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7
8 **IN THE UNITED STATES DISTRICT COURT**
9 **FOR THE DISTRICT OF ARIZONA**

10 Federal Trade Commission,
11
12 Plaintiff,
13 vs
14 American Business Builders, LLC, et al.,
15 Defendants.

No. CV12-02368-PHX-GMS

**NOTICE OF FILING RECEIVER'S
REPORT**

16 Robb Evans & Associates, LLC, having been appointed Temporary Receiver by this
17 Court and pursuant to this Court's Order, hereby submits the attached report describing the
18 Temporary Receiver's activities made during November 8, 2012 through November 27, 2012.

19 **DATED** this 30th day of November, 2012.

20
21 ENGELMAN BERGER, P.C.

22
23 By /s/ Kevin M. Judiscak #012764
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ROBB EVANS & ASSOCIATES LLC

**Temporary Receiver of
American Business Builders, LLC, et al.**

REPORT OF TEMPORARY RECEIVER'S ACTIVITIES

November 8, 2012 through November 27, 2012

This report covers the activities of the Temporary Receiver¹ since the inception of the temporary receivership. This is the first Report to the Court on the progress of the temporary receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing the progress of the temporary receivership.

Custody, Control and Possession

On November 8, 2012, the Temporary Receiver entered the business premises located at 4734 and 4738 West Glendale Avenue and 7145 North 57th Drive, Glendale, Arizona. The Temporary Receiver secured the business premises by changing the locks and took custody, control, and possession of all assets and documents on the business premises. The Temporary Receiver completed a photographic inventory of receivership assets, interviewed employees, and obtained pertinent information from those employees on site who did not exit the premises upon the entrance of the Temporary Receiver.

Of the two individual defendants, only Stephen Spratt was on site. Mr. Spratt was served with the Complaint, the Temporary Restraining Order, and the additional documents and items filed with the Court. Mr. Hanna a/k/a Romeo did not appear at the offices. As further described below, the Temporary Receiver had discussions with defendant Stephen Spratt who claimed he knew nothing about any of the businesses, did not manage or supervise them, and also stated all businesses had discontinued operations.

The Temporary Receiver served the Temporary Restraining Order on all known mailbox and mail drop facilities.

The Temporary Receiver reviewed lease agreements on the three locations and served a copy of the Order on each landlord. The office at 4734 West Glendale Avenue was

¹ Reference to the Temporary Receiver in this report means the Temporary Receiver, the Temporary Receiver's deputies, its staff, and its counsel.

leased under the name of the U.M.S. Group and the lease was executed by Shane Hanna. The office at 4738 West Glendale Avenue is currently leased under the name of the Safe Card LLC and the lease was executed by Shane Hanna. The office located at 7145 North 57th Drive, Glendale, Arizona was leased under the name of ENF, LLC and the lease was executed by Stephen Spratt.

Business Operations

The Temporary Receiver located and reviewed numerous documents, including lead sheets, sales records, scripts, brochures, payroll calculations, and corporate documents filed with the State of Arizona and Nevada. Contrary to the statements by defendant Steven Spratt, these documents indicate receivership defendants, and other affiliates and subsidiaries, and other businesses related to the defendants' business opportunity, are operating, and making contact with consumers to promote marketing and advertising services. One business-owned or controlled in whole or in part by defendant Shane Hanna operates as Safe Card LLC dba Safe Guard, a medical identification and information service.

Businesses and telemarketing operations using different names, and using mailbox services for addresses, were all located in premises under the control of the individual defendants, used interchangeable employees, and records indicate cash was transferred between various entities. The defendants continued to organize new entities in both Arizona and Nevada and changed the name on forms, disclosures and sales sheets, but retained identical facts and details for the new entities. The Temporary Receiver found some forms with prior entity's name crossed out and a new entity handwritten in its place.

Defendants marketed various business opportunities through a series of entities. The defendants would change the name of one marketing company to a new entity. The business opportunity being sold to consumers would stay virtually the same. The Temporary Receiver located several telemarketing scripts for American Business Builders, U.S. Job Assist, Franklin Financial, Dynamic Merchants, Pinnacle Marketing Group, Unlimited Training Services, Universal Marketing and Training and Safe Card. There were scripts where the old company name would simply be crossed out and a new company name inserted. Notes from a management meeting conducted on August 29, 2012 state that Shane Hanna would dissolve American Business Builders and retain all of the profits. It appears that computers and office equipment were then transferred to ENF LLC and Universal Management and Training LLC.

The Temporary Receiver located a document titled "Lead Source Info" which identified 23 different business opportunities that ranged from debt reduction, credit

repair and loan modification services to merchant processing businesses. Of the 23 different entities, eight offered "Biz-Ops" involving merchant processing. A review of numerous client information sheets maintained by the defendants showed that several of the 23 companies were listed as the source of a particular lead.

One of the sales scripts for Unlimited Training Services discussed three business opportunities. In addition to the merchant service business with Unlimited Training Services, consumers were told they could operate two other businesses involving personal health data services and home security services. The personal health data service appears to be a business opportunity that offers a product which is very similar to the Safe Card product currently being marketed by defendants. A brochure for Safe Card titled, "Safe Guard – Simple affordable effective Solution" contains information about a business opportunity associated with Safe Card that promises unlimited income potential and a comprehensive training program with continuous support from staff experts. The defendants had marketed the ADT home security service which may have been related to the home security services discussed in the Unlimited Training Services script, but it appears that the sales of the ADT home security service was suspended prior to the appointment of the Temporary Receiver.

The defendants would first market a business opportunity involving the credit card merchant processing industry for amounts ranging from \$295 to \$495. Once a consumer had signed up for the basic business opportunity, the defendants would target that consumer in an attempt to upsell them leads and other services that were represented to be necessary to succeed at their business. One consumer complained that she received ten upsell calls shortly after signing up for the basic merchant service business opportunity. In most cases, consumers were charged ten dollars for each lead. The Temporary Receiver reviewed dozens of consumer files where consumers paid from \$10,000 to \$40,000 for leads. Consumers were told that the defendants would conduct a marketing campaign to contact the leads and generate income for the consumer.

The Temporary Receiver reviewed the files of nine sales made by the entity USA Advertising Consulting between October 8, 2012 and November 5, 2012. The nine sales ranged in amounts from \$1,000 to \$15,000, with four of them larger than \$3,000. The ages of six of the consumers were listed and ranged from 73 to 87 years. The products sold were typically social media public profile/fan pages for Facebook or Twitter, production-ready TV commercials, or private YouTube channel uploads.

The Temporary Receiver telephoned and spoke to a consumer whose credit card was charged \$4,000 for public profile/fan pages for Facebook and a production-ready TV commercial. The consumer is an 87-year-old retired farmer who initially purchased an

advertising website for \$4,000 in February of 2012. Although he stated he has a computer and Internet service, he does not have a Facebook account.

The consumer told the Temporary Receiver that he never activated the business. He said he did not fully remember what products he had purchased for \$4,000 in October and whatever he had purchased "was not working out." Overall, the consumer seemed uncertain about what happened, what he purchased, and why he did it.

The Temporary Receiver reviewed the details of another sale made to a consumer whose two credit cards were charged a total of \$15,000 for a production-ready TV commercial, public profile/fan pages for Facebook and Twitter, a custom press release, and a private YouTube channel upload. The consumer is a 73-year-old operator of a sports and chat website.

The details of another sale revealed the consumer to be 76 years old and owning a website selling collectibles. However, the information furnished by the consumer stated she did not own a computer, did not have e-mail service, and did not subscribe to any social media services. Nevertheless, her credit card was charged \$1,200 for public profile/fan pages for Facebook and Twitter.

The Temporary Receiver reviewed the details of another sale made to a consumer whose two credit cards were charged a total of \$4,500 for public profile/fan pages for Facebook and Twitter, a production-ready TV commercial, and a private YouTube channel upload. The consumer is 81 years old and previously purchased an advertising website in March of 2012 for \$2,700. Comments recorded in the sale papers state that the consumer has previously purchased over \$30,000 of media and advertising services, and also mention she "has been burned."

One of the upsell scripts found at the offices located at 7145 N. 57th Drive is another example of how entities would morph from an old business to a new entity. The business names on the original version of the script included Franklin Financial Solutions, Dynamic Merchants and Pinnacle Marketing Group. Names of businesses were crossed out and American Business Builders was inserted as the new entity (Tab 1). This upsell script is replete with misrepresentations and will be discussed in more detail below.

The script identifies an individual as the executive marketing director at American Business Builders and suggests that they are offering a special scholarship program for a few new agents. After stating that many of the large national banks "cannot lend money to businesses right now" he claims that he is getting "over-flowed" with businesses that need to borrow money. The script claims that ABB has contacts with

major commercial banks and has thousands of leads for businesses that had loan applications rejected by their bank. The script also states that the defendants have contracts with American Express and major commercial banks. The script claims that the specific leads that will be assigned to the consumer are sold to other agents for \$350 to \$450 each lead, but that the consumer can buy them at cost and the company will market the business for the consumer. The consumer is offered leads at ten dollars for each lead and urged to purchase a minimum of 1,000 leads for \$10,000. The consumer is told that they will see some returns in as little as two to three weeks. The consumer is given the impression that they can pay-off the charges on their credit card from the initial income and can make a six-figure income.

7145 North 57th Drive

There were approximately 12 employees on site at the 7145 North 57th Drive location. All employees at that location declined to complete a questionnaire for the Temporary Receiver and left the premises. The Temporary Receiver determined that this was a satellite office and there were no principals located there. After reviewing scripts and other documents at this location, the Temporary Receiver determined telephone solicitors used the names of Complete Market Share, Network Market Solutions, and, apparently in the afternoon, switched to using Unlimited Training Services and Universal Marketing and Training. This operation appeared to be selling leads to business opportunity customers and also, based on a lengthy script, credit card processing and merchant processing services.

4738 West Glendale Avenue

There were about five employees on site at the 4738 West Glendale Avenue location. When the Temporary Receiver entered the premises, all employees left the location and did not complete questionnaires. Defendants Shane Michael Hanna a/k/a Shane Michael Romeo and defendant Steven Spratt maintained offices in this location. Mr. Spratt's desk contained records indicating he has been actively involved with Universal Marketing and Training, LLC, USA Advertising Consultants LLC, American Business Brokers LLC, and ENF LLC dba Network Market Solutions. Mr. Spratt completed Articles of Organization on November 8, 2012 for Med ID Plus, LLC.

Sales personnel in this office location made contact with consumers and developed detailed information about bank accounts and credit available on credit cards. A "Producer" would complete a follow-up call and sell business leads, or fan pages and public profiles and advertising to be posted on Facebook, Twitter, or videos to be available as private YouTube selections. Based on the documents reviewed, the

Temporary Receiver determined sales prices ranged from \$1,000-\$15,000, with a maximum of \$30,000. Payroll calculation sheets indicate fulfillment costs ranged from \$158 to \$456 for fan pages, public profiles, and YouTube videos. These products and services were sold for \$1,200 to \$15,000. This operation primarily presented itself and completed sales as USA Advertising Consultants LLC. This company was formed on April 20, 2012 as a Nevada LLC with Steven Spratt as the manager.

Documents also show that American Business Brokers LLC was formed as an Arizona domestic LLC on May 4, 2012 with Steven Spratt as the managing member. Mr. Spratt entered into an agreement with Flat World Solutions Inc. in May, 2012 to provide initial telemarketing from India and the Philippines for Network Market Solutions, a fictitious name of ENF LLC, and apparently also for American Business Brokers. The agreement provided that Flat World Solutions, Inc. would telemarket reduced credit card processing arrangements to leads furnished by Mr. Spratt and turn over interested prospects to Mr. Spratt.

4734 West Glendale Avenue

There were in excess of 40 employees on site at the 4734 West Glendale Avenue location when the Temporary Receiver took control of the premises. Employees at this location completed questionnaires for the Temporary Receiver and cooperated in answering questions regarding the business operation. Eleven employees stated that they had just begun employment within the previous few days and provided the Temporary Receiver with their names and contact information. The office manager provided some initial requested information, but then told the Temporary Receiver she had been instructed by counsel not to answer further questions. Later in the day, counsel did instruct the office manager to cooperate with the Temporary Receiver.

The majority of the employees on site described themselves as telemarketers, reporting to an on-site sales manager, who maintained a desk in the center of the telemarketing room. The sales manager stated an ACT database program worked with a dialing program to produce sales sheets and to document activity, but he had very limited operating knowledge. However, it appeared that process operated only for the sales activity at the 4734 location and not for the other two locations. The manager stated he reported to Shane Hanna.

At the time the Temporary Receiver took control of the premises, the office was actively selling a product called Safe Card to consumers. The company billed under the name of Safe Card, LLC, however charges to the consumer's accounts appeared under the name of Safe Guard. Corporate documents for Safe Card, LLC show

Shane Hanna as the managing member. There are common employees with ENF, UMS Group LLC, and USA Advertising Consultants LLC. Bank account records show funds were co-mingled with other entities. The Temporary Receiver considers these entities to be affiliated entities under the Temporary Restraining Order and therefore Receivership entities.

Safe Card is a "Medical Identification Card" containing the consumer's basic medical information along with a website address which can purportedly be accessed by emergency personnel for more detailed personal medical information of the consumer. Safe Card has a one-time cost of \$349.

The Temporary Receiver located marketing materials for the sale of the Safe Guard business opportunity. The marketing materials state the Safe Guard opportunity provides "unlimited income potential, comprehensive training, and continuous support from staff experts." It is unclear whether marketing the business opportunity was underway. The sales manager confirmed the telemarketing area was set to double in size by expanding to the rear of the premises. Counsel for the defendants requested that the Temporary Receiver authorize limited customer service operations to continue for Safe Card. The financial records show that Safe Card was operating at a loss so the Temporary Receiver decided not to continue business operations.

The structure for selling the Safe Guard product was described by the telemarketing supervisor as:

- Openers, who initiate outgoing sales calls for the medical card product follow a script.
- Closers, who take over the sales call to discuss billing with the consumer and overcome objections the consumer may have to the purchase. Closers have a script to follow.
- Verifiers, who record the verification that the consumer agrees to pay for the services. One of the verifiers stated that she input consumer medical information into the on-line program described under 'Billing' below. The verifiers use a script and the call is recorded on a third-party program.
- Billing, where invoices are created for the service and consumer initial medical information is input into the on-line program called "Safeguard United.com". This program was built by the company specifically for this product.
- Fulfillment, where information is taken from the computer to create a "Personal Health Information Card". A "temporary card" is first created and forwarded to the consumer along with a "Welcome Letter", forms to complete and returned with detailed medical information, and an authorization the consumer must sign

to release medical information through the on-line program. The Temporary Receiver located several envelopes with medical histories and information mailed from customers that had not been transcribed to the local server. Most had postmarks 30 days earlier.

Consumer Complaints

The Temporary Receiver reviewed numerous consumer complaints that were found in each of the three office locations. The consumer complaints were comprised of complaints filed with the Better Business Bureau (BBB), dozens of complaints directly from consumers and counsel representing consumers, inquiries from several state Attorney Generals or other state agencies, including Arizona, New York, Pennsylvania, Michigan, Illinois, Washington, and Wisconsin. Consumer complaints reviewed were filed against American Business Builders LLC, ENF, LLC dba Network Market Solutions, United Merchant Services, Universal Marketing and Training, Unlimited Training Services, LLC, EBiz Financial Group dba Dynamic Merchants, Pinnacle Marketing Group LLC and Safe Card dba Safe Guard LLC.

The Temporary Receiver reviewed the BBB website for Central, Northern and Western Arizona. Universal Marketing and Training, United Merchant Services, Network Marketing Solutions, Safe Card dba SafeGuard LLC, EBiz Financial aka Dynamic Merchants and Custom Merchant Solutions all had an "F" rating from the BBB as a result of their failure to respond to repeated consumer complaints.

The consumer complaints involved demands for returns from a few hundred dollars to in excess of \$40,000. The Temporary Receiver noted that many of the consumers were advanced in years with a number of consumers in mid-80s. A number of the consumers did not own a computer and did not have access to the internet or emails.

There were several other reoccurring themes in the consumer complaints:

- I was told that buying leads was a critical component of the success of my business opportunity and that the leads were extremely valuable.
- The leads were a list of hundreds of companies that had applied for a loan from a bank, but had been rejected and were anxious to secure alternative funding.
- The companies listed on the leads would routinely take cash advances from \$200,000 to \$700,000 and I would receive 2% on all cash advances.

- I was offered a scholarship so that I could purchase \$20.00 leads for only \$10.00 per/lead.
- The company would do all of the sales work once I purchased leads.
- I would start making enough money within the first few weeks to pay off the credit card debt created when I purchased the leads.
- I was going to make a six-figure income.
- I paid for leads and no work was ever done. I never received an income.
- I requested a refund and have not received one.
- The defendants would not return my calls after repeated attempts and failed to keep me updated.

Although there were dozens of consumer complaints against Safe Card, most appeared to include a refund request for the initial payment of \$395 or a portion of that amount represented by an installment payment. Although it is clear that the defendants did intend to include Safe Card as a business opportunity product, it does not appear that they had started marketing the business opportunity component when the Temporary Receiver was appointed.

The defendants contested many of consumers' requests for a charge back from their credit card company by claiming that the services had been delivered. When a consumer increased the pressure of their refund request by hiring an attorney or filing a complaint with a regulatory agency the defendants would honor the refund request. In certain cases, the defendants would offer a partial refund claiming that there was an administration expense being deducted from the refund amount.

Financial Information

The Temporary Receiver obtained QuickBooks accounting files from the office manager's computer for the following entities:

American Business Builders, LLC
ENF, LLC
Safe Card LLC

UMS Group, LLC
 Universal Marketing and Training, LLC

Under Tab 2 are consolidated balance sheets and profit and loss statements for the entities listed above prepared by the Temporary Receiver. The Temporary Receiver eliminated apparent inter-company transactions to present the actual financial performance of the common enterprise. The Temporary Receiver was not able to eliminate two \$2,000 inter-company transactions due to the lack of information available to the Temporary Receiver.

The balance sheets show entries classified as loans between different entities. Most of the transfers between entities consisted of multiple transactions and not single, lump sum advances. The Temporary Receiver did not locate any loan documents describing this activity.

The receivership defendants and their affiliate, Safe Card, LLC, had gross sales of approximately \$7.7 million between October 18, 2011 and November 8, 2012. During that same period, the Receivership Defendants and their affiliate, Safe Card, LLC, had chargebacks of approximately \$853,000 or 11.1% of gross sales and refunds of approximately \$152,000 or 2% of gross sales. The table is set forth below:

	<u>ENF</u>	<u>ABB</u>	<u>Safe Card</u>	<u>UMS</u>	<u>UMT</u>	<u>Consolidated</u>
Gross Sales	5,444,771.11	545,395.73	905,270.47	314,954.65	693,635.69	7,683,605.46
Chargebacks	(521,847.31)	(2,020.00)	(111,493.57)	(117,239.24)	(100,743.28)	(853,343.40)
Refund	<u>(51,000.00)</u>	<u>(41,500.00)</u>	<u>(42,205.64)</u>	<u>(13,335.00)</u>	<u>(3,753.40)</u>	<u>(151,794.04)</u>
Net Sales	4,871,923.80	501,875.73	751,571.26	184,380.41	589,139.01	6,678,468.02
Chargebacks/ Gross Sales	<u>9.58%</u>	<u>0.37%</u>	<u>12.32%</u>	<u>37.22%</u>	<u>14.52%</u>	<u>11.11%</u>
Refund/ Gross Sales	<u>0.94%</u>	<u>7.61%</u>	<u>4.66%</u>	<u>4.23%</u>	<u>0.54%</u>	<u>1.98%</u>

The receivership defendants and their affiliate, Safe Card, LLC, paid sales commissions of approximately \$4.3 million or 56% of gross sales. The entities had Fulfillment (product) expense of just \$61,391.

The Profit and Loss Statements show a "Business Buyout" expense of \$521,935.62. The office manager told the Temporary Receiver that these were buyout payments to 4 Group Holdings L.L.C. for ENF's equipment and merchant accounts.

Bank Accounts

The Temporary Receiver served the Temporary Restraining Order on all known financial institutions and merchant processors that were used by the receivership defendants. Currently, the funds frozen in the receivership defendants' accounts total approximately \$859,730. Of the frozen funds, approximately \$733,490 are held in merchant processing accounts that could be subject to future chargebacks. The Temporary Receiver is continuing to confirm the balances of bank accounts and merchant accounts of the receivership defendants, and working with other financial institutions and merchant processors concerning the turnover of funds.

Conclusion

The numerous complaints, combined with the high level of chargebacks discussed above, likely account for the reasons numerous entities ceased operations and restarted using different names.

Respectfully submitted,

/s/

Robb Evans & Associates LLC
Temporary Receiver

TAB 1

1888-707-0101

HELLO _____ This is ^{Brian} ~~_____~~ Sullivan the
executive marketing director here at ^{American Business Builders} ~~_____~~ ^{Marketing Financial}
~~_____~~, how are you doing? I'm calling to talk
to you a little bit about your business. I'm sitting
in my office taking a look at your file. I usually
don't get on the phone with very many new clients,
but _____ the reason I am on the phone with
you, is I am actually one of the marketing directors
what I do is I sign off on the marketing campaigns,
ok and another thing I do is I work on the
production, I look at the production that goes on.
I'm the statistics guy in the office, ok so I am going
to be able to break down some numbers with you,
explain to you exactly the type of return you'll
have an opportunity in seeing based on what I see
on a daily basis. But more importantly I set up a
new budget, I set up a new scholarship for just a
few new agents, and you happen to be one of our
newest agents. That's the reason why I am on the
phone with you. So I can break down this
promotion for you, that's going to give you an

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[REDACTED]

promotion for you, that's going to give you an opportunity in achieving a lot more goals, in a faster period of time. Now I'd like to ask you a question, when my assistant@ [REDACTED] explained this business opportunity to you, what was it about ~~the~~ opportunity that sparked your interest & ~~say~~ ^{Decide to give this thing a shot} ~~the~~

Here's the deal, you have a couple of options with this business. You got involved with the merchant banking industry. Are you familiar with any type of merchant banking? I'm your source for right now. Now I'm going to get you involved in something that not a lot of new agents can get involved with, I want to talk to you about this cause not a lot of people are doing this 100% out of fear. Completely out of fear, that's why they don't get involved in this. But the thing is, it would be foolish for you not too!! Because right now just to give you a little taste of what's going on in the

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merchant banking industry. Commercial banks right now have a lending block, what that means is that companies, commercial, financial centers like Bank of America, ~~Washington Mutual~~, JP Morgan Chase, Wells Fargo. Those banks major commercial banks, Citi Bank, they cannot lend money to business's right now. *You can have a million dollars sitting in the bank liquid, you can have an 850 Fico score and you still cannot get qualified for financing. There are strict regulations, you see funds are saturated, there's a lending line, and what that lending line consists of in the banking industry is buying and selling notes. See when you buy and sell notes it allows money to flow in and out of the lending line. Ok that allows the bank to lend more money to people. Gaining funds off of the interest. *You see so many people are foreclosing on their properties and so many notes are not being paid the interest on, that the banks are saturated right now. The majority of their funds are leaning towards salvaging notes,



mortgages, re-modifying peoples mortgages. Which means, they have to take out a certain category of their funding and lean it towards that*

***So merchant lending right now there is a huge delemma when it comes to commercial banks, cause that's all that people know. I go to my bank to deal with all my banking. I go to my local branch and deal with all my financing, and that's a problem because people are not familiar with merchant banking, especially business's.* Usually it's the commercial banks that use us to fund stuff, but now we're out sourcing and that's exactly why we developed ^{American Business Builder} ~~Dynamic Merchants~~. Because of this particular situation.* ^{American Business Builder} ~~Dynamic Merchants~~ is actually one of the fastest growing merchant banks in the country. Their parent company is First Data. First Data is the largest credit card processing company in the US. If you ever owned a business you would have heard of First Data.* ^{American Business Builder} ~~Now Dynamic Merchants~~ is a sister company of First Data, so that's why we have the most negotiable**

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and the lowest cost programs out there for business's, they just don't know we exist.↓ But here's a huge benefit, due to this overflow in funding, and the block in merchant lending lines on lending money to business's, causes problems in our economy. The way that money flows through our economy is from business to business, so if business's can't borrow money that means business's are closing down. Business's close down that prevents fluxuation of funds in our economy. Which means we go into a depression. So the Obama administration, and this is where you're going to benefit. ^{Do To Revert Government Regulations} The Obama administration ~~states that~~ any financial institute that cannot lend money to a business now has to out-source that file to a lending institution that can.↓ If we don't continue to fund business's, business's close down, and what that means is that's a huge problem for our government. Because we go into a depression. See we're in a recession right now due to real-estate market. While the commercial banks are

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trying to fix that, these commercial banks need to out-source these files, so I'm getting over-flowed right here with business's that need to borrow money. The thing is that by law because I work for ~~Pinnacle Marketing Group~~, not ^{United Merchant Services} Dynamic Merchant. We're a separate entity. I work for a very large marketing and advertising agency. We do marketing campaigns for companies like Dial Soap, Colgate, Dominoes Pizza, 7-11, we do marketing for some of the largest corporations in the country. So ~~Dynamic Merchants~~ trusts us and they count on us and they contract us to generate accounts for them cause they don't have any experience in marketing, they're a bank. They process, that's what they do. They fund and they process. So what they're doing is they're counting on us to generate the accounts for them. That's what I specialize in. And I am very successful at what I do. You got involved with a very lucrative company right now, in a lucrative industry. A lot of people are making a lot of money with this, but it

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consists of sacrifice. There's only one word that comes to mind when I think of that sacrifice and that's investment. Which a lot of people are scared to do. Ok now it's not going to be too scary for you cause I'm going to provide you with the outcome, and the benefits that come with it. I'm seeing 350-450% profit margins right now. I have agents that call me from other merchant banks, because you see I'm contracted by every major commercial bank in the country right now. Because they want our products being sent out to their business's. So I'm being over-flowed with business's here. I have a contract with these banks on larger terms. I know the executives at these banks, at these commercial banks, Some I went to college with @ The University of Michigan, others I met a long the way, And that's why I'm giving you and opportunity. I carry these contracts with these major commercial banks which doesn't just saturate you in your local area, when your marketing with me I'm marketing in every major

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metropolitan city in the country. Area's that you can't reach out to. And another benefit is I'm being over-flowed with these business's. I have a contract with American Express. Legislation just passed a new law maximizing interest rates. So what that means is that they're taking credit lines away, because they're not making enough profits as they used to off the line of credit that they're providing to people. So what happens is that they take these credit lines away, these business's don't have a source of line of credit to purchase any kind of over-head, or inventory. But when you own a business, the last thing you want to do is use any kind of reserve.*You always use the banks money to invest in any kind of ventures for your business. And it's the same thing with you and your business. If You don't mind me asking you, what do you currently do for a living right now?*Did you get into this business to supplement your income to do more of the things you like to do or did you get into this business to replace your income &



become your own boss? ok This is a great business to replace your income.

***Now what I like to do as the marketing director, because I very seldom get a chance to talk to good folks like yourself, but what I like to do , is set goals with my members, because I understand as the marketing director of this Co. That if I can help you to attain your goals in this business and you achieve some form of early success with my business, I know you will be with us for a very long time too.) What would you like to see this business do for you financially on a monthly basis if you could?**

I'm a statistics guy, I want to break down some numbers, I used to be a financial advisor, and I was also an executive for Country Wide for many years. Which was one of the largest lending groups in the country. So this is what I want to do, prior to talking to you about marketing I am going

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to be your financial advisor for about 10 minutes. So I am going to find out exactly where you are so I know where to exactly to place you as far as marketing is concerned. That way when we set a goal for ourselves within our first year it will be more of an accurate number, something that is actually achievable. Depending on how you market your business all depends on what type of return your going to get.*And I'm going to express to you what type of returns your going to make based on the type of marketing that we do, cause I look at these returns on a daily basis. I know exactly what you should expect to see. Let's set up this financial profile, let's calculate a debt to income ratio, let's find out where you are, so that way we can move forward.

Now how much would you say your generating off your job right now? Do you have a mortgage? How much are you paying monthly? Do you have any car notes? Any outstanding student loans?



Medical finances that your paying out? We're going to find a way to supplement that income for you to be able to pay that out.

Now I work hand in hand with Visa, Mastercard, American Express, and Discover, I'm contracted by them right now. American Express and Visa on the majority end of their line of credits they're taking lines of credit away. The first people to be affected by this were business card holders, they were affected January 1st. Ok and that's why were being flooded with these business's by Visa and American Express right now that need financing.

Now I'm going to show you how I'm going to help you prevent that from happening to you, but I need to find out what type of accounts that you have.* Now how many accounts do you have with any Visa, MasterCard, American Express or Discover? What bank is it with? What's the balance on it? Is it a charge card or a debit card? Is that an open line? What type of investments do

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you have? How's your portfolio? Where does all your money go? You need to start saving your money. You need to start putting half of what you make into a savings account. I have a program for you and it's going to consist of an investment, it's not going to be much for the type of income you guys have. But you only have one source of leverage. Your American Express that's it. Now with this type of investment I'm going to be able to give you an opportunity in generating some accounts that's going to be able to provide you with a residual income. Every account I generate for every time someone swipes there card through that terminal in that business you get paid a residual.*The minimum you can make per business is \$100. So if I set up 20 accounts for within your first year that's \$2,000 a month plus. But more importantly I'm target marketing these business's for cash advances, for business loans, that's what they need. Now for every 1000 business I market, I'm usually generated 30 accounts which is

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amazing. On a minimum level. Especially right now you're going to have an opportunity in setting up a lot more. I have an 83% approval rate, about 6% of them go through. That's phenomenal when it comes to marketing. Now I sell these leads to any other agents that are not contracted by us for \$350-\$450 a lead. Now the reason I sell them for that price is because that's what the profit margins are anywhere from \$350-\$450, but because of the fact that you're a Full-Speed Funding agent and they contract us, what I do is I have to provide them to you at cost and I market your business for you. Because that's what they pay me to do, but you have to buy these business files. See these are business files of people who are getting denied at their bank, that usually on any other occasion due to their conditions, they can get qualified. Funds are blocked right now. So what I'm going to do is I'm going to assign a certain amount of business's for you, what I recommend you do is 1000 business's. 1000 business's is \$10,000. It's going to

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be scary for you. You can do less, that is what I suggest you do. I'll tell you why, because these particular business's I'm going to assign to you, are my American ^{commercial} Express business leads, that I need to contact by next week. And it usually takes 3 weeks to launch a campaign. So when it takes 3 weeks to launch a campaign, the highest number in return start to come in around the 30 day mark. If I launch your campaign by next week, your going to have an opportunity to see some returns in as little as 2-3 weeks from now. Ok with one account your going to have an opportunity to pay that off. Because the particular American Express business leads that I am providing you with are business owners that have business lines of credit that lost anywhere from \$200,000-\$700,000 lines, that American Express has taken away from them. What they are applying for is anywhere from \$200,000-\$700,000 in cash advances. What that means is this, you make a 2% commission every time I lend money to a business. So if they're

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borrowing on the range of \$200,000-\$700,000 your making anywhere between \$4,000-\$14,000 per cash advance. So with 2 accounts that \$10,000 is wiped clean. It ranges from \$2-\$700,000 that's on the average that's the medium. When they're borrowing \$300,000 you are making \$6,000 That's how people are making six figures with this business, with these particular business files. Now I can launch your campaign up and running by next week. This is the promotion I have for new agents is that I will match you dollar for dollar, because these leads 1000 leads don't cost \$10,000 the total out for the whole program is \$24,400 because these particular type of business's, they're the type of business's that are using our cash advances as a credit line. So what they do is pay this money back in 2-3 months and take another cash advance .And here is the huge benefit, these business's are using it as it were there American Express card, the only thing is that they can't swipe there card anymore .It's a line of credit for them. It's a line of credit for

them. They pay that 300k back, they have an open line of credit for 300 grand, they re apply for 300 grand every three months and every time they borrow money, you make 6 grand, it circulates and you get 2% throughout the life of your business. You understand and that is why these American express leads are so lucrative!!!! The thing is Your credit card, I don't know if you will be able to put it on the card .What I reccomend is if you can do that, if your credit card would let you do that you should do that! Put it on the card, it won't be a problem for you And every time they borrow money you get that 2% commission throughout the life of your business. And that's why these business leads are so lucrative. If we can do this I highly recommend it. If American Express will allow you to charge \$10,000 on it's, not going to be a problem for you. The minute you get your first check you pay off your card immediately, with your residual checks, you put them to the slide, you put it in savings ok? that's how you start gaining

wealth!!!! Remember you get 2% on all cash advances 50k to 1.5 million which translates to 1000 to 30k to you for every cash advance.....Now do you want a middle intial on your commission checks ? or is it just Jane Doe? And the physical address that you want your commission checks to be sent too? Do you have a fax machine there @ home?

TAB 2

Robb Evans & Associates LLC
Temporary Receiver of American Business Builders, LLC et. al
Consolidated Balance Sheets

	<u>11/7/2012</u> <u>ENF</u>	<u>9/21/2012</u> <u>ABB</u>	<u>11/8/2012</u> <u>Safe Card</u>	<u>9/21/2012</u> <u>UMT</u>	<u>10/15/2012</u> <u>UMS</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated</u>
ASSETS								
Current Assets								
Cash	(5,090.10)	187.86	8,162.52	23,559.68	(2,243.95)	24,576.01		24,576.01
Other Current Assets								
Loan from UMT	(342,965.64)	(20,000.00)	-	-	-	(362,965.64)	362,965.64	-
Loan to ABB - Builders	21,500.00	-	-	-	-	21,500.00	(21,500.00)	-
Loan to ADT	1,737.50	-	-	-	-	1,737.50	(1,737.50)	-
Loan to UMS	64,400.00	(122,790.81)	-	8,500.00	-	(49,890.81)	49,890.81	-
Loan to/from ENF	-	(21,500.00)	-	345,765.64	(54,400.00)	269,865.64	(269,865.64)	-
Loan / Due to Safecard	-	-	-	10,100.00	-	10,100.00	(10,100.00)	-
Loan to SC	35,737.89	37,000.00	-	-	35,000.00	107,737.89	(103,737.89)	4,000.00
Loan to UTS	3,294.14	-	-	-	-	3,294.14	-	3,294.14
Loan to Vanessa	997.10	-	-	-	-	997.10	-	997.10
Total Other Current Assets	(215,299.01)	(127,290.81)	-	364,365.64	(19,400.00)	2,375.82	5,915.42	8,291.24
Total Current Assets	(220,389.11)	(127,102.95)	8,162.52	387,925.32	(21,643.95)	26,951.83	5,915.42	32,867.25
Fixed Assets								
Computer Equipment	2,034.98	-	-	-	-	2,034.98	-	2,034.98
Furniture and Equipment 16th	11,337.08	-	4,918.88	-	-	16,255.96	-	16,255.96
Telephone Equipment 48th	17,052.58	-	14,902.04	-	-	31,954.62	-	31,954.62
Accumulated Depreciation 2011	(10,351.00)	-	-	-	-	(10,351.00)	-	(10,351.00)
Total Fixed Assets	20,073.64	-	19,820.92	-	-	39,894.56	-	39,894.56
Other Assets								
Security Deposit	6,139.81	-	-	-	-	6,139.81	-	6,139.81
Total Other Assets	6,139.81	-	-	-	-	6,139.81	-	6,139.81
TOTAL ASSETS	(194,175.66)	(127,102.95)	27,983.44	387,925.32	(21,643.95)	72,986.20	5,915.42	78,901.62

Robb Evans & Associates LLC
Temporary Receiver of American Business Builders, LLC et. al
Consolidated Balance Sheets

	<u>11/7/2012</u> <u>ENF</u>	<u>9/21/2012</u> <u>ABB</u>	<u>11/8/2012</u> <u>Safe Card</u>	<u>9/21/2012</u> <u>UMT</u>	<u>10/15/2012</u> <u>UMS</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated</u>
LIABILITIES & EQUITY								
Liabilities								
Current Liabilities								
Accounts Payable	8,783.91	-	2,637.44	-	-	11,421.35		11,421.35
Other Current Liabilities								
Loan/Due from UMT	-	-	12,900.00	-	8,500.00	21,400.00	(21,400.00)	-
Loan to /from ABB	-	-	5,000.00	(20,000.00)	(124,490.81)	(139,490.81)	139,490.81	-
Loan to/from ENF	-	-	20,800.00	-	-	20,800.00	(20,800.00)	-
Total Other Current Liabilities	-	-	38,700.00	(20,000.00)	(115,990.81)	(97,290.81)	97,290.81	-
Total Current Liabilities	8,783.91	-	41,337.44	(20,000.00)	(115,990.81)	(85,869.46)		11,421.35
Equity								
4 Holdings Group	(500.00)	-	-	-	-	(500.00)		(500.00)
Donald 16	(114,664.32)	-	-	-	-	(114,664.32)		(114,664.32)
Donald 48	215.00	-	-	-	-	215.00		215.00
Members Draw	(20,000.00)	-	-	-	-	(20,000.00)		(20,000.00)
Noah Means 16	(115,493.13)	-	-	-	-	(115,493.13)		(115,493.13)
Steve Equity	100.00	-	-	-	-	100.00		100.00
Wilkinson 16	(2,000.00)	-	-	-	-	(2,000.00)		(2,000.00)
Shane Hanna	-	(77,022.69)	107,777.28	200.00	-	30,954.59	(11,205.54)	19,749.05
Net Income	49,382.88	(50,080.26)	(121,131.28)	407,725.32	94,346.86	380,243.52	(80,169.85)	300,073.67
Total Equity	(202,959.57)	(127,102.95)	(13,354.00)	407,925.32	94,346.86	158,855.66	(91,375.39)	67,480.27
TOTAL LIABILITIES & EQUITY	(194,175.66)	(127,102.95)	27,983.44	387,925.32	(21,643.95)	(18,389.19)	-	78,901.62

Robb Evans & Associates LLC
Temporary Receiver of American Business Builders, LLC et. al
Consolidated Profit Loss

	ENF 10/28-11 ~ 11/7/12	ABB 3/11/12 ~ 9/21/12	Safe Card 8/15/11 ~ 11/8/12	UMS 3/21/12 ~ 10/15/12	UMT 4/3/12 ~ 9/21/12	Total	Elimination	Consolidated
Ordinary Income/Expense								
Income								
Sales								
Gross Sales	5,444,771.11	545,395.73	905,270.47	314,954.65	693,635.69	7,904,027.65	(220,422.19)	7,683,605.46
Chargebacks	(521,847.31)	(2,020.00)	(111,493.57)	(117,239.24)	(100,743.28)	(853,343.40)		(853,343.40)
Refund	(51,000.00)	(41,500.00)	(42,205.64)	(13,335.00)	(3,753.40)	(151,794.04)		(151,794.04)
Total Sales	4,871,923.80	501,875.73	751,571.26	184,380.41	589,139.01	6,898,890.21	(220,422.19)	6,678,468.02
Sales Discounts	39.50	-	-	-	-	39.50		39.50
Commission Income	(5,011.53)	-	-	-	-	(5,011.53)		(5,011.53)
Total Income	4,866,951.77	501,875.73	751,571.26	184,380.41	589,139.01	6,893,918.18	(220,422.19)	6,673,495.99
Expense								
Commissions	3,395,038.09	350,818.07	535,044.46	-	31,743.28	4,312,643.90	10,641.26	4,323,285.16
Merchant Account Fees	117,911.29	29,872.21	49,256.26	17,441.88	24,984.63	239,466.27		239,466.27
Leads	203,730.08	28,675.90	29,857.05	11,403.30	28,511.18	302,177.51		302,177.51
Marketing Expense	4,705.54	-	-	-	-	4,705.54	(4,705.54)	-
Professional Fees	200,637.38	73,217.00	(128.96)	-	30,140.00	303,865.42	(111,922.19)	191,943.23
Fulfillment	81,604.40	-	-	-	7,286.74	88,891.14	(27,500.00)	61,391.14
Telephone Expense	59,846.13	9,733.62	49,421.96	7,898.63	31,298.81	158,199.15		158,199.15
Office Supplies	16,054.34	4,136.91	13,012.25	1,260.08	3,834.67	38,298.25	175.39	38,473.64
Utilities	12,976.59	4,176.81	4,315.87	-	-	21,469.27		21,469.27
Payroll	45,262.64	-	-	-	-	45,262.64		45,262.64
Insurance	-	7,016.02	4,240.30	-	-	11,256.32		11,256.32
Rent Expense	64,258.69	6,066.66	21,992.24	3,148.00	-	95,465.59		95,465.59
Computer Expenses	21,643.17	-	13,763.05	2,002.00	2,370.43	39,778.65		39,778.65
Spiff Commission	19,870.00	5,262.00	-	-	-	25,132.00		25,132.00
Equipment Rental	16,633.75	-	-	-	-	16,633.75		16,633.75
Telephone Equipment	-	-	11,750.00	-	-	11,750.00		11,750.00
Ask my accountant	11,525.50	6,139.74	49,528.09	38,648.37	(43,722.31)	62,119.39	(6,941.26)	55,178.13
Subcontracted Services	-	11,013.00	7,813.24	-	-	18,826.24		18,826.24
Depreciation Expense	10,351.00	-	-	-	-	10,351.00		10,351.00
Postage and Delivery	6,477.17	3,026.75	15,560.08	3,693.85	7,858.72	36,616.57		36,616.57
Licensing Education Fee's	6,215.00	-	-	-	-	6,215.00		6,215.00
Building Maintenance	3,496.01	181.69	-	120.00	-	3,797.70		3,797.70

Robb Evans & Associates LLC
Temporary Receiver of American Business Builders, LLC et. al
Consolidated Profit Loss

	ENF 10/28-11 ~ 11/7/12	ABB 3/11/12 ~ 9/21/12	Safe Card 8/15/11 ~ 11/8/12	UMS 3/21/12 ~ 10/15/12	UMT 4/3/12 ~ 9/21/12	Total	Elimination	Consolidated
Charitable Contributions	3,276.63	-	9.99	-	-	3,286.62		3,286.62
Meals and Entertainment	2,630.43	1,181.89	4,036.64	75.20	4,929.62	12,853.78		12,853.78
Office Expense	3,281.52	3,241.48	10,965.19	334.13	1,423.25	19,245.57		19,245.57
Office Remodel	2,380.50	2,947.61	32,907.80	144.80	1,000.00	39,380.71		39,380.71
Internet Expense	2,368.66	3,346.43	3,094.45	-	2,835.85	11,645.39		11,645.39
Business Licenses and Permits	2,309.75	260.00	1,009.00	-	-	3,578.75		3,578.75
Business Travel	2,272.02	-	-	-	3,742.06	6,014.08		6,014.08
Team Building	-	-	-	-	2,278.08	2,278.08		2,278.08
Courier Services	1,545.68	-	-	-	-	1,545.68		1,545.68
Appointment Setting	1,310.00	-	-	-	-	1,310.00		1,310.00
Vehicle Expense / Car Payment	850.00	-	3,600.00	-	-	4,450.00		4,450.00
Advertising & Promotion	3,096.33	-	475.50	1,500.00	-	5,071.83		5,071.83
Client Gift / Staff Gift	731.87	-	205.00	76.58	351.78	1,365.23		1,365.23
Alarm Services	639.48	-	106.95	-	251.31	997.74		997.74
Employee Fraud	500.00	-	-	-	-	500.00		500.00
Fuel / Automobile Expense	447.05	-	250.29	1,800.00	75.02	2,572.36		2,572.36
Locksmith	255.00	-	-	-	-	255.00		255.00
Printing and Reproduction 16th	244.98	-	-	-	-	244.98		244.98
Dues & Subscription	-	-	179.40	-	-	179.40		179.40
Travel Expense	71.50	-	-	-	-	71.50		71.50
Interest Expense	45.89	-	4,548.68	-	-	4,594.57		4,594.57
Printing and Reproduction 48th	34.99	-	-	-	-	34.99		34.99
Reconciliation Discrepancies	20.00	847.96	2,813.67	-	-	3,681.63		3,681.63
Bank Service Charges	(30,915.78)	795.00	5,572.81	612.00	40,221.00	16,285.03		16,285.03
Total Expense	4,295,633.27	551,956.75	875,201.26	90,158.82	181,414.12	5,994,364.22	(140,252.34)	5,854,111.88
Net Ordinary Income	571,318.50	(50,081.02)	(123,630.00)	94,221.59	407,724.89	899,553.96	(80,169.85)	819,384.11

Robb Evans & Associates LLC
Temporary Receiver of American Business Builders, LLC et. al
Consolidated Profit Loss

	ENF 10/28-11 ~ 11/7/12	ABB 3/11/12 ~ 9/21/12	Safe Card 8/15/11 ~ 11/8/12	UMS 3/21/12 ~ 10/15/12	UMT 4/3/12 ~ 9/21/12	Total	Elimination	Consolidated
Other Income/Expense								
Other Income								
Insurance Proceeds Received	-	-	2,496.60	-	-	2,496.60		2,496.60
Vending Income	-	-	-	125.27	-	125.27		125.27
Interest Income	-	0.76	2.12	-	0.43	3.31		3.31
Total Other Income	-	0.76	2,498.72	125.27	0.43	2,625.18	-	2,625.18
Other Expense								
Business Buyout	521,935.62	-	-	-	-	521,935.62		521,935.62
Total Other Expense	521,935.62	-	-	-	-	521,935.62	-	521,935.62
Net Other Income	(521,935.62)	0.76	2,498.72	125.27	0.43	(519,310.44)	-	(519,310.44)
Net Income	49,382.88	(50,080.26)	(121,131.28)	94,346.86	407,725.32	380,243.52	(80,169.85)	300,073.67