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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:	
DIABETES MEDICAL DEVELOPMENT CORPORATION, INC., A.K.A. DIABMED; MICHAEL CLARKE;	**RESPONSE TO ORDER TO SHOW CAUSE**
	Docket No. 5D-07-0011 Docket No. 5D-07-0012
Respondents.	

In answer to the Order To Show Cause, dated February 14, 2007, issued against Respondent's, Respondents, Diabetes Medical Development Corporation, Inc. A.K.A. DiabMed and Michael Clarke, by and through their counsel, Rinehart L. Peshell of the law firm of Matheson & Peshell, LLC, hereby allege, admit, and deny as follows:

1. Respondents admit the truth of the allegations contained in paragraphs 1 through 4 as set forth in the above-referred to Order To Show Cause.

2. Respondents deny the truth of the allegations contained in paragraphs 5 through 8 as set forth in the above-referred to Order To Show Cause.

3. Respondents admit the truth of the allegations contained in paragraphs 9 and 10 as set forth in the above-referred to Order To Show Cause.

4. Respondents admits the Jeremy Jackson received a promissory note from DiabMed entitled "Loan Request Term Sheet" signed by Michael Clarke as the president of DiabMed; but deny the truth of all other allegations as set forth in paragraph 11 of the above-referred to Order To Show Cause.

5. Respondents admit the truth of the allegations contained in paragraphs 12 through 17 as set forth in the Order To Show Cause.

6. Respondents re-allege their answers to paragraphs 1 through 17 as their answers to paragraph 18 of the Order To Show Cause.

7. Respondents deny the truth of the allegations contained in paragraph 19 as set forth in the Order To Show Cause.

8. In answer to paragraph 20 of the Order To Show Cause, Respondents admit the truth of paragraphs 20(d) and 20(e); but deny the truth of all other allegations contained in paragraphs 20(a), 20(b) and 20(c)

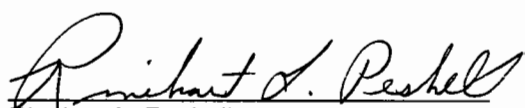
9. Respondents admit the truth of the allegations contained in paragraph 21 as set forth in the Order To Show Cause; but affirmatively allege that Respondents were not aware that the promissory note given Jeremy Jackson could be considered a security. Respondents further allege that Jeremy Jackson was told what the proceeds would be used for, that Jeremy Jackson was not purchasing an interest in DiabMed, but merely lending DiabMed $10,000.00, with a right to receive a royalty, when and if centers opened in Washington and Oregon.

10. Respondents deny the truth of the allegations contained in paragraph 22 as set forth in the above-referred to Order To Show Cause.

WHEREFORE, having answered the allegations contained in the Order To Show in the above entitled matters, Respondents pray that said Order To Show Cause be dismissed with prejudice.

Dated this 13th day of June 2007.

MATHESON & PESHELL, LLC



Rinehart L. Peshell
Attorney for Respondents

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing was __ sent via facsimile, and/or ✓ delivered, (__ in court) and/or ✓ mailed, postage prepaid, on the 13th day of June 2007 to:

Administrative Court Clerk
c/o Pam Radzinski
Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
P.O. Box 146760
Salt Lake City, Utah 84114-6760

Jeff Buckner
Assistant Attorney General
160 East 300 South, Fifth Floor
P.O. Box 140872
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