arrangements. These local entities generally will be either wholly-owned by the distributor, a joint venture between the distributor and another motion picture company or an independent agent or sub-distributor. Such local entities may also distribute motion pictures of other producers, including other major studios. Film rental agreements with foreign exhibitors take a number of different forms, but they typically provide for payment to a distributor of a fixed percentage of box office receipts or a flat amount. Risks associated with foreign distribution include fluctuations in currency values and government restrictions or quotas on the percentage of receipts which may be paid to the distributor, the remittance of funds to the United States and the importation of motion pictures into a foreign country.

J. Home Video Rights

Since its inception, the home video market in the United States has experienced substantial growth in the last decade, although leveling off and even decreasing somewhat in the most recent years. Certain foreign territories, particularly Europe, have seen an increased utilization of home video units due to the relative lack of diversified television programming, although those circumstances have been changing also. Consequently, sales of video cassettes have increased in such markets in recent years. Although growth in this area may be reduced because of an increase in television programming in such foreign territories, receipts from home video in these markets can be expected to continue to be significant.

Films are generally released on home video six to nine months after initial domestic theatrical release of the picture, but before the exhibition of the picture on cable/pay or network television.

K. United States Television Distribution

Television rights in the United States are generally licensed first to pay television for an exhibition period following home video release, thereafter to network television

for an exhibition period, then to pay television again, and finally syndicated to independent stations. Therefore, the owner of a film may receive payments resulting from television licenses over a period of six years or more.

L. Cable and Pay Television

Pay television rights include rights granted to cable, direct broadcast satellite, microwave, pay per view and other services paid for by subscribers. Cable and pay television networks usually license pictures for initial exhibition commencing six to twelve months after initial domestic theatrical release, as well as for subsequent showings. Pay television services such as Home Box Office, Inc. ("HBO") and Showtime/The Movie Channel, Inc. ("Showtime") have entered into output contracts with one or more major production companies on an exclusive or non-exclusive basis to assure themselves a continuous supply of motion picture programming. Some pay television services have required exclusivity as a precondition to such contracts.

The pay television market is characterized by a large number of sellers and few buyers. However, the number of motion pictures utilized by these buyers is significantly large and a great majority of motion pictures which receive theatrical exhibition in the United States are, in fact, shown on pay television.

M. Network Television

In the United States, broadcast network rights are granted to ABC, CBS, NBC or other entities formed to distribute programming to a large group of stations. The commercial television networks in the United States license motion pictures for a limited number of exhibitions during a period that usually commences two to three years after a motion picture's initial theatrical release. During recent years, only a small percentage of motion pictures have been licensed to network television, and the fees paid for such motion pictures have declined. This decline is generally attributed to the growth of the pay television and home video markets, and the ability of commercial television networks to produce and acquire made-for-television motion pictures at a lower cost than license fees previously paid for theatrical motion pictures.

N. Television Syndication

Distributors also license the right to broadcast a motion picture on local, commercial television stations in the United States, usually for a period commencing five years after initial theatrical release of the motion picture, but earlier if the producer has not entered into a commercial television network license. This activity, known as "syndication," has become an important source of revenues as the number of, and competition for, programming among local television stations has increased.

O. Foreign Television Syndication

Motion pictures are now being licensed in the foreign television market in a manner similar to that in the United States. The number of foreign television stations as well as the modes of transmission (i.e., pay, cable, network, satellite, etc.), have been expanding rapidly, and the value of such markets has been likewise increasing and should

continue to expand.

Producers may license motion pictures to foreign television stations during the same period they license such motion pictures to television stations in the United States; however, governmental restrictions and the timing of the initial foreign theatrical release of the motion pictures in the territory may delay the exhibition of such motion pictures in such territory.

P. Relicensing

The collective retained rights in a group of previously produced motion pictures is often a key asset, as such pictures may be relicensed in the pay and commercial television, home video and non-theatrical markets, and occasionally may be re-released for theatrical exhibition.

Although no one can be certain of the value of these rights, certain older films retain considerable popularity, and may be relicensed for theatrical or television exhibition. New technologies brought about by the continuing improvements in electronics may also give rise to new forms of exhibition which will develop value in the future.

Q. Other Ancillary Markets

A distributor may earn revenues from other ancillary sources, unless the necessary exploitation rights in the underlying literary property have been retained by writers, talent, composers or other third parties. The right to use the images of characters in a motion picture may be licensed for merchandising items such as toys, T-shirts and posters. Motion picture rights may also be licensed for novelizations of the screenplay, comic book versions of the screenplay and books about the making of the motion picture. The soundtrack of a motion picture may be separately licensed for soundtrack records and may generate revenue in the form of mechanical performance royalties, public performance royalties and sheet music publication royalties.

VI. MISCELLANEOUS PROVISIONS

A. Reports to Unit Holders and Others

The Manager will prepare and distribute to the Members such financial reports as are required under the New York Limited Liability Company Act, as well as under other applicable law. Manager will furnish to the Members, upon reasonable request and no more than quarterly, a report regarding the status of the Offering and a breakdown of the LLC expenditures.

B. Financial Statements

The Cry, LLC is a newly formed limited liability company thus, no financial statements exist for the entity.

C. Pending Legal Proceedings

The Manager is not aware of any pending or threatened legal proceedings to which it or the LLC are or may be parties to and which is materially relevant to this Offering or its participation herein.

D. Tax Consequences

No discussion or opinion is provided in this Offering Memorandum relating to the tax consequences for any individual investor's investment in the Offering. ALL PROSPECTIVE INVESTORS WITH QUESTIONS OR CONCERNS REGARDING SUCH INDIVIDUAL TAX CONSEQUENCES SHOULD CONSULT WITH A TAX ADVISOR OF THEIR OWN CHOOSING.

E. Access To Additional Information

Prospective Purchasers are urged to read this Offering Memorandum and the attached Exhibits carefully and to have the documents reviewed by an investment adviser. To the extent possible, the Manager will answer any questions that Prospective Purchasers, or their advisors may have, and will attempt to provide any additional documentation to verify the statements included herein.

The Manager will keep at the principal place of business of the LLC adequate books of account of the LLC, and each Unit Holder and his or her authorized representatives will have at all times, during reasonable business hours, free access to and the right to inspect and copy such books of account.

NOTICE

**PROSPECTIVE PURCHASERS OF UNITS IN THE CRY, LLC
SHOULD COMPLETE THE ACCOMPANYING PACKET OF
DOCUMENTS ENTITLED
"THE CRY, LLC SUBSCRIPTION DOCUMENTS"**

EXHIBIT "A"
LIMITED LIABILITY COMPANY OPERATING AGREEMENT

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF THE CRY, LLC
(A New York Limited Liability Company)**

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (herein called the “Operating Agreement” or “Agreement”) is entered into as of the date set forth below, by and between Santo, LLC (the “Manager”) and the Members pursuant to the Offering Subscription Agreement executed by such Members.

WITNESSETH: NOW THEREFORE, it is agreed as follows:

Article I

GLOSSARY

The following terms, when used in this Agreement, (capitalized herein and in the accompanying Offering Memorandum) shall have the respective meanings assigned to them in this Article unless the context otherwise requires:

“Above-the-Line”: The portion of a film’s budget that covers major creative elements and personnel, (i.e., those which are creatively unique and individually identifiable). These are primarily story acquisition, screenplay rights, script development, writer, executive producer, producer, director and principal members of the cast. The phrase “above-the-line” refers to the location on the film budget of the specific expense item/person.

“Accredited Investor”: (see the definition of “Accredited Investors” under the sub-heading “Investor Suitability Standards” in the “REQUIRED NOTICES” section of the accompanying Offering Memorandum.)

“Act”: The New York Limited Liability Company Act, as amended from time to time.

“Advertising Costs”: The cost of preparing and producing Advertising for the Motion Picture.

“Advertising”: The creation and dissemination of promotional materials and the conduct of promotional activities including, without limitation, cooperative advertising, institutional advertising, national advertising and trade advertising in whatever form or media.

“Affiliate”: Any person or entity directly or indirectly controlling, controlled by or under common control with this LLC or its Manager.

“Agreement”: This written agreement as between all of the Members and Manager and relating to and regulating the affairs of the LLC and the conduct of its business in any manner not inconsistent with law or the Articles of Organization, including all amendments thereto. Such term shall refer to this Agreement as a whole, unless the context otherwise requires. This Agreement is incorporated into the accompanying Offering Memorandum as Exhibit “A”.

“Allocations”: Designations of Member and Manager shares of LLC income, loss, credits, deductions and/or other financial or tax items in the manner described in the Operating Agreement.

“Amortization”: The method of allocating the cost of an intangible asset over time for purposes of offsetting (deducting) such cost from revenues the asset helps to produce.

“Articles”: The Articles of Organization for the LLC originally filed with the Department of State of the State of New York, including all amendments thereto or restatements thereof and such term shall mean the Articles as a whole unless the context otherwise requires.

“Assumptions”: Circumstances that are assumed to be factual for purposes of projecting the hypothetical results of an investment in the LLC.

“Bankrupt” or **“Bankruptcy”**: With respect to any person, being the subject of an order for relief under Title 11 of the United States Code, or any successor statute or other statute in any foreign jurisdiction having like import or effect.

“Below-the-Line”: Film budget items relating to the technical expenses and labor (other than above-the-line) involved in producing a film, (i.e., relating to mechanical, crew, extras, art, sets, camera, electrical, wardrobe, transportation, raw-film stock, printing and post-production).

“Blue Sky”: Relating to state securities law compliance matters as opposed to federal securities law.

“Capital Account”: Unless otherwise provided in the Operating Agreement, the amount of the capital interest of a Member or Manager in the LLC consisting of that Member or Manager’s original contribution, as (1) increased by any additional contributions and by that Member or Manager’s share of the LLC’s profits and (2) decreased by any distribution to that Member or Manager and by that Member or Manager’s share of the LLC’s losses. Each Capital Account shall be maintained strictly in conformity to the requirements of Treasury Regulation § 1.704(b)(2)(iv).

“Capital Contribution”: (Same as “Contribution”).

“Capital Transaction”: Any sale of portions of LLC property or any interest therein (not including the sale of all or substantially all of the LLC property) and other similar transactions which in accordance with generally accepted accounting practices are attributable to capital.

“Closing Date” or **“Closing”**: The date on which the Units offered hereby (or at least the Minimum number of Units offered) are fully subscribed for and accepted by the Manager and the Capital Contributions made pursuant to the Offering are released from the segregated, interest-bearing bank account established by the Manager for holding the Subscriber funds.

“Code”: The Internal Revenue Code of 1986, as amended. All references herein to sections of the Code shall include any corresponding provision or provisions of succeeding law.

“Company”: The Cry, LLC, a New York limited liability company (same as “LLC”).

“Contribution”: Any money, property, or services rendered, or a promissory note or other binding obligation to contribute money or property, or to render services as permitted under the Act, which a Member contributes to the LLC as capital in that Member’s capacity as a Member pursuant to an agreement between and among the Members and Manager, including an agreement as to value (same as “Capital Contribution”). The aggregate amount of Capital Contributions of the Unit Holders in the Offering shall be a Minimum of \$100,000 and a Maximum of \$500,000.

“Counsel to the Manager”: Steven Masur, Masur & Associates, LLC, 101 East 15th Street, New York, NY 10003.

“Creative Talent”: Screenwriter, Producer, Director, Actors and others who participate in the creative process relating to the Film’s production.

“Deferments”: or **“Deferrals”**: Arrangements for the deferral of some or all of the costs of goods and/or services provided by the suppliers of such goods and/or services so that the payments are not a production cost but rather are paid out of specified LLC receipts before or after Recoupment.

“Depreciation”: Income tax deductions allowed by the Code in recovering the cost of a tangible asset over time.

“Dissociation Event”: With respect to any Member, one or more of the following: the death, retirement, withdrawal, resignation, expulsion, bankruptcy or dissolution of a Member, or occurrence of any other event which terminates his or her continued Member or Manager Percentage Interest in the LLC, or as otherwise provided in the Act.

“Distributable Cash”: All cash reserve and funds received by the LLC from LLC activities (“Gross LLC Revenues”) minus (a) all operating expenses of the LLC, including, if any, all remaining unreimbursed Offering expenses and expenses incurred by the LLC in connection with the distribution and exploitation of the Picture, including any distributor and/or sales agent fees, and the ancillary rights thereto; (b) such reserves as the Manager deems necessary in accord with good business practice to cover future LLC expenses; (c) all costs of production of the Picture which have not been supplied by the LLC or by any pre-sales or other similar agreements (such as, for example production funds obtained through loans); (d) any deferments or third-party percentage participation commitments made by the Manager; (e) any and all loans owed; and (f) any required distributions to fund income tax liabilities of Members.

“Distribution”: The transfer of money or property by the LLC to its Members or Manager without consideration. The term “Distribution” shall not include any payments to the Manager in the form of management fees, organization fees, production fees, selling fees or reimbursement for goods or services provided to the LLC.

“Distributor”: The person(s) or entities operating between the producer and exhibitor of motion pictures who obtain rights to the film, release it, and send such film to exhibitors, sometimes through sub-distributors. A Distributor will typically be involved in the promotion of a film.

“Economic Interest”: A person’s right to share in the income, gains, losses, deductions, credit, or similar items of, and to receive distributions from, the LLC, but does not include any other rights of a Member or Manager, including without limitation, the right to vote or to participate in management, or except as provided in the Act, any right to information concerning the business and affairs of the LLC.

“Executive Producer”: The individual or individuals who are designated by the Manager to receive the Executive Producer credit for the Picture for services rendered in the organization and funding of the LLC, in the preparation and execution of this Offering and/or in otherwise arranging for the production of the Picture.

“Executive Producer Fee”: A payment or payments to be paid to the Executive Producers for services rendered in the organization and funding of the LLC, in the preparation and execution of this Offering and/or in otherwise arranging for the production and/or distribution of the Picture.

“Financial Projections”: Good faith estimates (based on reasonable assumptions) of the future financial results of the LLC and its activities relating to the production, distribution and exploitation of the Picture.

“Gross Proceeds of the Offering”: The aggregate total of the Original Invested Capital of the Members and Manager.

“Gross LLC Revenues” or **“Gross Revenues to the LLC”**: The total amount of revenue received by the LLC from all sources for LLC activities, including, but not limited to, distributor advances and all distribution, exhibition and exploitation of the Picture, along with all forms of contingent compensation paid to the LLC as a result of the exploitation of the Picture in all markets and media, but not including any monies due to be paid to any cofinancing entity (same as “LLC Gross Revenues” and “LLC Gross Receipts”).

“Information Rights”: The right to inspect, copy or obtain information and documents concerning the affairs of the LLC as provided in the Act and in Paragraphs 6.3 and 6.4 of the Agreement.

“Interest”: The entire ownership interest of a fully admitted or substituted Member or Manager in the LLC at any particular time, including the rights of such Member or Manager to any and all benefits to which a Member or Manager may be entitled as provided in the Agreement including (i) the management rights to participation in the management and affairs of the LLC as provided in the Act, Articles and the Agreement, and (ii) the economic rights to share in income, gains, losses, deductions, credit and to receive distributions as provided in the Agreement, together with the obligations of such Member and Manager to comply with all terms and provisions of the Agreement.

“IRS”: The Internal Revenue Service.

“Issuer”: The entity which is issuing the securities (the LLC interests or Units) offered hereby, (i.e., The Cry, LLC, a New York limited liability company).

“LLC Gross Revenues”: (Same as “Gross LLC Revenues” or “Gross Revenues to the LLC”).

“LLC Net Receipts”: (Same as “Distributable Cash”).

“LLC”: The Cry, LLC, a New York limited liability company (same as “Limited Liability Company” and “Company”).

“Mail”: Unless otherwise provided in the Operating Agreement, first-class mail, postage prepaid, unless registered mail is specified. Registered mail includes certified mail.

“Majority-In-Interest”: That group of Members and Managers whose interests in the LLC amount to more than fifty percent (50%) of the LLC’s : (1) voting power, (2) capital, and (3) shares of distributions and allocations.

“Management and Voting Rights”: Those rights of a Member and Manager described in Article III of the Agreement as they may be limited in this Agreement, the Articles and the Act.

“Manager”: Those persons or entities elected by the Members of the LLC to manage the LLC.

“Member”: A person who (1) has been admitted to the LLC as a Member in accordance with the Articles or Operating Agreement, or an assignee of an interest in the LLC who has become a Member pursuant to the Act; and (2) who has not resigned, withdrawn, or been expelled as a Member or, if other than an individual, been dissolved (same as Unit Holder).

“Member of Record”: A Member named as a Member on the list maintained in accordance with provisions of the Act.

“Members' Capital Contributions”: The amount invested by each Member in the LLC.

“Members' Percentage Interests”: The ratio of each LLC Member’s Capital Contribution to the total LLC Members’ Capital Contributions.

“Membership Interest”: A Member’s rights in the LLC, collectively, including the Member’s economic interest, any right to vote or participate in management, and any right to information concerning the business and affairs of the LLC provided by the Act.

“Motion Picture”: The original film production entitled *The Cry (La Llorona)*, in whatever format or form such film may be reproduced and/or exhibited (same as “Picture”).

“Net Profits and Net Losses”: The “Net Profits” and “Net Losses” of the LLC shall be the net income and net losses, respectively, of the LLC determined in accordance with the principles of Section 1.704-1(b)(2)(iv) of the Treasury Regulations. For purposes of computing Net Profits and Net Losses, the “book” value of an asset shall be substituted for its adjusted tax bases, if the two differ (in accordance with the principles of Section 1.704-1(b)(2)(iv) of the Treasury Regulations) but otherwise Net Profits and Net Losses shall be determined in accordance with federal income tax principles.

“Net Proceeds of the Offering”: Gross Proceeds of the Offering less expenses incurred and to be paid by the LLC in connection with organizing the LLC and in offering Units to Prospective Purchasers.

“Net Receipts”: (Same as “Distributable Cash”).

“Offering Memorandum”: The accompanying securities disclosure document which is required to be furnished to Prospective Purchasers of Units pursuant to the federal and state securities laws. The Cry, LLC Offering Memorandum is dated June 1, 2004.

“Offering”: The offer and sale of Units in the LLC made in reliance on Regulation D, promulgated by the Securities and Exchange Commission.

“Officer”: Any person elected or appointed pursuant to paragraph 3.7 of this Agreement.

“Operating Agreement”: (Same as “Agreement”).

“Organizational Expenses”: Expenses paid or incurred in connection with the organization of the LLC. Such expenses must be amortized and therefore deducted over a 60-month period. Included are legal fees for services incident to the organization of the LLC, such as negotiation and preparation of the Operating Agreement and preparation and filing of the LLC’s Articles of Organization, accounting fees for establishing the LLC’s accounting system and necessary LLC filing fees.

“Original Invested Capital”: The amount in cash or fair market value of property contributed to the capital of the LLC by the Unit Holders and the Manager, if any such Manager contributions are made.

“Percentage Participation”: The interests of persons or entities negotiated and/or designated by the Manager and/or entitled under the provisions of the Agreement to receive a specific percentage of a particular fund or portion of the Picture’s revenue, (e.g., of Distributable Cash, or of the Manager’s share of Distributable Cash).

“Percentage Interest”: Percentage Interests shall be determined, unless otherwise provided herein, in accordance with the relative proportions of the Capital Accounts of Members and Manager, effective as of the first day of the LLC’s fiscal year but with all distributions under paragraphs 5.3, 5.4, 5.5, 5.6, and 5.7 hereof to be deemed to have occurred on such day immediately prior to determination of Percentage Interest of a Member or Manager. For voting purposes, the percentage of a Member or Manager’s interest may be adjusted from time to time pursuant to the terms of this Agreement. Current percentage list available upon request.

“Person”: Individuals, general partnerships, limited partnerships, other limited liability companies, corporations, trusts, estates, real estate investment trusts and any other association.

“Picture”: (Same as “Motion Picture”).

“Pre-Production”: The earliest phase of production, encompassing writing, polishing and breaking down the script, hiring or obtaining letters of intent from creative personnel, including the director and principal cast establishing shooting locations and shooting schedules, preparing the budget and such other steps as are necessary to prepare for the actual commencement of

photography. It may be expected that the pre-production stage of the Picture will extend from 1 to 6 months. Principal photography follows the pre-production stage.

“Pre-Sale Financing”: Funds obtained in addition to the proceeds of the Offering in the form of cash advances or guarantees paid by domestic or foreign distributors, pay or cable television systems, video cassette producers, television syndicators, and/or bank loans obtained by using such cash advances or guarantees as collateral.

“Producer”: Those individuals or entities designated by the Manager to receive the Producer credit for their work in connection with the production of the Picture.

“Production Cost Deferments”: Arrangements for the deferral of some or all of the costs of goods and/or services provided by the suppliers of such goods and/or services so that the payments are not a production cost but rather are paid out of specified LLC receipts before and/or after Recoupment.

“Production Money LLC”: (Same as “LLC”). **“Profits”**, **“Losses”** **“Credits”**: The net income, net loss or credits of the LLC, respectively, as determined for Federal income tax purposes.

“Prospective Purchasers”: Persons or entities who or which receive copies of the Offering Memorandum and are considering investing in the Offering.

“Proxy”: A written authorization signed or an electronic transmission authorized by a Member or the Member’s attorney-in-fact giving another person the power to exercise the voting rights of that Member. “Signed”, for this purpose, means the placing of the Member’s name on the proxy (whether by manual signature, typewriting, telegraphic or electronic transmission, or otherwise) by the Member or Member’s attorney-in-fact. A proxy may be transmitted by an oral telephonic transmission if it is submitted with information from which it may be determined that the proxy was authorized by the Member, or by the Member’s attorney-in-fact.

“Recoupment”: The designated point at which investors in the LLC are paid a specified percentage of their invested capital. Recoupment for purposes of this Offering is defined as 120% of the Member investors’ Original Invested Capital.

“Registered Office”: The office maintained at the street address of the agent for service of process of the LLC in New York.

“Regulations”: Unless the context clearly indicates otherwise, the regulations currently in force as final or temporary that have been issued by the U.S. Department of Treasury pursuant to its authority under the Internal Revenue Code of 1986, as amended.

“Release Print”: The final version of the Picture ready for distribution to exhibitors, (i.e., the composite print made for general distribution).

“Return of Capital”: Any distribution to a Member or Manager to the extent that the Member or Manager’s capital account, immediately after the distribution, is less than the amount of that member’s contributions to the LLC as reduced by prior distributions that were a return of capital.

“Screenplay”: The written dialogue and scene descriptions collectively entitled *The Cry (La Llorona)*.

“Securities and Exchange Commission”: The federal agency responsible for regulating the sales of securities including passive-investor limited liability company interests. Such agency may also be referred to herein as the SEC.

“Subscription Agreement” or **“Subscription Application”**: A document included as part of the separate packet accompanying this Offering Memorandum and entitled “The Cry, LLC, Subscription Documents” which each person desiring to become a Unit Holder must complete, execute, acknowledge and deliver to the Manager before being accepted by the Manager as a Unit Holder.

“Syndication Expenses”: Expenses paid or incurred in connection with the issuing and marketing of interests in the LLC, including brokerage fees, selling commissions, state (“Blue Sky”) filing fees, legal fees of the Issuer for consultations relating to the requirements of the applicable federal and state securities laws and for tax advice pertaining to the adequacy of tax disclosures in the Offering Memorandum, accounting fees, if any, for preparation of financial projections to be included in the Offering materials and printing/binding costs of such Offering materials. Unlike other expenses, Syndication Expenses may not be deducted currently or amortized over a period of time (in contrast to Organizational Expenses).

“Tax Matters Partner”: The designated Manager or Member who, as required by the Tax Equity and Fiscal Responsibility Act of 1983, is to serve as the primary liaison between the LLC and the IRS with regard to LLC tax matters and proceedings before the IRS. For the LLC, the Tax Matters Partner is Bernadine A. Santistevan of Santo, LLC or her designated representative.

“Unit Holder” or **“Unit Purchaser”**: An investor in the LLC. One who purchases one or more Units and has thereby obtained a pro rata share in the LLC. (Same as “Member”).

“Unit”: A ratable interest in the LLC of a Unit Holder. Units equaling a Minimum of \$100,000 and a Maximum of \$500,000 are being offered hereby at \$5,000 per Unit with a minimum purchase requirement of one (1) Unit (\$5,000). Under limited circumstances, the Manager has the discretion to sell fractional Units.

“Vote”: Includes authorization by written consent.

“Withdrawal”: Includes the resignation or retirement of a Member as a Member.

“Written” or **“In Writing”**: Includes facsimile and telegraphic communication.

Article II

FORMATION MATTERS

2.1 Formation of Limited Liability Company – On June 1, 2004, one or more Persons acted as an organizer to form a limited liability company pursuant to the Act and, for that purpose, caused Articles of Organization to be executed and filed with the Department of State of the State of New York.

2.2 Filings -- The Manager shall execute, file, record and publish all certificates (including, at the option of the Manager, this Agreement), notices, statements and other instruments required by law for the formation and operation of the LLC as a limited liability company in all jurisdictions in which the LLC conducts business. Each Unit Holder agrees to execute promptly all certificates and other documents consistent with the terms of this Agreement deemed necessary by the Manager for such qualification.

2.3 Limited Liability Company Name -- The name of the LLC shall be: The Cry, LLC, a New York limited liability company. The business of the LLC shall be conducted under, either said name, or such modification or variations thereof as the Manager may determine from time to time.

2.4 Principal Office -- The Manager's address to which all mail should be directed is 1173A Second Avenue, #183, New York, New York 10021, however substitute or additional places of business may be established at such other locations as may, from time to time, be determined by the Manager.

2.5 Term of LLC -- The term of the Company commenced on June 1, 2004, the date of filing of the Articles of Organization with the Department of State of the State of New York and shall continue in full force and effect until dissolution pursuant to this Agreement, the Articles of Organization or the Act.

2.6 Name, Address and Designation of Manager and Members -- The name and business address of the Manager is as follows: Santo, LLC c/o Bernadine A. Santistevan, 1173A Second Avenue, #183, New York, New York 10021. The names and business addresses of the Members are set forth on their respective Subscription Agreements.

2.7 Registered Agent --The Company's registered agent in the State of New York shall be the Secretary of State of the State of New York. The Company may change the registered agent from time to time by amending the Articles of Organization pursuant to the Act.

Article III PURPOSES AND POWERS

3.1 Purposes of the Limited Liability Company -- The purpose and character of the business of the LLC is to engage in the financing, production, ownership, distribution and other exploitation of the single feature film tentatively entitled *The Cry (La Llorona)* and the exploitation of the ancillary and subsidiary rights to the Picture produced.

3.2 Powers of the LLC -- Such business purposes as set forth in 3.1 shall include the doing of any and all things incidental thereto or in furtherance thereof. Without in any way limiting the generality of the foregoing statement, the LLC may own, operate, sell, transfer, convey, license, mortgage, exchange, exploit or otherwise dispose of or deal with property of every nature whatsoever and engage in any activities in furtherance of said purpose as are not prohibited by law.

The LLC purposes set forth in 3.1 hereof may be accomplished by taking any action which is permitted under the Act, and which is customary or directly related to the acquisition, ownership, development, improvement, operation, management, financing, selling, leasing, exchanging,

exploiting, or other disposing of property of any nature whatsoever; provided, however, that nothing contained in this Section 3.2 or elsewhere in this Agreement shall obligate the Manager to take any action on behalf of the LLC if the Manager deems such action inappropriate or not reasonably necessary to accomplish LLC purposes.

Article IV CONTRIBUTIONS AND CAPITAL

4.1 Capital Contributions by Members -- Each Member shall contribute to the LLC the amount of such Member's Capital Contribution. The LLC intends to offer for subscription limited liability company interests ("Units"), priced at \$5,000 per Unit (payable as provided in Section 4.3), and each investor who subscribes for at least one (1) Unit [or an approved purchase of a fractional unit in the sole discretion of the Manager] will acquire an interest in the LLC subject to the provisions of Section 4.3 of this Agreement. The Capital Contributions described herein shall constitute the full obligation of the Members to furnish funds to the LLC. No additional funds or other property shall be required of any Member. The Capital Contributions may be used by the Manager for any LLC purpose.

4.2 Capital Contribution by Manager -- As its contribution to the Capital of the LLC, the Manager shall contribute the time, effort and expertise in organizing and forming the LLC, and in managing the LLC during the term of its existence. The Manager is contributing such services in exchange for its interest in Distributable Cash. The Manager will have a 1% interest or more in the aggregate Capital Contribution of the LLC at all relevant times.

4.3 Cash and Property Contribution by Unit Holders -- The Contributions of the Unit Holders shall be an amount equal to the value of funds and property actually received from the private sale of Units, in the Minimum amount of \$100,000 and the Maximum of \$500,000, which will represent a 90% interest in Distributable Cash prior to first Recoupment and an ongoing interest as defined elsewhere herein (shared pro rata among Members). Pursuant to the above stated percentages, each Unit Holder shall be entitled to a pro rata interest in all profits, losses, credits and cash distributions of the LLC. The minimum contribution for each Unit Holder is \$5,000, except the Manager, in its discretion, may accept purchases of fractional Units.

4.4 Withdrawal of Capital -- Other than as provided in this Agreement, no Member shall have the right to withdraw such Member's Capital Contribution to the LLC or to receive any return of a portion of such Contribution.

4.5 Interest -- No Member or Manager shall be paid interest on any Capital Contribution to the LLC.

4.6 Liabilities of Manager for Contributions -- The Manager shall not be personally liable for the return of any portion of the Contributions of the Unit Holders; the return of those Contributions shall be made solely from LLC assets. The Manager shall be required to restore any deficit in its own Capital Accounts on dissolution of the LLC. However, except as specifically provided in the preceding sentences, the Manager shall not be required to pay to the LLC or any Unit Holder any deficit in any Unit Holder's Capital Account on dissolution or otherwise. Under the circumstances requiring a return of any Capital Contribution, no Member or Manager shall have the right to demand or receive property other than cash except as may be specifically provided for in this Agreement.

4.7 Capital Accounts -- An individual Capital Account shall be established and maintained in accordance with the principles set forth in Treasury Regulations under Code Section 704 for each Member and Manager strictly in conformity with the requirements of Treasury Regulation § 1.704(b)(2)(iv). Each Member and Manager's Capital Account will be credited with such Member and Manager's Capital Contribution and each Member and Manager's Capital Account shall be further credited and debited, as the case may be, to reflect such individual Member or Manager's share of LLC distributions, income, losses and all related tax items such as gains, losses, deductions, credits and depreciation recapture. In the event that any Member or Manager shall at any time have a negative balance in such Member or Manager's Capital Account, such negative balance shall not constitute a debt owed by such Member or Manager to the other Members or Manager or the LLC (except as provided in paragraph 4.6 for the Manager). No interest shall be paid on Capital Accounts.

Article V ALLOCATIONS OF NET PROFITS AND LOSSES

5.1. Allocation of Net Profits -- All Net Profits of the LLC for a Fiscal Year after taking into account the Special Allocations of Gross Receipts and Syndication Costs provided for in Section 5.3 hereof shall be allocated in the following order of priority:

5.1.1. First, to the Manager, until the cumulative profits allocated pursuant to this Section 5.1.1. for the current and all prior fiscal years are equal to the cumulative losses allocated pursuant to Section 5.2.2. hereof for all prior years.

5.1.2. Second, 10% to the Manager and 90% to the Members, pro rata in accordance with their LLC Percentage Interests, until the cumulative profits allocated pursuant to this Section 5.1.2. for the current and all prior years are equal to the cumulative losses allocated pursuant to Section 5.2.1. hereof for all prior years.

5.1.3. Third, to the Members, pro rata in accordance with their LLC Percentage Interests, until the cumulative profits allocated pursuant to this Section 5.1.3. for the current and all prior fiscal years are equal to the cumulative special allocation of Syndications Costs to the Members pursuant to Section 5.3.2. hereof for all prior years.

5.1.4. Fourth, 10% to the Manager and 90% to the Members, pro rata in accordance with their LLC Percentage Interests, until the cumulative profits allocated to the Members pursuant to this Section 5.1.4 for the current and all prior fiscal years equals 120% of their Original Invested Capital.

5.1.5. The balance, if any, shall be allocated in accordance with the formula set forth below at Section 6.1.

5.2 Allocation of Net Losses -- All Net Losses of the LLC for a Fiscal Year after taking into account the Special Allocations of Gross Receipts and Syndication Costs provided for in Section 5.3 hereof shall be allocated in the following priority:

5.2.1. First, 1 % to the Manager and 99% to the Members, pro rata in accordance with their Member Percentage Interests, until the Members' Capital Accounts have been reduced to zero.

5.2.2. The balance, if any, to the Manager.

5.3. Syndication Costs -- Syndication Costs shall be allocated to the Members pro rata in accordance with their LLC Member Percentage Interests.

5.4 Accounting Policy; Fiscal Year --For tax purposes, the fiscal year of the LLC shall be the calendar year. Statements showing the Gross LLC Revenues and Distributable Cash, if any, shall be furnished, and all distributions by the LLC shall be made, to Members, Manager, Creative Talent and others entitled thereto no less frequently than annually during the term of the LLC, with each such statement being furnished to each profit participant not later than seventy-five (75) days after the end of each such annual period, and distributions made not later than seventy-five (75) days after the end of each such annual period.

5.5 Books and Records -- The Manager shall cause to be kept at the office of the LLC the following records:

(a) a current list of the full name and last known business or residence address of each Member and of each holder of an economic interest in the LLC set forth in alphabetical order, together with the contribution and the share in profits and losses of each Member and holder of an economic interest.

Article VI DISTRIBUTIONS

6.1. Distributions -- Distributions of Distributable Cash for any given fiscal year shall be made in the following order of priority:

6.1.1. First, 10% to the Manager and 90% to the Members, pro rata in accordance with their LLC Member Interests until the Members will have received cumulative distributions pursuant to this Section 6.1.1. for the current and all prior fiscal years equal to 120% of the Members' Original Invested Capital.

6.1.2. Second, subsequent to Recoupment and for the balance of the life of the LLC, the Manager and the Members will share Distributable Cash, if any, on a 50/50 basis.

Amounts distributed pursuant to this Section shall be allocated among the Members in accordance with Member Percentage Interests.

6.2 Distributions for a Fiscal Year -- Distributions for a fiscal year shall include Distributions made through March 15 of the next succeeding fiscal year.

Article VII MANAGEMENT OF THE LIMITED LIABILITY COMPANY

7.1 Election of Manager -- The election of the Manager to fill the initial position or vacancies shall be by the affirmative vote of a majority in interest of the Members. Item 4(m) of the accompanying Subscription Application and Agreement provides that by completing such application and by signing it, the Prospective Purchaser is authorizing his or her vote to be cast by proxy held by the individual Bernadine A. Santistevan for the election of Santo, LLC to fill the initial manager position of the LLC pursuant to the Act.

7.2 Management Powers of the Manager (Generally) -- The Manager shall have full and exclusive control of the management and operation of the business of the LLC and shall be responsible for making all creative and business judgments, determinations, and decisions affecting LLC affairs except as otherwise specifically provided herein.

7.3 Specific Power and Authority of Manager -- The Manager shall have, subject to any limitations imposed elsewhere in this Agreement, the power and authority on behalf of the LLC to do or cause to be done any and all acts deemed by the Manager to be necessary or appropriate in connection with the management and operation of the business of the LLC. Without limiting the generality of the foregoing, the Manager may at any time, in its sole discretion and without further notice to, or consent from, any Unit Holder:

- (i) Open and maintain bank checking accounts on behalf of the LLC and to designate signatories on such accounts, provided that the funds of the LLC may not be commingled with funds owned by or held on behalf of the Manager or any limited liability company, partnership or other entity in which either has an interest;
- (ii) Enter into agreements on behalf of the LLC with motion picture or television studios, distributors or other third parties pursuant to which the LLC in exchange for such studio's, distributor's or other third parties' assistance in financing, producing, distributing and/or otherwise exploiting the Picture; such distribution agreements may include but are not limited to flat fee arrangements, negative pickup deals or an outright sale of the Picture;
- (iii) Apply a portion of Capital Contributions to marketing and distribution of the Film whether or not the Maximum funding of the Offering is achieved;
- (iv) Modify the budget of the LLC's Picture to adapt to changing contingencies, so long as in the judgment of the Manager such budget changes improve the LLC's ability to produce a better Film;
- (v) Enter into co-financing, co-production or pre-sale agreements with other production entities, thereby permitting the LLC to expend fewer dollars on such a film than if such film was produced solely by the LLC;
- (vi) Enter into agreements on behalf of the LLC which provide that persons providing financing, rendering services or furnishing literary material or other materials or facilities in connection with the development, production, distribution or other exploitation of the Picture shall receive as salary or other compensation, deferred amounts or a percentage participation in LLC revenue;
- (vii) Choose locations for shooting the LLC's movie other than planned locations disclosed in the Offering Memorandum;
- (viii) Transfer any property of the LLC on such terms as the Manager shall determine;
- (ix) Borrow money for LLC purposes or on behalf of the LLC on such terms as the Manager shall determine, pledge any assets or rights of the LLC as security for such borrowing and pay back the principal and interest on such loans out of Gross Offering Proceeds;

(x) Otherwise deal in any reasonable manner with the assets of the LLC in connection with the management and operation of the business of the LLC.

7.4 Authority to Execute Agreements on Behalf of LLC -- In connection with the foregoing, it is agreed that any instrument, agreement or other document executed by the Manager, while acting in the name and on behalf of the LLC shall be deemed to be an action of the LLC as to any third parties (including the Unit Holders as third parties for such purposes). Notwithstanding anything to the contrary contained herein, the Manager shall have no authority to cause the LLC to effect any borrowing in any transaction in which the creditor would receive, at any time as a result of making the loan, any direct or indirect interest in the profits, capital or property of the LLC other than as a secured creditor.

7.5 Time Devoted to LLC -- The Manager shall devote to the LLC's affairs such time, on a non-exclusive basis, as the Manager, in its reasonable discretion, shall deem appropriate.

7.6 Other Business -- Any Member or Manager shall have the right to engage in or possess any interest in other business ventures of any kind, nature or description (including without limitation, motion pictures and television projects which may compete with the Picture) whether or not in competition with the LLC. Neither the LLC nor any other Member or Manager shall have any right by virtue of this Agreement in or to such independent ventures or to the income or profits derived therefrom.

7.7 Agreements with Members and Others -- The Manager shall not enter into (on behalf of the LLC) any agreements with Members or any person related to the Manager unless such agreements are on terms and conditions which the Manager might reasonably conclude are not less favorable to the LLC than the terms and conditions likely to result from "arms-length" negotiations with unaffiliated third parties. For the purposes of this subsection, the term "unaffiliated third parties" shall mean third parties in which the Manager has no material direct or indirect financial interest.

7.8 Manager as Tax Matters Partner -- The Manager or its representative is designated as the Tax Matters Partner of the LLC as that term is used in Section 6231 (a) of the Code and regulations thereunder. Such Manager, acting as Tax Matters Partner, may enter into one or more agreements with the IRS with respect to the tax treatment of any LLC income, loss, deductions or credits and, to the extent permitted under the Code, may expressly agree that such agreement shall bind the other Manager and Members of the LLC.

7.9 Withdrawal or Assignment -- Without the written consent of a majority of the Unit Holders, the Manager shall not have any right to withdraw or retire from the LLC, or to assign, sell, or otherwise dispose of its interests in the LLC.

7.10 Indemnification -- The Manager and its representatives or agents and the Manager's Counsel shall be held harmless and be indemnified by the LLC for any liability, loss (including amounts paid in settlement), damages or expenses (including reasonable attorney's fees) suffered by virtue of any acts or omissions or alleged acts or omissions arising out of such person's activities either on behalf of the LLC or in furtherance of the interests of the LLC and in a manner believed in good faith by such person to be within the scope of the authority conferred by this Agreement or law, so long as such person is not determined to be guilty in a final adjudication of criminal conduct, gross negligence or gross misconduct with respect to such acts or omissions.

Such indemnification or agreement to hold harmless shall only be recoverable out of the assets of the LLC, including insurance proceeds, if any. Notwithstanding the foregoing, indemnification of the Manager or its representatives or agents by the LLC for liability imposed by a judgment arising from or out of violation of state or federal securities laws shall not be made.

7.11 Rights and Obligations of the Unit Holders

(i) No Participation in Management--The Unit Holders shall not participate in the management of the business of, or transact any business for, the LLC and shall have only such rights and powers as a Unit Holder as are expressly provided herein or provided by applicable law.

(ii) Liability--No Unit Holder shall be personally liable for any of the debts, contracts or other obligations of the LLC or any of the losses thereof, except to the extent of such Unit Holder's Capital Contribution, plus such Unit Holder's share of undistributed LLC income if any. When a Unit Holder has rightfully recovered the return in whole or in part of such Unit Holder's Capital Contribution, such Unit Holder shall nevertheless be liable to the LLC for a period of one year thereafter for any sum, not in excess of such return with interest, necessary to discharge such Unit Holder's liability to all creditors who extended credit or whose claim arose during the period the contribution was held by the LLC. No Unit Holder shall be required to contribute any amounts to the LLC except as provided for in this Agreement.

(iii) Unit Holders May Not Bind LLC--No Unit Holder shall have any power to represent, sign for or bind the Manager or the LLC.

7.12 Reports to Members and Others – The Manager will prepare and distribute to the Members such financial reports as are required under the New York Limited Liability Company Act, as well as under other applicable law. Manager will furnish to the Members, upon reasonable request and no more than quarterly, a report regarding the status of the Offering and a breakdown of the LLC expenditures.

7.13 Meetings –

(a) Meetings of Members may be held at any place, either within or without the state of New York, selected by the person or persons calling the meeting or as may be stated in or fixed in accordance with the Articles of Organization or this Operating Agreement. If no other place is stated or so fixed, all meetings shall be held at the principal executive office of the LLC.

(b) A meeting of the Members may be called by any Manager or by any Member or Members representing more than 10 percent of the interests of Members for the purpose of addressing any matters on which the Members may vote.

(c) Notice and other matters relating to such meetings shall be accordance with the provisions of the Act.

7.14 Fiduciary Duties of Manager -- The fiduciary duties a Manager owes to the LLC and to its Members are those of a partner to a partnership and to the partners of the partnership.

Article VIII

ASSIGNMENT OF INTERESTS IN THE LIMITED LIABILITY COMPANY

8.1 Restrictions On Transfers -- Notwithstanding anything to the contrary contained in this Agreement, interests in the LLC may not be assigned, sold or otherwise transferred if such assignment, sale or other transfer is prohibited by law or is not effected in compliance with all applicable federal and state securities laws and regulations or would result in a termination of the LLC for tax purposes (unless such transfer is by operation of law).

8.2 Assignment of the Interest in the LLC of the Manager -- The Manager shall have the free and unrestricted right to assign all of its interest in the proceeds of and Distributions from the LLC, or any part thereof. Said assignee, however, shall not become a Manager without the consent of the Manager and by Unit Holders who own more than 50% of the outstanding Units. Such assignment shall not relieve the Manager of its obligations hereunder.

8.3 Rights of Assignee -- An assignee, legal representative or successor in interest of a Unit Holder shall be subject to all of the restrictions on a Unit Holder provided in this Agreement. An assignee of a Unit Holder's interest, or a portion thereof, who does not become a substituted Member in accordance with the provisions below shall have no right to an accounting of LLC transactions, to inspect the LLC'S books, or to vote on any of the matters on which a Member would be entitled to vote. Upon the giving of notice of the assignment to the other Members and the Manager, such an assignee shall be entitled to receive only the share of LLC profits or other compensation by way of income, or the return of the assignor's contribution, to which the assignor would have been entitled.

8.4 Substitution of Assignee -- An assignee of all or any part of a Unit Holder's interest shall become a substituted Member only if (a) the Manager consents thereto in writing (and the Manager may withhold such consent in its discretion) and (b) each of the following conditions is met:

- (i) The assignee shall consent in writing, in a form prepared by or satisfactory to the Manager, to be bound by the terms and conditions of this Agreement;
- (ii) The assignee shall pay any expenses of the LLC in effecting the substitution;
- (iii) The assignment shall be effected in compliance with all applicable federal and state securities laws and regulations; and
- (iv) All requirements of the Act including amendment of this Operating Agreement shall have been completed by the assignee, the assignor and the LLC, as the case may be.

8.5 Allocations and Distributions -- All assignments shall become effective for distribution and allocation purposes at the close of the calendar month in which the Manager is notified of such assignment. All cash distributions required to be made or made after the date the assignment is effective shall be made to the transferee. Income or loss for the year shall be allocated to the transferor and transferee based on the ratio of months each was considered to be the Member of Record in the LLC.

8.6 Incapacity, Death, Bankruptcy of a Unit Holder -- In the event of the incapacity (i.e., judicially determined incompetence or insanity), death or bankruptcy of a Unit Holder, the executor, trustee, guardian or conservator, administrator, receiver or other successor in interest of such Unit Holder shall have all the rights of such Unit Holder for the purpose of settling or managing such Unit Holder's affairs and such power as such Unit Holder possessed to

assign all or a part of such Unit Holder's interest (subject to the Manager's approval) and to join with the assignee in satisfying the conditions precedent to such assignee's becoming a substituted Member.

The incapacity, death, or bankruptcy of a Unit Holder shall not dissolve the LLC. Each Unit Holder's estate or other successor in interest shall be liable for all obligations of such Unit Holder. In no event, however, shall such estate, legal representative or other successor in interest become a substituted Member as such term is used herein, except in accordance with the above.

8.7 Further Assignments -- An assignee of all or any portion of the interest of a Unit Holder in the LLC pursuant to the terms hereof, who desires to make a further assignment of such interest, shall be subject to all the provisions of this Section to the same extent and in the same manner as such Unit Holder making an initial assignment of such Unit Holder's interest in the LLC.

8.8 Removal of a Manager -- Any or all Managers may be removed, with or without cause, by the vote of a majority in interest of the Members at a meeting called expressly for that purpose. Any removal shall be without prejudice to the rights, if any, of the Manager under any contract of employment. Upon the effectiveness of such removal, the Members may by the consent of a majority of the Unit Holders and the remaining Manager, if any, elect a successor Manager to continue the business of the LLC, or continue the business of the LLC with the remaining Manager acting in that capacity.

8.9 Incapacity or Death of a Manager -- In the event of the withdrawal, incapacity, or death of a Manager, the remaining Manager, if any, may continue the business of the LLC alone, or, at his or her option may appoint a successor Manager. If no remaining Manager exists, a new Manager may be named by Unit Holders who own more than 50% of the outstanding Units.

Article IX AMENDMENTS

9.1 Amendments -- This Agreement may be amended only with the written consent of the Manager and such Unit Holders as own 2/3 of the outstanding Units. No amendment which is not approved in writing by such Members and Manager, however, shall change the purpose of the LLC, modify the term of the LLC, change the LLC to a general partnership, reduce the liabilities, obligations or responsibilities of the Manager, increase the liabilities or commitments of the Unit Holders or change the provisions of this Agreement requiring the unanimous consent of the Unit Holders to continue the business of the LLC.

Article X DISSOLUTION, WINDING UP AND LIQUIDATION

10.1 Events of Dissolution -- The LLC shall be dissolved at the time specified at Article 2.5 above or upon the earlier occurrence of any of the following: (a) at the time specified in the Articles of Organization; (b) upon the happening of events specified in the Articles of Organization; (c) by the vote of a majority in interest of the Members, (d) upon the occurrence of a Dissociation Event, unless the business of the LLC is continued by a vote of a majority in interest of the remaining Members within 90 days of the happening of the event, or (e) by decree of judicial dissolution pursuant to the Act.

10.2 LLC Continuation -- The LLC shall not be dissolved by the death, withdrawal, retirement or incapacity of a Manager, provided the business of the LLC is continued by a remaining or successor Manager pursuant to a right to do so stated in the Agreement, which right is hereby granted.

10.3 Winding Up—

(a) In the event of dissolution as provided above (including in the event that Members do not elect a successor Manager and continue the business of the LLC as provided above), the business of the LLC shall be wound up, and the assets distributed as provided herein. The winding up of the affairs of the LLC and the distribution of its assets shall be conducted by the Manager who are hereby authorized to do any and all acts and things authorized by law for these purposes.

(b) In the event of the removal, death, incapacity, withdrawal or bankruptcy of the Manager, the winding up of the affairs of the LLC and the distribution of its assets shall be conducted by such person or entity as may be selected by such Unit Holders as own at least a majority of the outstanding Units, which person or entity is hereby authorized to do any and all acts and things authorized by law for these purposes. In winding up the affairs of the LLC, property may be sold and a Member may, if such Member desires, purchase such property for the fair market value thereof.

10.4 Liquidation—

(a) Upon liquidation of the LLC, all assets of the LLC (except for the remaining rights associated with the Film itself) shall be liquidated and distributions shall be made to Members and the Manager in accordance with their positive capital account balances. Net profits and net losses resulting from transactions in connection with liquidation shall be allocated to each Member and Manager's capital account as set forth in Article V hereof. If upon liquidation, a Manager has a deficit capital account, such Manager must restore the amounts of such deficits to the LLC. Upon the Dissolution of the LLC all property rights and ancillary rights in the Motion Picture shall revert to and be distributed to the Manager.

(b) After dissolution and liquidation, all remaining assets of the LLC shall be paid in the following order: (i) to third party creditors (including any lending bank), in the order of priority provided for by law; (ii) to the Manager for reimbursement of any unreimbursed expenses advanced by such Manager or other amounts owed to such Manager by the LLC; (iii) to the Members in accordance with their ending Capital Account balances.

(c) If all of the Members and Manager shall so determine, payments on dissolution, or any other LLC distributions, may be made in whole or in part in kind.

**Article XI
MISCELLANEOUS PROVISIONS**

11.1 Notices -- Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party to whom the same is directed or three (3) business days after deposit in the United States mail, registered or certified, postage and charges prepaid, addressed to each Member or Manager, as applicable, at the applicable address specified by such Member in the Subscription Agreement. A Member

may change such Member's address for purposes of notice by a writing sent in accordance with this Section to the Manager.

11.2 Power of Attorney -- Each Unit Holder, upon execution of an Offering Subscription Agreement and approval of the Manager, hereby makes, constitutes and appoints Bernadine A. Santistevan as such Unit Holder's true and lawful attorney, with full power of substitution, for such Unit Holder and in such Unit Holder's name, place, stead and benefit, to sign this Agreement, and subject to any applicable consent requirements contained in this Agreement, to sign, execute, certify, swear, acknowledge, file and record any other documents, instruments and conveyances as may be necessary or appropriate to carry out the provisions or purposes of this Agreement or which may be required of the LLC by law in New York, or any other applicable jurisdiction, or by federal or state securities laws or other applicable laws, including, without limitation, amendments to or cancellations of the certificate and fictitious business name statements.

The foregoing grant of authority is hereby declared to be irrevocable and a power coupled with an interest and shall survive the death, incapacity or bankruptcy of any person hereby giving such power and the transfer or assignment for the whole or any portion of the LLC interest of such person; provided, however, that in the event of a transfer by a Unit Holder of all of such Unit Holder's Units, the foregoing power of attorney of a transferor Unit Holder shall survive such transfer until such time, if any, as the transferee shall have been duly admitted to the LLC as a Substitute Member.

11.3 Severability -- If any provision of this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality, and enforceability of the remaining provisions, or of such provision in any other jurisdiction, shall not in any way be affected or impaired thereby.

11.4 Applicability of New York Law -- This Agreement, and the application or interpretation hereof, shall be governed, construed and enforced exclusively by its terms and in accordance with the laws of the State of New York without regard to its principles of conflict of laws.

11.5 Arbitration -- Any dispute, controversy or claim arising out of or in connection with or relating to this Agreement or any breach or alleged breach hereof shall be determined and settled by arbitration in New York, pursuant to the rules then in effect of the American Arbitration Association, and any such determination or settlement shall be enforceable pursuant to the applicable provisions of the laws of the State of New York. Any award rendered shall be final and conclusive upon the parties and a judgment thereon may be entered in the highest court of the forum (state or federal) having jurisdiction. An arbitrator shall be selected according to the procedure provided for under the commercial arbitration rules of the American Arbitration Association.

11.6 Headings -- Headings at the beginning of each Article and Section of this Agreement are solely for the convenience of the readers and are not intended to control or influence in any manner the meaning of the specific language provided thereunder.

11.7 Entire Agreement -- This Agreement, the accompanying Offering Memorandum and the Subscription Agreement executed contemporaneously herewith contain the entire agreement between the Members and Manager relating to the subject matter hereof and all other agreements

relative hereto which are not contained therein are terminated. Amendments, variations, modifications or changes herein may be effective and binding on the Members and Manager by, and only by, setting the same forth in a document duly executed and consented to by the holders of two-thirds (2/3) of the Interests owned by Unit Holders and Manager and any alleged amendment, variation, modification or change herein which is not so documented shall not be effective as to any Member or Manager.

11.8 Successors -- This Agreement shall be binding on and inure to the benefit of the respective successors, assigns and personal representatives of the parties hereto, except to the extent of any contrary provision in this Agreement.

11.9 Consents and Agreements -- Any and all consents and agreements provided for or permitted by this Agreement shall be in writing and a signed copy thereof shall be filed and kept with the books of the LLC.

11.10 Attorney's Fees -- If any legal action or arbitration or other proceeding is brought by any party hereto for the enforcement of this Agreement or as a result of an alleged breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in such action or proceeding, in addition to any other relief in which the party may be entitled.

11.11 Waiver of Claims -- Each Member is hereby urged to obtain the advice of independent counsel regarding all matters relating to this investment. To the extent that a Member chooses not to obtain separate legal representation on matters relating to the affairs of the LLC, such Member or Members hereby knowingly and willingly agree to waive any claims against the Manager's Counsel based on such Counsel's advice to his Manager clients as it relates to the LLC.

11.12 No Injunction -- The parties hereto agree and acknowledge that in the event of a breach of any party hereto of any obligation hereunder, the damage caused any other party shall not be irreparable or otherwise so sufficient as to give rise to a right of injunctive or other equitable relief, and the parties hereto acknowledge that their rights and remedies in the event of any such breach shall be limited to the right, if any, to recover damages in an action at law or arbitration hereunder and shall not include the right to enjoin the development, financing, production, distribution or other exploitation of the Picture hereunder.

11.13 Cure -- No party shall be liable to any other party for damages of any kind arising out of or in connection with any breach of this Agreement occurring or accruing before the breaching party has had reasonable notice of and opportunity to cure such breach.

11.14 Person -- As used herein, the word "person" means any person, firm, partnership, association, corporation or other entity.

11.15 Counterparts -- This Agreement may be executed in counterparts by each of the Members and Manager, all of which taken together shall be deemed one original.

Article XII

PURCHASER REPRESENTATIONS AND INDEMNIFICATION

12.1 Representations of the Unit Holder -- Each Unit Holder hereby represents and warrants to the LLC and all Members and the Manager that the following statements are true: (a) Such

Unit Holder is a bona fide resident of the state set opposite such Unit Holder's name on the signature page of the Subscription Agreement in that: (i) if a corporation, partnership, trust or other form of business organization, it has its principal office within such state; (ii) if an individual, such individual's principal residence is in such state; and (iii) if a corporation, partnership, trust or other form of business organization which has organized for the specific purpose of acquiring Units in the LLC, all of its beneficial owners are residents of such state.

(b) Such Unit Holder acknowledges the receipt of The Cry, LLC Confidential Private Placement Offering Memorandum dated June 1, 2004, has thoroughly read such Offering Memorandum and understands the nature of the risks involved in the proposed investment; such Unit Holder has been advised that the Manager is available to answer questions about the purchase of Units in the LLC and such Unit Holder has asked any questions of the Manager which such Unit Holder desires to ask and has received answers from the Manager with respect to all such questions.

(c) Such Unit Holder is experienced and knowledgeable in business and financial matters in general and with respect to investments similar to the investment in this LLC and such Unit Holder is capable of evaluating the merits and risks of investing in this LLC, or such Unit Holder has obtained qualified and experienced independent advice with respect to evaluating the merits and risks of such Unit Holder's investment in this LLC and the purchase of such Units which such Unit Holder has relied on in making such investment decision and such Unit Holder can afford to bear the economic risk of this investment.

(d) Such Unit Holder recognizes that the LLC is newly organized and has no history of operations or earnings and is of a speculative nature.

(e) Such Unit Holder understands that no state or federal governmental authority has made any finding or determination relating to the fairness for public investment of the Units offered by the LLC and that no state or federal government authority has or will recommend or endorse these LLC interests.

(f) Such Unit Holder recognizes that prior to this Offering there has been no public market for the Units offered by the LLC and it is likely that after the Offering there will be no such market for the Units; and in addition, such Unit Holder understands that the transferability of the Units is restricted and that such Unit Holder cannot expect to be able to readily liquidate such Unit Holder's investment in case of emergency and that such Unit Holder may have to continue to bear the risk of holding the Units for an indefinite period.

(g) Such Unit Holder is making such investment for such Unit Holder's own account and not for the account of others, and is not buying with the present intention of reselling, transferring or subdividing all or any portion of the Units purchased and presently intends to hold the same until the Picture is made and exploited.

(h) In the absence of either an effective registration statement covering the Units under the Securities Act of 1933 and any applicable state securities laws, or an opinion of counsel satisfactory to the Manager that registration is not required pursuant to said Act and securities laws, such Unit Holder may not sell such units.

(i) Such Unit Holder has the net worth and has or anticipates the income set forth in the Subscription Agreement, signed and submitted by such Prospective Purchaser.

(j) Such Unit Holder is financially able to comply with such Unit Holder's obligations hereunder; and such Unit Holder has adequate means of providing for such Unit Holder's current financial needs and possible contingencies exclusive of such Prospective Purchaser's investment in the LLC.

(k) Such Unit Holder understands that the IRS may disallow some or all of the deductions or losses to be claimed by the LLC and that the IRS may attempt to treat the LLC as an association taxable as a corporation which could have an adverse economic effect on the Members by (i) taxation of the LLC as a corporation resulting in double taxation of income to the Members and no flow-through of losses and (ii) substantial reduction in yield, if any, of the Members' investment in the LLC.

(l) Such Unit Holder is aware that the Manager and its Affiliates may engage in businesses which are competitive with that of the LLC, and such Unit Holder agrees to such activities even though there may be conflicts of interests inherent therein.

12.2 Indemnification -- Each Unit Holder shall and does hereby agree to indemnify and save harmless the LLC, the Manager, the Manager's Counsel and each other Unit Holder from any damages, claims, expenses, losses or actions resulting from (i) a breach by such Unit Holder of any of the warranties and representations contained in this Section or (ii) the untruth of any of the warranties and representations contained herein. If such warranties and representations are either breached or are not true, the Unit Holder who breached such warranties and/or representations, shall, at the election of the Manager, be subject to a rescission of such Unit Holder's rights or interests in the LLC.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned have executed the Agreement as of the date set forth below:

SANTO, LLC
MANAGER

By Bernadine Santistevan

EXHIBIT "B"
CHAIN OF TITLE DOCUMENTS

CERTIFICATE OF AUTHORSHIP

The undersigned, Bernadine Santistevan and Monique Salazar ("Writers" and "Owners"), hereby certify as follows:

(1) That the screenplay entitled, Lá Llorona ("Screenplay"), and all literary material resulting and proceeding from the Writers' services in connection therewith, was written solely by the Writers for use in connection with the production of a motion picture to be based thereon ("Picture"), with the Owners being deemed the co-authors of the Screenplay.

(2) That the Screenplay is wholly original and has not been adapted from any other literary, dramatic or any other material of any kind or nature, excepting only incidental material which is in the public domain throughout the world and does not contain any material which copies or uses the plot, scenes, sequences, story or characters of any other literary, dramatic or other work; that the Screenplay does not infringe upon any statutory or common law rights in any other literary, dramatic or other materials; that no material in the Screenplay is libelous or violative of the rights of privacy of any other person and the full use of the rights in the Screenplay herein granted to the Owners will not violate any rights of any person, firm or corporation, and that the Screenplay is not in the public domain in any country in the world where copyright protection is available.

(3) That the Owners own, throughout the world, in perpetuity, all right, title and interest in and to the Screenplay and any and all parts thereof, including, but not limited to all motion picture rights, television rights, video rights, publication rights and merchandising and commercial tie-up rights. Such rights include all rights in and to the title by which the Screenplay is now, was or may hereafter be known, the theme and the characters, story, ideas and all other elements therein contained or contained in any version thereof now or hereinafter created, sequel rights in the Screenplay and the rights to secure copyrights in the Screenplay and any motion picture or other use which is based in whole or in part upon the Screenplay in the name and of and for the benefit of the Owners or otherwise.

(4) That the Owners have the right, but not the obligation, to use the name of the Owners and/or the name, likeness and biography of the Writers as the authors of the Screenplay on the screen and in advertising and publicity in connection with the exploitation of any motion picture produced which is based in whole, or in part, on the Screenplay or in connection with the exploitation of any of the rights granted hereunder.

(5) That the Owners may make any changes in, deletions from, or additions to the Screenplay or any photoplay, production or other material based on the Screenplay which the Owners in each of her sole discretion may consider necessary or desirable. The Writers, individually, expressly waive, for herself, his heirs, assigns, executors and administrators all rights of "Droit Moral" or any similar right under any law or legal principles.

(6) That with respect to any compensation or other consideration due the Writers in connection with the Screenplay or his services relating thereto, the Writers agree to look solely to the Owners and will not assert any claim or demand with respect thereto against any assignee, grantee or successor in interest of the Owners.

(7) That the Owners may assign, transfer, license, delegate or grant all or any part of the rights, privileges and property relating to the Screenplay to any person, firm or corporation. This Certificate of Authorship shall inure to the benefit of the parties hereto and to their respective heirs, successors and assigns.

(8) That in the event of any act or omission of the Owners or any successor of the Owners constituting a violation or breach of the agreement between the Owners and the Writers, the Writers shall be limited to remedies at law, if any, to obtain damages, and the Writers shall have no right to

rescind all or any portion of such agreement or to enjoin or restrain the distribution or exploitation of the Picture or any material based in whole, or in part, upon the Screenplay.

The Writers have caused this Certificate of Authorship to be executed as of this the 27th day of May, 2004.

WRITERS

Bernadine Santistevan
 Signature
Bernadine Santistevan
 Printed Name
585-98-8311
 Social Security Number
1173A Second Ave #183
NY NY 10021
 Address
212-588-0126
 Telephone

Monique Salazar
 Signature
Monique Salazar
 Printed Name
585-31-2017
 Social Security Number
233 E. 96th St, Apt 21 B
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I. Definitions.

A. Net Profits (Net Distributable Income): Net Profits will be the amount remaining after the following have been paid:

- (1) **Contingent Deferrals**: Any and all reasonable deferred costs for the pre-production, production, post-production, marketing and distribution of *La Llorona*.
- (2) **Contractual Payments to Third Parties**: Contractual payments to third parties including but not limited to exhibitors and distributors in the case of traditional distribution, and exhibitors, independent distribution/marketing firms and advertisers in the case of self-distribution.

B. Producer: The Producer is Bernadine Santistevan, or any heirs or assigns she may designate or that may be chosen for her.

II. Net profits shall be shared as follows:

A. Distribution of Net Profits (Net Distributable Income):

- (1) **Investors' Share of Net Profits**: 90% of Net Profits shall be paid to investors, until 120% of their original investment is recouped, after which investors shall received 50% of Net Profits.
- (2) **Producer's Share of Net Profits**: 10% of Net Profits shall be paid to the film's Producer until investors recoup 120% of their original investment, after which the Producer shall received 50% of Net Profits.

III. Compensation for Monique Salazar for contributions to *La Llorona* shall be as follows:

- (1) **Writing Fees**: Ms. Salazar will receive deferred compensation of 2% of the Net Profits, or 4% of the Producer share of Net Profits.
- (2) **Cost Outlay**: Any money spent by Ms. Salazar to pay for costs related to the production and/or financing of the film, such as paying a script consultant, will be reimbursed 100% from the production budget. The only exception would be monies contributed by Ms. Salazar in the capacity as a direct Investor in the film.
- (3) **Market Research/Marketing/Business Affairs**: To the extent that Ms. Salazar shall perform other services to further the production of *La Llorona*, she and the Producer shall determine the appropriate

deferred or cash compensation and prepare an addendum to this document.

- (4) Financing: To the extent that Ms. Salazar secures investor financing for the production, distribution and/or marketing of the film, Ms. Salazar shall received a deferred finder's fee not to exceed 10% of the Producer's Share of Net Profits, and to be calculated by the following formula:

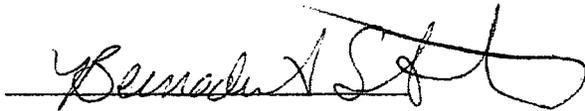
T= Total Amount Financing Sought

A= Amount of Financing Secured by Ms. Salazar

X=Percent of Producer's Share owed to Ms. Salazar for Securing Financing

$$X = (10\% \times A) / T$$

On this day, Producer and Ms. Salazar do agree to this compensation agreement.



Bernadine Santistevan, Producer



Monique Salazar

Date: 2/21/04