

RICH MICHAELS AND ASSOCIATES
RECORDING PRODUCTION VENTURE

THE PLAN

Rich Michaels and Associates, a partnership, organized to carry forth the performing arts, specifically those arts dealing with the music and recording industry, owns full rights to an album recorded in 1983, by Mike Richardson, hereinafter called "The Album". A plan has been designed to get the product into the market place with the intention of charting The Album and to familiarize the U.S. public with the name Rich Michaels and to generally promote to the point that Rich Michaels and Associates may secure third party handling of the distribution of The Album or to market The Album directly through the mass medias including television.

The plan as formulated also looks to secure lease type situations in foreign territories either through existing contacts or through established publishers.

The plan finally includes the necessity to design and put into operation a live show which would include auditioning musicians, designing the show, preparing the show to the point that it is ready for public performance and then securing a reputable agent to handle the actual bookings for the show.

To complete the plan as outlined herein, percentages in The Album are being sold to qualified investors, upon the terms and conditions as hereinafter set forth.

RISK

THIS OFFERING INVOLVES CERTAIN SPECULATIVE CONSIDERATIONS. THEREFORE, NO PERSON SHOULD PURCHASE THE UNITS WHICH WILL BE OFFERED HEREIN UNLESS HE IS FINANCIALLY ABLE TO SUSTAIN A TOTAL LOSS OF HIS INVESTMENT. MOREOVER, BECAUSE OF THE SUBSTANTIAL RESTRICTIONS ON THE TRANSFER OF THESE UNITS, EACH INVESTOR SHOULD BE PREPARED TO HOLD HIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM IS INTENDED SOLELY FOR THE INSPECTION OF THE PERSON TO WHOM IT IS ADDRESSED. ITS REPRODUCTION OR CIRCULATION TO OTHER PARTIES HAS NOT BEEN AUTHORIZED.

NO DEALER, SALESMAN, OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM. SPECIFICALLY, BUT NOT BY LIMITATION, NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY PROJECTIONS WITH REGARD TO THIS PROJECT. IF ANY SUCH INFORMATION IS GIVEN, IT MUST NOT BE RELIED UPON AS BEING AUTHORIZED BY RICH MICHAELS AND ASSOCIATES.

EACH PROSPECTIVE INVESTOR HERETO SHOULD CAREFULLY REVIEW THIS MEMORANDUM AND THE ATTACHMENTS WHICH ACCOMPANY IT. YOU SHOULD SEEK OUT THE ADVICE OF COUNSEL, AND ACCOUNTING PROFESSIONALS, TO DETERMINE WHETHER OR NOT THIS IS A SUITABLE INVESTMENT FOR YOUR PARTICULAR CIRCUMSTANCES.

THIS OFFERING HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE ITEMS CONTAINED HEREIN.

ECONOMIC PARTICIPATION

Rich Michaels and Associates will sell no more than 32 units.

The total interest being sold is 75% of the net proceeds received from the sale, promotion and production of The Album, until a five-to-one payback is reached by those persons purchasing said units, hereinafter referred to as "Investors". Therefore, each unit would consist of a 2.34375% in the entire 75% net interest which is being offered herein.

Net proceeds shall be defined as those moneys received from the sale of The Album less all costs of production, promotion and related costs, including any percentage costs authorized by Rich Michaels and Associates for production and promotion. At this time, no percentages have been dedicated to any organization except as set forth herein. However, it is a recognized custom in the industry that both the producer and promoter of a record album may receive a certain percentage of the royalties. In the event that these certain percentages are required, each Investor acknowledges and understands that these will be a cost which will be paid out of the gross proceeds and such costs will be used in determining the eventual net proceeds received from the sale, promotion and production of The Album. For a further breakdown of estimated expenses and returns, see Exhibit A which is attached hereto. Exhibit A is attached as a mere example of a possible return, and the Investor acknowledges that he understands that Exhibit A is based upon estimates only.

Mike Richardson shall own 25% of the net interest in said Album until the Investors have received a five-to-one payback. At such time as the Investors have received a five-to-one payback, then the Investors' shares in such Album shall be reduced to 25% or .78125% per each unit owned. At such time, Mike Richardson's ownership interest shall increase to a full 75% of the net interest.

COST

The cost of each unit is the sum of \$3,125.00 or a total cost of \$100,000.00. As stated above, this cost shall be divided amongst no more than 32 Investors.

LETTER AGREEMENT

This letter when accepted, shall evidence a contract agreement entered into this date between Rich Michaels and Associates, hereinafter referred to as "Rich", and you, hereinafter referred to as "Investor", and shall relate to your interest in the above described Album.

I.

Rich has acquired all rights to the Album, subject to the payment of usual royalties for the use of certain songs to writers and publishers, and this contract is subject to all the terms and conditions of all of the outstanding royalties and any assignments relative thereto.

II.

Rich will timely comence the hiring of a promotional and organizational company to begin attempts to chart The Album and will recoup its expenses for making The Album and any past production charges.

2.34375% of the net proceeds received from 75% of The Album, with each unit costing the sum of \$3,125.00. The Investor further acknowledges that at such time as he has received a five-to-one pay-back on his money (for instance if the Investor has purchased one unit, at such time as he receives the sum of \$15,625.00), then the Investors share in The Album shall be reduced to .78125% of the net proceeds from The Album with Mike Richardson receiving 75% interest in The Album.

IV.

It is not the purpose or intention of the agreement to create a partnership and neither this agreement nor the operations hereunder shall be construed as creating such partnerships. The parties hereto do hereby elect to exclude any operations herein from the applications of all or any part of Subchapter K, Subtitle A, Chapter 1 of the Internal Revenue Code of 1954, as amended, to the full extent permitted by the regulations of the Secretary of the Treasury or his delegate. The obligations hereunder shall be binding upon and the benefits thereof shall inure to the parties hereto their respective heirs, legal representatives, successors and assigns.

V.

The Investor acknowledges by his signature hereto that he understands that the interest in the herein described investment is being offered and sold in reliance upon the private offering exemption of the Federal Securities Act of 1933 and the non-public offering exemption of the Texas Securities Act. As a condition to the purchasing from Rich, any interest in the herein described investment, for the purposes of the above mentioned exemptions and knowing that Rich will rely upon the statements made herein for such exemptions and in determining the suitability of the Investor as a prospective interest holder, the Investor represents and warrants to Rich the following:

That the Investor is an individual over twenty-one (21) years of age and a bonafide resident of the State of Texas with his principal place of residence in the State of Texas as set forth below or a business entity incorporated or organized under the laws of the State of Texas and if a partnership, all of its general partners are residents of the State of Texas. The undersigned was formed more than six (6) months prior to the date hereof or is engaged in a regular business not solely related to the investment contemplated hereby and was not formed merely for the purpose of entering into this investment.

VI.

The Investor understands that the units will be subject to substantial restrictions on transferability and the interest may only be disposed of pursuant to an effective registration statement filed under the Federal Securities Act of 1933, as amended, or pursuant to an exemption for the registration requirement of said Securities Act and similar to the requirements of the applicable State Securities Act; that Rich has neither filed such a registration statement, or agreed to do so, nor contemplates doing so in the future; and that (in absence of such a registration statement nor such an exemption) any purchaser of said units must hold said interest indefinitely and may be unable to liquidate said unit in the case of an emergency.

VII.

offered the opportunity to ask questions of, and receive answers from, Rich and its representative concerning the terms and conditions of the material contained herein; that he has been afforded access to, and has been furnished all information concerning the investment; that the interest obtained for him may result in the loss of his entire investment; and that the economic risk of the investment hereby is substantial.

The Investor represents that the funds to be tendered for the purchase of said unit subscribed will not represent funds borrowed by Investor from any person or lending institution except to the extent that the Investor has a source of repaying such funds other than from the sale of the units. Such units will not have been pledged or otherwise hypothecated for any such borrowing.

VIII.

The parties further agree that the representations as contained in this agreement and in the documentation preceding this agreement are all made a part of the general agreement by and between the parties.

IX.

The Investor agrees to hold Rich and each of the other participants or investors in this project harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any sale or distribution by you in violation of the Federal Securities Act of 1933. All representations, warranties and indemnities made by you with respect to the Act shall be deemed to be equally applicable in connection with the Securities laws of the State of Texas or of any other state.

This agreement is binding on the successors, heirs, administrators, executors and assigns of the undersigned.

Sincerely yours,

Rich Michaels and Associates
509 West Lynn
Austin, Texas 78703

By: _____

Its _____

I have read the above and foregoing and understand the same. I hereby tender moneys in the amount of \$ _____ for _____ units in The Album. I accept and agree to the terms of this letter agreement on this the _____ day of _____, 198__, and understand that this is a highly speculative venture and may result in a total loss of the moneys hereby tendered.

By: _____

Its _____

SS No./I.D. No. _____

EXHIBIT A

Exhibit A attached to and made a part of Recording Production Venture, Rich Michaels and Associates.

The following is an estimation which is given for illustration purposes only.

The anticipated net per album is approximately \$1.08.

Sales Income

United States:

100,000 albums	\$ 108,000.00
200,000 albums	216,000.00
500,000 albums	540,000.00
1,000,000 albums	1,080,000.00

Foreign Territories, assuming
15 territories:

10,000 albums per territory	\$ 162,000.00
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Live shows, assuming \$2500.00
net per show:

100 shows per year	\$ 250,000.00
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Merchandising, assuming net of
\$300.00 per show:

100 shows per year	\$ 30,000.00
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Projected annual net income
exclusive of partial publishing
and/or air-play royalties on
domestic and foreign sales of
500,000 sales U.S., 150,000
foreign sales, 100 shows and
merchandising

\$ 982,000.00

(The estimated net revenue from a top-40 single will be approximately \$75,000.00.)