

**ROBB EVANS & ASSOCIATES LLC**  
**Temporary Receiver of**  
**Global Marketing Group, Inc.; Global Business Solutions, LLC;**  
**Globalpay, Inc.; Globalpay, LLC; Globalpay BV;**  
**Synergy Consulting Services, LLC; and First Processing Corporation**

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**Federal Trade Commission v. Global Marketing Group, Inc., et al.**  
**CASE No. 8:06 CV-2272-T-30TGW**

**Report of Temporary Receiver's Activities**  
**December 12, 2006 Through January 5, 2007**

**Filed January 10, 2007**

**ROBB EVANS AND  
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Temporary Receiver of  
Global Marketing Group, Inc., et al.

**REPORT OF TEMPORARY RECEIVER'S ACTIVITIES  
DECEMBER 12, 2006 THROUGH JANUARY 5, 2007**

This report covers the activities of the Temporary Receiver<sup>1</sup> 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 Receivership.

**Custody, Control and Possession**

On December 13, 2006, the Temporary Receiver entered the business premises of Global Marketing Group, Inc. (GMGI) located at 8001 North Dale Mabry Highway, Suite 701 B & C, Tampa, Florida. The Temporary Receiver was accompanied by law enforcement, consisting of agents with the FBI and local law enforcement. The Temporary Receiver was prevented from entering Suite C, the portion of the premises occupied by Ira Rubin, a named individual defendant, for approximately ten minutes. Employees were visible in Suite C, but they would not respond to repeated knocks on the door and verbal requests to open the door by the Temporary Receiver and FBI agents. The Temporary Receiver was able to immediately enter Suite B, which contained approximately six employees. Even though the Temporary Receiver later discovered that several employees had security cards that would have provided entry into Suite C, the employees represented that they did not have access to Suite C. After repeated demands by the Temporary Receiver and FBI agents, Ira Rubin finally opened the door to Suite C.

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 and obtained pertinent information from all employees on site.

The Temporary Receiver met with Ira Rubin and served him with a copy of the Temporary Restraining Order (Order). Mr. Rubin would not answer substantive questions posed by the Temporary Receiver and advised the Temporary Receiver that he would only answer questions after talking with his attorney. The Temporary Receiver agreed to wait a

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

reasonable amount of time for Mr. Rubin's attorney to arrive. Mr. Kevin Astl arrived at the offices of GMGI and identified himself as counsel to Mr. Rubin and the Receivership Defendants. The Temporary Receiver determined that Mr. Astl holds himself out as the chief operating officer of GMGI and is a principal with Mr. Rubin in several affiliated entities, including, but not limited to, another ACH processor. Mr. Astl is also paid by GMGI's payroll service on a weekly basis.

## **Receivership Defendants and Affiliated Entities**

The Temporary Receiver has identified a number of entities affiliated with the Receivership Defendants and/or Mr. Rubin. The Temporary Receiver is continuing to research the business operations of some of these entities. Following is a list of affiliated entities identified to date and their relationship to the Receivership Defendants and/or Mr. Rubin.

### **Elite Funding Group, Inc.**

Elite Funding Group, Inc. is a Wyoming corporation. Public documents list Gerald Pitts as the original Director. Mr. Pitts forms corporations for the benefit of others. Based on the documents provided by Mr. Pitts' company, Mr. Pitts submitted his resignation as a director of any and all positions with Elite Funding Group, Inc., and appointed Mr. Rubin as the Director of Elite Funding Group, Inc., effective June 15, 2006. Elite Funding Group, Inc.'s Wells Fargo bank account is a subsidiary account of Receivership Defendant Global Pay LLC.

### **One World Group LLC**

The Florida Secretary of State's website lists Receivership Defendant Global Business Solutions LLC and One World Corporation, a Belize company, as the members of this LLC. Kevin Astl is listed as the registered agent. In addition, the Temporary Receiver located a file at the premises that contained a Bank of America account application signed by Mr. Rubin as managing member. The Temporary Receiver also located the bank records under the name of One World Group LLC with Pilot Bank at the premises. Global Marketing Group had the online access to One World Group LLC's accounts at Pilot Bank. The Temporary Receiver is in the process of obtaining the signature card/opening documents from Pilot Bank.

### **One World Corporation**

The Temporary Receiver located bank statements for this company on the premises.

### **EFT Commerce LLC**

The Florida Secretary of State's website lists Elite Funding Group, Inc. as the member of this LLC. The website also lists Receivership Defendant Globalpay, Inc. as the former

member. Kevin Astl is listed as the registered agent. The Temporary Receiver located the bank records under the name of EFT Commerce LLC with Pilot Bank at the premises. Global Marketing Group had the online access to EFT Commerce LLC's accounts at Pilot Bank. EFT Commerce LLC owns 623,374 shares of EFT Canada, Inc., which is discussed below in this report.

### **Celsius International LLC**

The Florida Secretary of State's website lists Receivership Defendant Global Marketing Group, Inc. as the sole member of this LLC. Kevin Astl is listed as the registered agent.

### **Celsius LLC**

The Florida Secretary of State's website lists One World Group LLC and EFT Commerce LLC as the members of this LLC. Kevin Astl is listed as the registered agent.

### **Gemini Trading Group LLC**

The Florida Secretary of State's website lists Receivership Defendant Global Business Solutions LLC as the member of this LLC. Kevin Astl is listed as the registered agent.

### **Gemini Trading Group, Ltd.**

The Temporary Receiver located a file at the premises that contained a merchant processing application signed by Mr. Rubin as a director. The application states this entity is incorporated in the Caribbean island, St. Lucia. Another file located on the premises contained a "Payment Card Industry Self-Assessment Questionnaire" that named Kevin Astl as a director of this entity.

### **Global Processing**

Global Processing is listed in public records as a fictitious name of defendant Global Business Solutions, LLC. Global Processing (Corp) owns 141,731 shares of EFT Canada, Inc., which is discussed below in this report.

### **Kwikbill.Com, Ltd.**

The Temporary Receiver located several files at the premises discussing this company. The company was formed in Israel. Mr. Rubin's name is printed on a business card for this entity and lists his email address as Ira@kwikbill.com. In addition, the kwikbill.com website is maintained on computer servers controlled by Mr. Rubin. This company is discussed in more detail later in this report.

### **Ewallet Express, Inc.**

The Temporary Receiver located a file at the premises that contained a “Tripartite Merchant Agreement” signed by Mr. Rubin as a director of this entity. This document stated that Ewallet Express, Inc. was incorporated in the Philippines.

### **One Pharm Services, Inc.**

The Temporary Receiver located a file at the premises that contained a document from the Delaware’s Secretary of State certifying a corporate name change from Hardwood Meadows Corporation to One Pharm Services, Inc. The file also contained an email addressed to Mr. Rubin confirming the Federal Tax ID number of this entity.

### **17407, LLLP and 555018 LLC**

The Temporary Receiver located a document at the premises that lists Mr. Rubin as the Limited Partner and 99% owner of 17407, LLLP and 555018, LLC as the General Partner and 1% owner of 17407, LLLP. This document lists Mr. Rubin as 99% owner of 555018, LLC and Kevin Astl as the 1% owner. This document further indicates that the ownerships for both companies were subsequently transferred to an unknown Revocable Trust. The Florida Secretary of State’s website lists Kevin Astl as the registered agent.

### **Marketing Services, LLC dba Med Cost**

The Florida Secretary of State’s website lists One Pharm Services LLC as the member of this LLC. Kevin Astl is listed as the registered agent. Based on the bank records provided by a local CPA, Marketing Services, LLC had accounts with Bank of America where Mr. Rubin and Michael Griego were the co-signers. The Temporary Receiver also located the bank records under the name of Marketing Services LLC with Pilot Bank at the premises. Global Marketing Group had the online access to Marketing Services LLC’s account at Pilot Bank. This company is dissolved.

### **Unitrade Business LLC**

The Florida Secretary of State’s website lists Unitrade Business LLC as the Manager of EZ Legal Documents, LLC and Merchant Provider Solutions, LLC. Kevin Astl is listed as the registered agent for both companies. The Temporary Receiver located the bank records under the name of Merchant Provider Solutions LLC with Suntrust Bank at the premises. Global Marketing Group had the online access to Merchant Provider Solutions LLC’s account at Suntrust Bank.

## **Summary of Financial and Operational Information**

The Temporary Receiver’s efforts to implement this Court’s Order and gain access to hard copy and electronic data have been frustrated by a disturbing lack of reliable information

from Mr. Rubin and his employees. Public records disclose that several companies are located at the GMGI premises. However, there is no current electronic or hard copy accounting system for any company, and tax returns for 2004 and 2005 were only for GMGI. A local Certified Public Accountant confirmed the tax returns were prepared from bank statements. The Temporary Receiver has located bank accounts in several company names, which were more fully described above.

Mr. Rubin stated his operation processed only electronic checks using the domestic Automated Clearing House (ACH) system with three domestic banks. However, the Temporary Receiver learned from records and letters that Mr. Rubin has been processing credit card transactions for Internet gambling through an Israeli firm and was or is processing credit card transactions through a firm in St. Kitts. Records also indicate Mr. Rubin processed credit card transactions through a Philippine firm, with proceeds forwarded to a bank in the nation of Belize.

The Temporary Receiver interviewed all customer service and operations employees and the office manager. Employees either did not have any extensive knowledge about the financial or operational details of the business, or decided not to reveal information. The Temporary Receiver is continuing to study records, letters, and email correspondence to get additional information about the financial and operational details of the Receivership defendants.

The Temporary Receiver reviewed data from several Excel spreadsheets. An employee confirmed the spreadsheets were prepared as of October 2006 from data downloaded from GMGI's processing system on its servers. Mr. Rubin lists about 450 merchant customers. The data shows that Mr. Rubin processed electronic checks for about 140 merchants in October 2006. About 56 of these are part of a Canadian company, EFT Canada, Inc. (EFT) of which Mr. Rubin's companies own 765,005 shares. The Temporary Receiver was unable to locate files for many of the merchants. Based on files pending approval (discussed more fully below), and files of some approved merchants, most of Mr. Rubin's customers appear to be outbound and inbound telemarketing operations. A few appear to sell from internet web sites. Typical products and services are materials to obtain government grants, discounted medical services, consumer anti-fraud kits, and sale of pharmaceuticals. Company records discussed below confirm dozens of merchants are providing Internet gambling. Recent communications from consumers also confirm that merchants provide cigarettes for prices about 60% less than U. S. retail prices.

Mr. Rubin processed ACH debits through computer servers maintained by a third party vendor in Atlanta, GA. The Temporary Receiver interviewed Rubin's computer support staff who told the Temporary Receiver that three computer servers were rented at the Atlanta facility.

ACH processing was originated by the Receivership Defendant's merchants who would upload consumer bank account information and the amount to be charged to the

consumers' accounts. The Receivership Defendant's computer staff would then verify the file and release the file for processing.

The Temporary Receiver served the vendor with the TRO and secured the servers from outside access, preventing further processing by merchants or loss of consumer information and transaction data.

## **Business Operations**

As stated above, accounting and business records are very brief and limited. During a conversation with the Temporary Receiver, Mr. Rubin stated he controlled all financial details of the business, authorized and executed all checks and wire transfers, and allowed the office manager to prepare certain payables. The office manager confirmed that she prepared checks for payables, prepared the payroll detail for the outside employee leasing company, and reconciled some bank accounts. She also said some bank account statements were forwarded to a local Certified Public Accountant and she kept other unreconciled bank statements in her office for security reasons.

## **ACH Processing**

The record of ACH processing, with the underlying merchant and consumer detail, is stored on servers located at web hosting co-locations. For security purposes, the Temporary Receiver decided to disconnect all outside access to the web sites and the related merchant and consumer data. In coordination with the Temporary Receiver's personnel, the co-location companies are now copying all data on external hard drives, which will be forwarded to the Temporary Receiver's office. Until it is available, information about the business operations, the ACH volume for merchants, and the apparent offshore credit card processing, is limited to the recovered Excel spreadsheets and other documents including postal and electronic mail.

Employee-prepared Excel spreadsheets provide some information and insight into the operations of GMGI and the related affiliates and entities. The Temporary Receiver studied Excel schedules titled "October Commission Report" and "Revenue Report October." The employee that prepared the reports reviewed them with the Temporary Receiver and confirmed the data were downloaded from the database on the website. The two reports have different structures, but sufficient individual entries agree between the two formats.

The data from the reports show that Mr. Rubin listed 453 merchant names in October 2006. 140<sup>2</sup> of these merchant names generated ACH volume in October 2006 that totaled \$8.2 million, with \$4.7 million shown as approved ACH volume. EFT, the Canadian public company of which Mr. Rubin's companies own 765,005 shares, had 291 related merchant

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<sup>2</sup> During a discussion with the Temporary Receiver on December 13, Mr. Rubin said only 20 to 25 merchants were active and generating ACH volume.

names. In October, the reports show that 56 of these EFT merchants generated ACH approved volume of \$1.0 million. The volumes of the active merchant names range from a few hundred dollars to several hundred thousand, with the largest at \$512,000. Most are between \$5,000 and \$100,000.

The October Commission Report is divided by the processor names Global, First Processing, and Synergy. The Revenue Report October is divided by bank processor, but does not include the bank name or bank processing for Synergy. Synergy appears to be a processing vehicle for Internet gambling websites or gambling locations. There are 95 merchant names listed for Synergy, with names like America Card Room, Best Line Sports, Fun Time Bingo, I got Games, Process Money, SPG Poker Host, and SPG Sports Gambling. The report shows that 19 of these Synergy merchant names were active in October 2006, with approved ACH volume of \$1.4 million. At this time, it is not clear where the Synergy transactions are processed and it is not certain if this volume is ACH or credit card processing discussed below. The Temporary Receiver will soon learn this information from the website data and other sources.

The Temporary Receiver was not able to locate any files for the EFT merchant names. Many of the files for the other active merchants were not located.

### **Credit Card Processing**

On December 13, 2006, and before he left the premises and did not return, Mr. Rubin began to discuss credit card processing with the Temporary Receiver. Mr. Rubin stated that he was not processing any credit card transactions now. He stated that he processed transactions through the subsidiary of a Philippine bank from July 2005 through May 2006. He also said the processor admitted holding reserves of \$800,000, but Mr. Rubin said the reserves should be about \$1.3 million. He also detailed a former credit card processing arrangement with Inter-Pay in Holland, which lasted from February 2004 through November 2004. Mr. Rubin stated the reserves with that processor were exhausted and his company was liable for a deficit.

While reviewing documents and records, the Temporary Receiver located a letter, a Merchant Agreement, and an email exchange that described current or prior credit card processing in St. Kitts, and a September 2006 credit card processing arrangement with Cal – Israel Credit Cards Ltd. (CAL) in Givatayim, Israel. Emails from an attorney in Israel and between Mr. Rubin and one of his merchant customers are attached under Tab 1 and provide some details of the processing arrangement and current financial and operational difficulties.

The letters, originated from December 4, 2006 through December 10, 2006, indicate that Mr. Rubin and Mr. Kevin Astl formed KwikBill.com, LTD (KwikBill) and arranged for a resident of Israel to be President of KwikBill and have signing authority under a credit card processing agreement with CAL. The letters further indicate the processing was to be



limited to gaming transactions, but some non-allowed pharmacy transactions were submitted. CAL restricted the processing account in November and on November 17, 2006, the President of KwikBill held all funds, reportedly in excess of \$840,000.

### **Customer Service**

The Temporary Receiver interviewed the six employees assigned to the customer service department. The employees recorded the incoming calls by hand on logs, with a brief description of the reason for calls from consumers. Based on employee responses, it appears the employees were authorized to issue refunds to consumers who called soon after the purchase, or who claimed fraud, non-receipt of products, or non-authorization. The office manager confirmed that the records of consumer calls were not maintained in a central location or electronically.

### **Real Estate and Personal Property Assets**

Based on a review of documents located at GMGI offices, it appears that the individual defendants, Receivership Defendants and affiliated entities either own out right or are in the process of purchasing three parcels of real estate.

#### 9909 Cypress Shadow Avenue, Tampa, Florida 33647

Phoelicia R. Daniels purchased this single-family residence on September 14, 2000 for \$203,000. Mr. Rubin listed this as his residence in documents he prepared in anticipation of the purchase of a residential condominium in Indian Rocks Beach, Florida. Documents at GMGI did not contain any financing information and the Temporary Receiver is still investigating this property.

#### 900 Gulf Blvd., #404, Indian Rocks Beach, Florida 33785

This property is in the South Tower of a development called Reflections On The Gulf Condo. The unit is on the ground floor and contains approximately 1,275 square feet. The previous owners purchased Unit 404 on July 29, 2005 for \$599,999. A search of property records still show the previous owner as the titled owner.

The Temporary Receiver located documents at GMGI that list Ira Rubin as the purchaser of Unit 404. A document that contains estimated settlement charges at closing indicates that Mr. Rubin would pay \$600,000 for this condominium. In a letter to Mr. Rubin from AmTrust Funding dated September 22, 2006, Mr. Rubin was advised that he was pre-approved for a mortgage loan of \$475,000.00. The Temporary Receiver has not been able to locate documents that show the actual closing date of this transaction, however, on a mortgage loan document dated November 21, 2006 to purchase another property discussed later in this report, Ira Rubin listed this property as his permanent address.

17407 Bridge Hill Court, Unit B & C, Tampa, Florida 33647

On December 12, 2006, Ira Rubin and Kevin Astl executed a series of documents that created two new business entities, 555018 LLC and 17407 LLLP. The Temporary Receiver located copies of the Limited Partnership Agreement of 17407, LLLP, Operating Agreement of 555018, LLC, and Management Agreement between the two entities. Under Tab 2 is an organizational Chart showing the relationship between these two entities and the ownership interest held by Mr. Rubin and Mr. Astl.

The Temporary Receiver reviewed a Purchase Agreement between 17407 LLLP as buyer and Tampa Palms Professional Center (TPPC) as seller of a 4,565 square-foot office building. The purchase price is \$981,475 with certain increases for change orders to the construction of the space. The Purchase Agreement acknowledges that earnest money of \$98,147.50 was paid to the seller and assigned to the buyer under the “Phoelicia Daniels Agreement signed on May 31, 2006 for the purchase of the property located at 17407 Bridge Hill Ct., Tampa, FL 33647 shall be and are hereby assigned to this agreement by and between TPPC and 17407, LLLP.”

The Temporary Receiver also located financial documents indicating Ira Rubin sought financing for 17407 LLP from Morgan Financial, Inc. to fund this purchase. The loan amount was to be \$736,106. The sale was scheduled to close during the first week in January 2007, but it appears that the closing has been delayed until late in January 2007 to allow for the completion of construction.

### Personal Property Assets

Mr. Rubin’s office contained numerous valuable collectable sports and celebrity memorabilia. The Temporary Receiver has already discovered that portions of the collectables were paid for using GMGI funds. The Temporary Receiver is in the early stages of reconciling the various corporate accounts and will investigate the source of funds used to purchase the collectables.

Documents reviewed by the Temporary Receiver also indicate that Mr. Rubin owns a 2006 Lexus 400-H and a 2006 Chevrolet Corvette. The Temporary Receiver’s investigation into the source of funds used to purchase personal property assets by the defendants is preliminary and will continue.

### **Other Financial and Operational Issues**

The Temporary Receiver was able to locate and review files of merchant applicants or customers that were being processed for approval or being reviewed for excessive chargeback activity. Seven of the nine merchants were operating from Canada, one from Florida, one from the Philippines, and one from Cyprus. The products marketed and sold to consumers included information about U. S. Government grants, discounted medical

services, consumer consulting and anti-fraud kits, computer support, vacation packages, and pharmaceuticals. Six applicants affirmed they were marketing with outbound calls, prohibited by the National Automated Clearing House Association (NACHA) for ACH processing. Following are brief details about the nine merchants.

- Federal Solution Center, Montreal Canada  
Marketing and selling applications for U. S. Government grants for \$399.
- Med Services, Orlando FL  
Marketing and selling discounted medical services for \$350.
- Med Express International, Gatineau Canada  
Marketing and selling discounted medical services with outbound calls for \$350. Approved September 2006; Reviewed December 4, 2006 because of high charge backs and return activity.
- Discovery Solutions, Philippine Islands  
Marketing and selling computer support with outbound calls for \$29 a month.
- Delta Travel Services, Montreal Canada  
Marketing and selling vacation packages with outbound calls for \$498.
- Freedom Pharmacy, Cyprus  
Sale of pharmaceuticals via the Internet.
- Wolfram and Hart, Montreal Canada  
Marketing and selling consumer anti-fraud kit with outbound calls for \$396. Approved November 1, 2006 and terminated December 1, 2006 for high charge backs and returns.
- Consumer Watchdog, Montreal Canada  
Marketing and selling consumer anti-fraud kit with outbound calls for \$370.

The Temporary Receiver located a list of 47 internet domain names owned by GMGI or affiliates. Some of the domain names are similar to merchants, such as 1PharmServices.com, GeminiSales.net, Medical Services1.com, and MyTravel Services.net. Other domain names appear to be related to processing, such as 1stProcessing.com, ACHSecure.com, GlobalProcessing.com, and Synconltd.com. The Temporary Receiver is investigating whether these domains were used for marketing to consumers or for customer service and contact. Some of the names are very similar to the affiliated entities discussed above.

The Temporary Receiver, following the directions in the Court Order, evaluated whether the business could be operated profitably and lawfully. The lack of information about the merchant customers and their sales methods and products prevented a confirmation that operations would be lawful and comply with contractual obligations with NACHA and other processing providers. Information in email between Mr. Rubin and merchant customers indicated ACH and credit card processing service was provided to unlawful or prohibited sales activities. Under Tab 3 is an email exchange between Mr. Rubin, a merchant and another processor describing illegal sales activities with excessive charge backs.

Because there are no current financial records or financial statements, or any complete accounting system, the Temporary Receiver could not confirm that the business could be operated profitably, even if the business could be operated lawfully. Consequently, the Receiver elected to suspend operations.

### **Other Matters**

The Temporary Receiver reviewed bank records while at the premises. The review documented that at about 2:00 PM on December 13, 2006, after receiving the Order earlier that day, one bank transferred \$255,274.96 to six entities. The funds were taken from the account of Elite Funding Group, Inc., an affiliate of GMGI. The Temporary Receiver and his attorney demanded that the banks return the funds. To date however, only \$1,000 has been returned to the Elite Funding Group, Inc. account, which remains frozen. One of the recipient banks is holding \$71,135.96, but has not yet agreed to return the funds to the Receiver. The Receiver intends to pursue full recovery of the transferred funds.

On January 2, 2007, the Temporary Receiver learned that an unknown person(s) broke into suite 701B, the location of customer service, and the office of Mr. Kevin Astl. An employee of the Temporary Receiver's local attorney immediately visited the site, completed a photo inventory, and followed up with the sheriff for a copy of the police report. The site inspection determined there was no entry to suite 701C, the location of Ira Rubin's office and the office manager. The Temporary Receiver compared its photo inventory to the new inventory and confirmed the only item that appeared to be missing was the desktop computer in Kevin Astl's office. The Temporary Receiver caused the alarm system to be inspected and refurbished.

Respectfully submitted,

/s/

Robb Evans and  
Robb Evans & Associates LLC  
Temporary Receiver

# **TAB 1**

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**From:** Bruce Parker [bparker@ipayoptions.com]  
**Sent:** Saturday, December 09, 2006 4:15 PM  
**To:** 'Ira Rubin'  
**Subject:** RE: KWIKBILL AND GEMINI

thanks Ira

I know we can find a way out of this.

bruce

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**From:** Ira Rubin [mailto:ira@global-processing.com]  
**Sent:** Sunday, 10 December 2006 9:33 AM  
**To:** 'Bruce Parker'  
**Cc:** 'Kevin D. Astl'; astl@tampabay.rr.com  
**Subject:** FW: KWIKBILL AND GEMINI

**Bruce;**  
**This will be a short response as I just read your email and have a family issue here that requires my attention. See my responses in red please.**

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**From:** Bruce Parker [mailto:bparker@ipayoptions.com]  
**Sent:** Saturday, December 09, 2006 9:42 AM  
**To:** 'Ira Rubin'; kevin@global-processing.com  
**Cc:** 'Clay'; Ross Temby  
**Subject:** FW: KWIKBILL AND GEMINI

Ira,  
  
Well I suppose I must say thank you for all the information. I see that you are a firm believer that offence is the best form of defense.

I have responded to the accusations you have made below.  
  
I have copied Ross on this response because of the comments you have made with respect to him as well.

I really thought I knew you well enough to have been able to discuss this on the phone.  
  
No matter.

I look forward to your response.  
  
Bruce

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**From:** Ira Rubin [mailto:ira@global-processing.com]  
**Sent:** Saturday, 9 December 2006 9:17 AM  
**To:** 'Bruce Parker'  
**Cc:** kevin@global-processing.com

**Subject:**

Bruce:

You are searching for answers, explanations, and of course money. Where to begin? Below are issues from risk and operational viewpoints on your processing with Kwikbill and St. Kitts and your company's handling of the Gemini business in St. Kitts. That information came from my staff after gathering data, customer service calls and complaints directly from Visa Cal and Visa EU. You will understand that I had to have the benefit of all of the relevant information I could obtain before I could make a decision on how to proceed.

Let's begin with the Israel Issue:

In early November, the bank contacted Kevin and Gary and told them that they had found unauthorized pharm transactions running through the account. We know that was not the case, we certainly did not have any pharm in an account meant for only one particular industry, so we investigated. It turns out that we found several pharm transactions being run through the Eprocessors account. Kevin and Gary called the bank and told them it must have been a mistake, a rogue room, a merchant aggregating improperly. Yoni Roth at the bank did not care, and informed Kevin and Gary that the account would be coded or shut off. We chose coded, with the caveat that the bank at least consider another account for us under a new company, to which they agreed.

>>> yes I recall the conversation with Kevin and yes I made enquiries with the only client it could be which was Ipaydna from Malaysia. They did not admit it but they did tell me this would be followed up and they would make sure they was no pharmacy. This client made an application to us for general ecommerce on the basis of selling "OEM-SOFTWARE" through <http://www.software-mall.com>. We commenced processing for them on our AC-SUPPORT account in St kitts. On the basis of an enquiry from a customer, it was found that they had an elaborate system where they billed casino traffic as software and tried to disguise the amount. After much to and fro I allowed them to use the KWIKBILL account and I reiterated with them that this account was for gaming and since this was what they were doing I did not think there would be problems. I had no evidence to suspect they wanted to do pharmacy or did pharmacy. We did receive some customer complaints from your team and we did follow them up, specifically concerning the issue regarding the transaction charge. Their response was that this was clearly noted on the payment pages. On another matter I also recall Kevin's comments to me that some one was reselling the KWIKBILL account for pharmacy. I have had so much trouble with this sort of thing in the past you have to believe me that I would have taken dramatic action immediately if I had any evidence or knew about someone promoting KWIKBILL for pharmacy. **Personally speaking, I have a hard time believing that you personally would put Pharmacy business through the account for several reasons (1) if caught something like this would happen, (2) You couldn't run enough pharm business to justify this happening, (3) You know how hard it is to get an account like this and just as hard to keep it. But, unfortunately, through your gateway pharm transactions occurred. Maybe Ross knew about it, maybe not, but someone you allowed to process pushed through pharmacy transactions. None the less, the fact that it did happen, scared Steve Luke enough and combined with other items, caused him to close down the account. This act in itself, was not the only cause of us losing the account, it was a factor in it.**

Then, on or about the 17th of November, our partner in Israel, Steve Luke for many reasons (became scared of US attitude towards Gaming and worried about wiring funds into the US, worried about chargebacks and his own liability with Israeli tax authorities and otherwise), contacted the bank and demanded that the account be shut down. We were unaware of these actions at the time. We were informed late last week that all transactions from the 17th through current were never captured and only held in pre-auth status until the bank decided what to do with the account and limit their liability.

>>> Why on earth did you not tell me then. All you said was you thought it was a good idea not to pay people out for transactions from the 17th. This is the thing that I just cannot understand. **I was not positive when we spoke on the 23<sup>rd</sup> or 24<sup>th</sup> but had suspicions. That's why I suggested you not fund until I got back with you. Complete proof**

12/14/2006

didn't happen until just the other day this week.

These deals were just reversed pursuant to their decision to terminate the account. Funds were continuously slow in coming to us for settlement. Last Wednesday based on information we received from our attorneys in Israel and several tele-conferences with the bank and the attorneys for Steve Luke in Israel, credible reason to believe that funds were to be released that next day to us to cover all settlements through the 17th of November. Based on that information, I initiated a wire from Wells Fargo dated November 30, 2006 (which I sent you confirmation). On Friday I did my normal Friday settlements (not casino business) and never noticed that funds never arrived to cover your wire and other wires that were initiated. All my regular wires go out from another account so as not to co-mingle funds. We have been trying since Monday to ascertain the situation and as of today, this is where we stand:

1. The account in its current form has been shut down. It was shut down voluntarily by the signor.
2. The bank has released all funds as far as we are aware to the bank account listed on the contract. That bank account is controlled 100% by Steve Luke. We didn't have a chance to add Kevin's name as a signor before all this occurred. Actually, Steve Luke was supposed to have put Kevin on the corporation as a partner and as a signer on the bank account, but he never did so, for whatever reasons he had. This is part of our issues with both Steve and now the bank – the bank will not directly deal with us since Kevin was not put on the account as he should have been.
3. Steve Luke hired an attorney to represent him in the pending legal matter.
4. The bank admits they wired funds to where the agreement called for. The bank's position is one of worrying about their reputation because of the pending fallout with chargeback's, etc.
5. We have retained counsel in Israel. All lawyers have been in daily contact to solve this situation and get the merchants settled.
6. There's approximately \$840,000 owed to merchants.
7. All parties have agreed to have Steve Luke, upon executing a new agreement releasing him from any future liability, send all funds back to the bank and then the bank will wire directly all merchants their owed funds based on our reconciliation reports.
8. We are expecting to sign an agreement early next week and we expect funds to be sent back to the bank at the later part of next week.
9. None of your transactions from the 17th thru current have ever been debited to any cardholder and these transactions can be run elsewhere, which is my suggestion.
10. Since it appears that pharm transactions improperly run through the account by you or your merchants caused at least in large part for us to lose the Cal account, and for Cal to hold funds, and since we have not received any further monies from Cal or Steve Luke, at this time I am unwilling to pay you out of pocket, and at the very least not until I see some of the held funds from Cal. I need you to adequately respond to me about the pharm transactions, since Gary and Geof both asked you about this before, and you have never really answered us.

>>> Ira, I really cannot see how you can say this. 1. you have never given us any reason to believe we were on notice and 2. your own admission above says you lost the account because your associate closed it down. **The account was closed because our associate got scared because of several factors and because we were not on the agreement but was on the application, Visa Cal would not release any information. Yes this could have been resolved much better, but it was not. I was also hoping that funds would be settled and all would be okay. That obviously did not happen.**

**But in the meantime, until I see funds from Cal, I cannot and will not go any further out of pocket than I have in the past when solutions of yours mandated that I pay merchants out of my pocket while we awaited a resolution from you or Ross.**

>>> I would never have expected you to do that. I understand the risks and would have passed on the information. Your attitude to delay the information has just exasperated the situation.



This situation is bad all the way around. You're out merchant funds right now and I am out of this type of business now, with my reputation ruined, because of the shenanigans of Steve Luke.

Now, on to the St. Kitts issues:

There was a point a few months ago where we both had something the other needed. At that point, you had the option of playing straight with us, being above board, and it appears that you failed to do so.

From the moment we started processing through St. Kitts there were problems:

1. There were numerous technical issues, the Pre Auth module that wasn't really Pre-Authing at Plug N Pay but was actually Direct Capturing the deals. The timeout issues that were creating bad reporting data for our transactions, declines that were being approved or creating multiple approvals for what should have been one transaction. The story that some deals were being PreAuthed and others Direct Captured when all our transactions were being sent with the same API instructions makes absolutely no sense.

>>> What you are saying is partly true. Without getting the copies of all the emails and skype logs I will freely admit that for a period of time we had the account set to autobatch which meant that any transaction sent as a preauth would have been settled the next day. I was not aware that this would happen, no one in our office was aware of this and when we found out we immediately contacted plugnpay and had the account set to manual batch. I forget the date but I immediately notified Manni and told him the account was now set to batch correctly, I then manually settled all the transaction for 3-4 days during the period we investigated and plugnpay took to change the method. My staff tried to my understanding with Ross, Clay and whomever to get answers and have to assume that if they got answers that made sense and explained what was going on, all would have been okay. From what I remember you saying, you were not aware of too much on the Gemini account that others were handling it. That may be partially the problem as when I don't get involved in day to day stuff, shit happens.

2. The Technical issues led to Invoicing issues. We were initially told that the deals were captured on Plug N Pay's end although the 2Charge system was showing the transactions as Auths. Later we were told some of the transactions were still sitting in PreAuth after Ross was asked to capture all transactions still sitting in this Pre-Auth status if they were not direct captured. However when the invoice came out late on Nov 9<sup>th</sup>, the day before the Nov 10<sup>th</sup> settlement, we were again shorted a number of deals from the week of the 30<sup>th</sup> to the 3rd. It took until the following Tuesday for these deals to get "captured" per you, which should have put them on the invoice for the 24<sup>th</sup>. When they didn't show up on the Settlement statement Katherine sent on Tuesday the 21<sup>st</sup>, this was pointed out to her and CC'd to you as well. Yet again these deals did not arrive in our payout for the 24<sup>th</sup> either. Quite frankly, nothing was done until the Eprocessor login was shut off to get your attention.

>>>> The problem with the payment is the problem that Ross prepared the settlement sheet and simply forgot to include the manually batched transactions. Nothing more than that. I am sure Ross will reiterate that. The next week Ross then took time off to be with his partner for the birth of their son. Because of the work load no one reconciled the account until I got around to it. BUT IRA, apart from the initial problem your people made the problem a whole lot worse by continuing to send preauth transactions. I was not concerned about this as I had told Manni the problem was fixed and I assumed he was doing this intentionally. I still have your email, where you emailed back saying you certainly would not have turned off the account because of the GEMINI situation. I have been working 20 hours a day for the last 3 weeks and I apologise for not being superman and being on top of every situation in the office. I got the situation worked out myself and worked out was owed. We had seen that you had processed some refunds but I was not concerned because I was confident that you stood behind your deals.

What I am most upset about is I discussed offsetting the KWIKBILL money with you and it now appears you knew you were having problems paying me but still you asked me to send you the money which has turned out to have

cost me 50k on business I would have been lucky to make 4k less all the hours to sort out all the technical and payment issues.

3. The invoicing issues point out the lack of communication and ability to resolve these issues. When bringing up the Invoicing issues to you, we kept getting referred to Ross who indicated he would correct the problem. However what he said he was going to do apparently did not get done as the situation ending up taking a month to resolve. We had to pay out of pocket on these deals and wait weeks to get reimbursed.

>>> Yes agree , lack of communication and yes I kept referring it to Ross who was making the payments for me. **That's part of the problem**

4. Cardholders not recognizing the Descriptor. This was a recurring theme during the entire time account was running.

>>>> are you referring to KWIKBILL or GEMINI **good question-this came from my staff.**

5. Complaints that OEM software was not downloading or was not functioning once they were downloaded.

>>>> sales from software-mall no doubt

6. Software purchases had an additional fee attached to them that was not explained to people when they purchased the product. We have received numerous inquiries about this.

>>>> Again, I did follow this up and in retrospect i should have closed them down.

7. The only place to send the customers for their inquiries is live-operator.com, no 800 number to call and talk to someone live. Initially there was a link to live chat on the site but there was never anyone live on the site. Now the customers are directed to fill out a trouble ticket. It is much easier for them to contact their Bank and dispute than try to get resolution through this site.

>>>> Maybe, but we are coping pretty well with all our other merchant accounts.

At first, we thought there were just technical issues. But when your team couldn't find them and/or couldn't fix them we began to wonder why. Thomas Seibert provided the answer when he called to complain about being double billed. After that we started making a few calls. In one afternoon, we found nine other people who show as declines in our system but were billed by yours. The attached spreadsheet shows the clients we contacted and the results shown in our systems. Basically, the Merchant Solutions scenario all over again. You do recall that, and your explanation? Where is Daniel now?

>>> This is the the statement I have problem with. I will not deny that there were technical issues Ira, but to some how turn this into some sort of conspiracy and something we have done on purpose is just ridiculous . We are not blameless, but Ira, your team is also not covered in glory. It was your technician who had the problem and then the timeouts have never been properly explained but how is that we process something like 3000 transactions a day and it was only your team who had the problems. **If A customer shows double billing and your system shows either one approval or no approvals, the fault lies not within our system but elsewhere.**

And as if the problems with St. Kitts weren't enough, you created issues with the Israeli account too. In fact, you are one of the reasons Steve Luke decided to close the account down ( Visa Cal and Visa EU made inquiries as to certain transaction flowing through the account that originated through the Eprocessors gateway) that caused interested parties to take notice/. We were very clear from the beginning. This was a gaming only solution.

>>> yes I understood this 100%. But these things happen. I recall it was pharmacy with CNP which caused the whole wallet program to be terminated. I did not hold you responsible for that. I would never expect you to know all the details of all the transactions being processed so please don't expect me to have perfect knowledge. If I was sending pharmacy transactions to KWIKBILL with full knowledge then I would expect you to be upset. **Why would anyone hold me responsible for my wallet going down and when I had to pay a 50,000 fine for a first time violation that was really CNP'S second violation but I ate the entire fine.**

Yet, you (or merchants who you did not properly investigate or underwrite) ran transactions for an illegal software download site and for a pharmacy site. You told me that the software site was merely a mask for gaming. And not only did you run transactions for illegal software, you handled everything about it poorly.

>>> As I said I was told they were gaming transactions which were being sent.

were asked if you knew a Forrest Milkowski and you told me "no". Forrest is a known aggregator out of New Hampshire. We know he was processing through you because his credit card information was used as a test transaction and we were able to ascertain that he was indeed processing through you. This is a problem because you were using our Kwikbill account not just for gaming merchants but for processors who had gaming clients.

>>> I still have no idea who Forest Milkowski is and can only assume he came from IPAYDNA.

You want answers and money, well you must give to receive. Until you can explain the problems listed above and convince me that you have not maneuvered against me and my company, both in the past and up to now, there will be no funds released – and even IF there are, it will be after a full resolution of the Israel matter, and not before.

>>> I dont really care if I have convinced you. I will accept the responsibility that I was not on top of the situation but I have not gone out to deceive you or trick you or rip you off. Please, no more mud slinging as some sort of justification for why you have handled the situation just as badly. **The entire situation could have been handle better by all parties.**

I expect to hear back from you this weekend. I am very disappointed in your actions or at the very least your inability to police your staff such as Ross or police the clients you allowed to process in Kwikbill.

>>> HERE IS MY SUGGESTION.

Ira, this is a typical situation we face doing what we do yet some how this has become some major issue between us. I have not set out to cause you problems on purpose just as you have not wanted to make me loose money by the actions of some idiot partner of yours. I am not looking to lay blame and I dont care who is to blame, I just don't want to be out of pocket so lets work it out. I am not going to pursue you for sending a wire for which you did not have the funds available or ring a lawyer or do anything. As I said to you I have have already funded a substantial amount based on your commitment to me.

So what about this. **I will respond to this by sunday my time**

1. You send me 50k back of the GEMINI money I sent to cover the loss on this merchant.
2. We wait till you resolve the situation in Israel and
3. you keep me informed.
4. I will go and face the merchants and some how explain why they wont get any money for transactions after the 17th and why they have to wait for the money owed and try to find a way to save face on this as well. I can even give you a commitment to keep your name out of it.

Does this sound fair. I think it does.

I look forward to your response.

12/14/2006

Bruce

Ira

Ira Rubin  
Global Processing  
8001 N. Dale Mabry Highway  
Suite 701C  
Tampa, Florida 33614  
Telephone: 813.930.7323  
Fax: 813.936.0579  
E-mail: [ira@global-processing.com](mailto:ira@global-processing.com)  
Jfax: 813.354.2694  
[www.global-processing.com](http://www.global-processing.com)

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**From:** Brent [bbeckley@fiducix.com]  
**Sent:** Wednesday, November 29, 2006 7:18 AM  
**To:** Yoni.Roth@lcc.co.il  
**Cc:** ira@kwikbill.com; kevin@kwikbill.com; stivluk@bezeqint.net; ira@global-processing.com; astl@verizon.net; Stu.Hoegner@Excapsa.ca  
**Subject:** Kwikbill - Absolute  
**Signed By:** bbeckley@fiducix.com  
**Importance:** High

**Dear Mr. Roth:**

**I represent Fiducia Exchange Ltd. I am contacting you further to the suggestion of Ira Rubin of Kwikbill. I would appreciate your assistance in retrieving money owed to us by Kwikbill and Steve Luke, who I have been told is currently holding our funds and refusing settlement. As of November 28, 2006 we are owed \$253,349.77. Our account with Kwikbill has had one chargeback totaling \$290.00 in just over two months and only \$753.00 in refunds in that same time period. For someone to hold our funds for no fault of ours is unreasonable.**

**We have had relationships through other PSPs with Visa Cal for some time and have provided superior returns to you and Visa Cal during that period. For Visa Cal to condone and abet Mr. Luke's refusal to settle is of great concern to us. We need to receive settlement immediately for the funds that are outstanding. We would prefer to retain our good relationship with Visa Cal throughout this process. We have worked with Ira Rubin before and he has always been honest and straight forward with us and have no doubt that this time is no different. Any issues outstanding between Messrs Rubin and Luke should not affect our healthy relations with Visa Cal.**

**I am asking for your assistance in resolving this problem for us. Our deadline to receive funds in full settlement of the November 28<sup>th</sup> balance is December 1, 2006. Please ensure that we have received notification of settlement by this time so that we can move forward as partners and maintain the great relationship that we have always had with Visa Cal.**

**Let us work together to resolve this immediately. Please feel free to contact me via email, or telephone at 1.800.213.6353 or +506.845.8551.**

**Respectfully Yours,**

**Brent Beckley**

12/14/2006

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**From:** Kinneret Barkol [mailto:Kinneret.Barkol@yabendror.co.il]  
**Sent:** Monday, December 04, 2006 8:36 AM  
**To:** kevin@kwikbill.com; astl@verizon.net; astl@tampabay.rr.com; ira@kwikbill.com  
**Cc:** Yossi Ben-Dror; rasolaw@netvision.net.il  
**Subject:** Cal/KwikBill Matter

Kevin and Ira,

I would like to inform you that we have held a telephone conversation today with Yoni Roth and Alon Levi of Visa Cal.

They informed us that they have held a meeting today with Steve Luke and his advocate. The impression of Yoni Roth and Alon Levi is that Steve would transfer the funds if he felt protected from chargebacks and other concerns.

They suggest that Steve will transfer the funds to Cal (and not to you), and then Cal will transfer the funds directly to the merchants.

Regarding your request to receive a reconciliation report and other documents from Cal, Yoni and Alon say that they cannot forward any report at this moment because Steve has the signatory rights in the account. The solution in their mind, is that the planned agreement between Cal, yourselves and Steve, shall include instructions from Steve to Cal to forward the relevant documents to you.

We asked Cal for their point of view regarding the continuance of cooperation between them and yourselves. They said that they have goodwill to try and continue the cooperation, however, they will discuss it only after the present matter is resolved and all merchants are paid. They informed us that in order for Cal to be able to work with you in the future, you would have to establish a company in Israel or Europe and appoint a Director which must reside in the country where the company is incorporated and represent the company. Another option is to appoint a local director of Kwikbill instead of Steve and for Steve to transfer his shares to you.

As a matter of comfort, and following the resolution of the outstanding matters, Yoni and Alon mentioned that Cal will not inform other credit companies about the current circumstances and none of the individuals involved will be placed on any "Black List". They specifically clarified that Cal does not disqualify you as business partners.

We have also arranged a meeting today with Steve Luke's advocate at 5:00 pm local time (10 am EST). We have asked him to join Cal in the meeting, however, he preferred that the initial meeting be held only with us.

We may want to contact you during the scheduled meeting. In the event that this will not be necessary we shall update you after the meeting.

Best regards,

Kinneret.

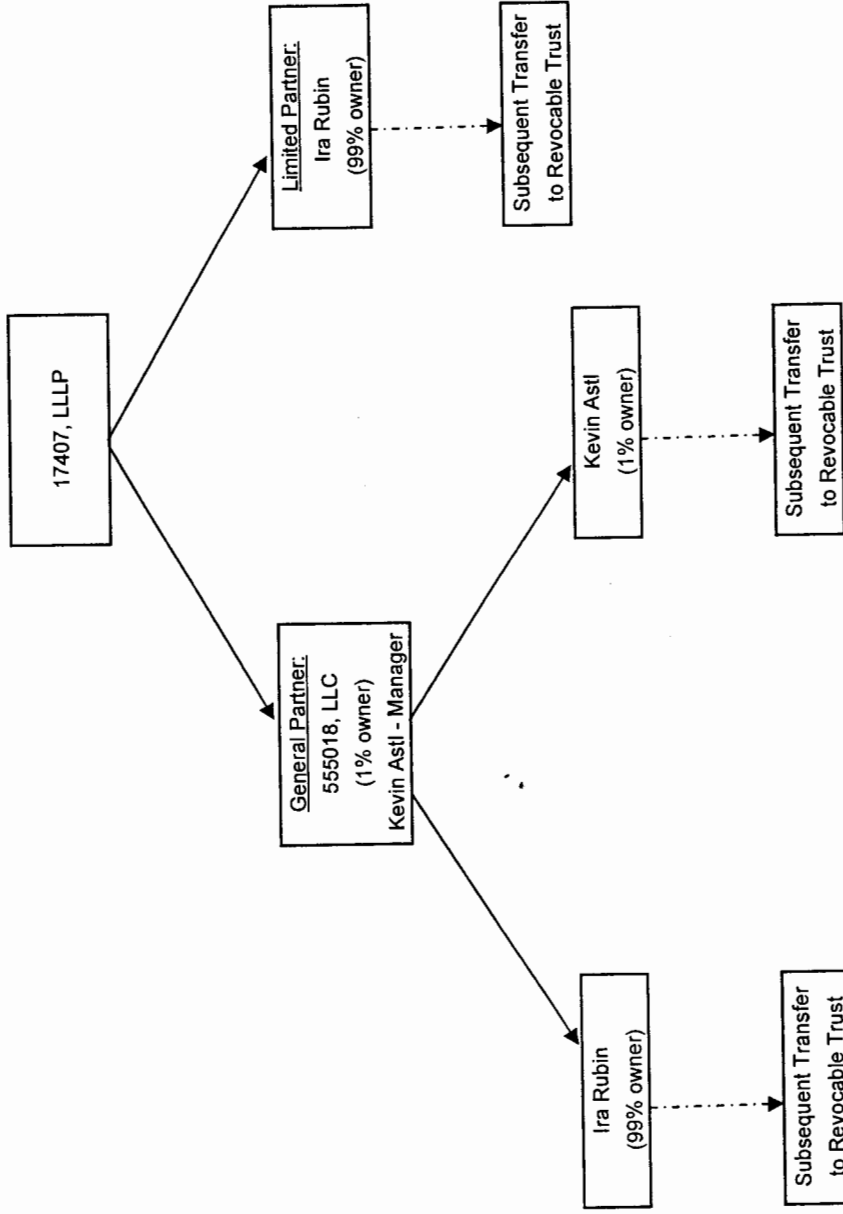
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Kinneret Barkol  
Y. Ben-Dror & Co. Law Offices  
S.A.P Building, 3 Hayetzira St .  
Ramat-Gan 52521, Israel  
Phone: (972) 3-5757830  
Fax: (972) 3-5757836

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# **TAB 2**

17407, LLLP  
Organizational Chart





CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
17407, LLLP  
a Florida limited liability limited partnership

The undersigned general partner desiring to form a limited partnership pursuant to the Florida Revised Uniform Limited Partnership Act as set forth in Section 620.1201, Florida Statutes, hereby states the following:

1. The name of the Partnership is the 17407, LLLP.
2. The business and mailing address of the Partnership is 8001 N. Dale Mabry Highway, Suite 701B, Tampa, Florida 33614.
3. The name and address of the agent for service of process on the Partnership is Kevin D. Astl, 8001 N. Dale Mabry Highway, Suite 701B, Tampa, Florida 33614.
4. The name and business address of the General Partner are as follows:

555018, LLC a Florida limited liability company	8001 N. Dale Mabry Highway Suite 701B Tampa, Florida 33614
--	--
5. The Partnership hereby elects to be a limited liability limited partnership.

The execution of this Certificate of Limited Partnership by the undersigned general partner constitutes an affirmation under the penalties of perjury that the facts stated herein are true.

IN WITNESS WHEREOF, this Certificate of Limited Partnership has been executed by the general partner of the 17407, LLLP this 5<sup>th</sup> day of December, 2006.

GENERAL PARTNER:

555018, LLC,  
a Florida limited liability company

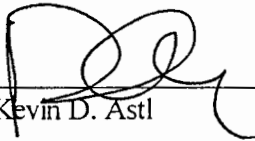
  
\_\_\_\_\_  
Kevin D. Astl, Manager

ACCEPTANCE OF APPOINTMENT AS REGISTERED AGENT

Having been named as registered agent for the 555018, LLLP, a Florida limited liability limited partnership (the "Partnership") in the foregoing Certificate of Limited Partnership, the undersigned, on behalf of the Partnership, hereby agrees to accept service of process for said Partnership and to comply with any and all statutes relative to the complete and proper performance of the duties of the registered agent.

DATED: December 5, 2006.

REGISTERED AGENT:

  
\_\_\_\_\_  
Kevin D. Astl

ARTICLES OF ORGANIZATION  
OF  
555018, LLC

The undersigned authorized representative does hereby certify that the persons so identified herein have associated themselves together for the purpose of forming a limited liability company (the "Company") under the laws of the State of Florida.

ARTICLE I  
NAME

The name of the Company shall be: 555018, LLC

ARTICLE II  
ADDRESS AND PLACE OF BUSINESS

The mailing and street address for the Company's principal office is 8001 N. Dale Mabry Highway, Suite 701B, Tampa, Florida 33614.

ARTICLE III  
MANAGEMENT

The Company shall be managed by a Board of Managers.

ARTICLE IV  
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the Company's initial registered office in Florida is 8001 N. Dale Mabry Highway, Suite 701B, Tampa, Florida 33614, and the name of its initial registered agent is Kevin D. Astl. The Company may change its registered office or its registered agent or both by filing with the Department of State of the State of Florida a statement complying with Section 608.416, Florida Statutes.

ARTICLE V  
ACKNOWLEDGMENT

The members of the Company, through their undersigned authorized representative, do hereby certify that the foregoing constitutes the proposed Articles of Organization of 555018, LLC. These Articles of Organization may be amended from time to time by consent of the members holding a majority of the voting interests of the Company, or otherwise in the manner now or hereafter prescribed in the Company's Operating Agreement, consistent with the laws of the State of Florida.

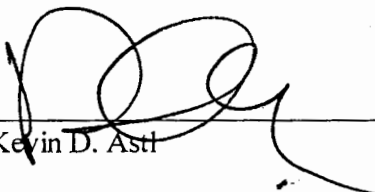
IN WITNESS WHEREOF, the undersigned has executed these Articles of Organization this 5<sup>th</sup>  
day of December, 2006.

  
\_\_\_\_\_  
Kevin D. Astl, Managing Member

ACCEPTANCE BY REGISTERED AGENT

Having been appointed the registered agent of 555018, LLC, the undersigned accepts such an appointment, agrees to act in such capacity and accepts the obligations proposed by Section 608.415, Florida Statutes.

EXECUTED this 5<sup>th</sup> day of December, 2006.

  
\_\_\_\_\_  
Kevin D. Asti

**TAB 3**

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**From:** S. Ted Solomon [stsolomon@earthlink.net]  
**Sent:** Tuesday, September 13, 2005 7:21 AM  
**To:** ira; marc; Gary  
**Subject:** latest

Ira,

I haven't heard from you in a long time nor from Marc. Gary communicates every so often. I understand there is not much to say at the moment. Here is the latest update.

I have paid out, through this morning's reconciliation from the bank, over \$400,000 MORE than we finally received from the last few days when the bank did forward some of the sales volume -- that's out of MY pocket, of course, as the bank will NOT take any from their reserves. To date I have refunded or paid chargebacks and/or chargeback fees and/or fines totaling over \$1,200,000 on your collective accounts. The days are averaging between \$15,000 and \$45,000 daily, probably between \$20,000 and \$25,000 a day if I were to average them. It won't take too long at that rate to exceed reserves.

When the aggregate amount exceeds the reserves (mine and the bank's) I will be forced to seek restitution from Global as well as you personally. I hope the bleeding stops before that occurs.

All of my businesses, federal ID numbers, personal name and social security, url addresses, and everyone who was listed as doing business with me (i.e. my son and family members), etc. have been put on the Terminated Merchant list because of the illegal activities and chargebacks that were put through by your merchants under my name that caused not only your accounts to be shut down, but mine as well. The bank is still holding hundreds of thousands of dollars of "settled" sales from my pharmacy accounts that they simply refuse to pay to me. I have had to sell my pharmacy sites to allow the customers to continue to have access through another owner with existing merchant accounts. That has cost me millions of dollars in sales and hundreds of thousands of dollars in income to date, just from the late July shutdown period. So, all in all, I have and will sustain a large loss from processing your accounts when it is all said and done. Unfortunately, it is my name, reputation, and credit that has and/or will suffer.

I know your merchants have been told -- or believe for whatever reason -- that I am the bad guy, but you know that is not true. The fault lies totally and irrevocably with your choice of marketing rooms and people to handle, who did both illegal activities and had way too many chargebacks. Please make sure I do not hear any more "negative" feedback that I am the culprit and that the merchants are clear that YOU had the agreements with me and THEY did NOT. Also, for your own sakes, make sure they do NOT advise their clients to charge back and then recharge on a different merchant account for those who they were paid for as that would constitute felony fraud and we would pursue those charges if forced to do so. I have already advised Gary about an email being sent my one of your merchants to that affect.

I certainly wish that circumstances were different, but they are what they are. I hope you are prospering and your merchants are finding ways to continue in business, as I am not an angry or vindictive person. I would like everyone to prosper. I also hope you will be available if and when your personal guarantee might need to be evoked. Let's both hope that won't be necessary or need to happen.

Doc

---

**From:** S. Ted Solomon [stsolomon@earthlink.net]  
**Sent:** Friday, August 26, 2005 5:40 AM  
**To:** MTaylor10101@aol.com  
**Cc:** ira  
**Subject:** chargebacks

Michele and Ira,

FYI I have paid out over \$46,000 in chargebacks and refunds on the Sunkissed account since the merchant accounts were shut down. When this amount exceeds the reserves held by the bank (and a little bit by me) the lawyers will be coming to you, Michele, for any shortfall, and if necessary, to the courts. I have already paid out over \$600,000 for Ira's merchant accounts and the same applies to Global and to you, Ira, personally.

It is my suggestion that you have your people diligently fight these chargebacks and/or find ways to fulfill these people, because the lawyers are gathering all the necessary documentation, if needed, to seek restitution from the responsible parties. In the case of some of your merchants, Ira, who knowingly performed illegal acts and caused the demise of all of the merchant accounts, they are gathering affidavits to file, if needed, felony fraud charges, as they knowingly committed illegal acts. Unfortunately, as I am responsible to the bank for their illegal actions, you, Ira, are responsible for them as well if charges have to be filed as you (Global) brought them to me. I have heard, and am awaiting affidavits and proof, which I hope are not true, that your people, Ira, (and perhaps one or more of your management people) told others (in the processing industry) that they were knowingly putting through gambling money into U.S. merchant accounts.

I hope that my legal costs are just money spent but services not used because you, Michele and Ira, stop the bleeding short of requiring legal action.

What is true is I will NOT take it in the shorts and not respond accordingly. This is business and you are both legally responsible for all shortfalls and for the actions of your people. I have honored my responsibility to the bank in covering the chargebacks, fines, refunds, and fees out of my pocket (they are NOT taking from their reserves). The law will require you to honor your responsibilities as well.

I understand that everyone is processing -- except me -- who has been declared a "terminated merchant" because of the chargebacks and illegal acts of others. I hope you all are making good money. I have no ill will towards anyone, but I do hold others to their responsibilities as I honor mine.

Doc

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**From:** S. Ted Solomon [stsolomon@earthlink.net]  
**Sent:** Tuesday, August 16, 2005 10:14 PM  
**To:** Ira Rubin  
**Cc:** Gary ; marc  
**Subject:** Re: Communication on your intentions

Ira, Mark, and Gary:

*Yes, the bank funded some of the days from Monday thru Thursday, although not all. However, and this is the truth and the reality, by the time the reserve and processing charges (16%) are deducted for the funds that were provided, the huge amount of chargebacks and refunds are subtracted, the July Skipjack fees are subtracted, the chargeback fees, and the fines thrown in as well, through yesterday there is a NEGATIVE balance. Every day there is an additional \$10,000 or \$20,000 or \$30,000 in chargebacks plus those chargeback fees, so there can be NO distribution because there is NO MONEY DUE to Global when ALL the rooms (Travel Services 1,2,3,4, Marketing Services 1,2,3, Global Destination 1,2, Preferred Pharmacies 1,2,3, and the sales and refunds to RxHomeDelivery) are added together, even though some individual rooms may have had a positive balance on their own!!!!!!! I can understand why some rooms might be upset, because they, like me -- and you, got "screwed" by the illegal acts of a few (and the high chargebacks of the travel rooms, which includes Don's rooms), but I have no individual contracts with these rooms. I have a contract with Global, personally guaranteed by you Ira, that includes ALL of these rooms, and there simply is NO BALANCE DUE!!!! Actually, there is a NEGATIVE balance which is growing daily!!!!*

*So any funding of rooms under Global's auspices are, unfortunately, GLOBAL's issue, not mine. You certainly would not fund a room for one week's sales when you know you will have MORE than that funding taken back from you the next week or two and as you have told me directly and personally, Ira, when you KNOW the volume is down or that they are leaving you or they are shut down and you will be eating their chargebacks and refunds, you don't fund. I don't mean to sound callous. I have always lived up to funding Global, despite the problems, when funding was due, even when there were no records I sent money. However, there is NONE due now. I am funding chargebacks and refunds out of MY pocket now.*

*In addition, as you know, the illegal acts and excessive chargebacks of GLOBAL's marketing rooms (gambling and cigarettes plus high percentages of chargebacks) caused me to lose MY own business merchant accounts, the bank has NOT funded me for those days when it did get settlements on MY business transactions (over \$250,000) as they consider ME a "criminal" and a "terminated merchant" or as my intermediary says, my name is "MUD" with the bank -- it is MY name that got dragged through the muck by those activities not under my control. I have lost over \$1+ million in sales and some expensive and hard-won customers for whom I paid out over \$250,000 to \$350,000 a month in marketing costs. So I am not a happy camper because I am losing on both your rooms and my own business.*

*Yes, it has been very stressful on your people, but it is even more stressful on me!!!! I have not cursed, threatened, or screamed, as most might have done -- and rightly so -- but you need to let YOUR people know there is NO money due to Global. Just the reverse. It will undoubtedly cost me hundreds of thousands or millions more out of my pocket over the next few months and only when the bleeding stops will we see whether the reserves were sufficient and there are some to be returned or not. The bank will return reserves if and only if there is no chargeback activity for nine months and there is a balance in the reserves.*

*FYI, Travel Services has eaten up close to \$250,000 in chargebacks by itself and that's with NO sales (just refunds DEDUCTED for those days before we were all shut down). Marketing Services has had another \$250,000 or so in refunds and chargebacks. Preferred Pharmacies has had over \$130,000. Add the fines, the July Skipjack fees (around \$12,000), another \$130 to \$140,000 in processing and reserve charges for those few days, and probably another \$25,000 or more in Chargeback fees that I have not yet been billed for (it could be a lot more, for which I am billed in the first week of September for what occurred in August at \$35 for each chargeback and \$15 for each retrieval), and much more to come, and you will quickly see there is no money left, just a negative balance.*

1/4/2007



*I have said nothing in detail to Don or anyone else who might come to me asking what happened, how much, etc., except to talk to you with whom they have a contract. That is GLOBAL's responsibility. I have NOT said anything "negative" about you, Ira, or Global to anyone, except to state the facts. Unfortunately, the facts are the facts. I have been put out of business (and so were these merchant accounts) because of acts perpetrated by GLOBAL's marketing rooms, there is no positive balance due to Global, I have no contractual obligation to individual marketing rooms, just with you/Global for the combination of marketing rooms.*

*Please make sure your employees (where appropriate) understand these realities and that you communicate to the marketing rooms under contract to Global that I am NOT responsible nor do I owe any funding! If they continue to come to me because your people are telling them I didn't fund you, then I will have to tell them what is real and that I do not owe anything and then it may be more difficult for you, so please handle it.*

Thanks.

Doc

*P.S. I am under great pressure from MY family to go after Global and you, Ira, but I am trying to "ride" this out to its end to see what will be left. I have not attacked you or Global and need you all to make sure your people do not attack me and ignite a war that will ultimately affect Global and/or you, Ira, personally. There is close to \$15 million in sales out there that could potentially come back. When my funds are exhausted and/or the total of all reserves are depleted, I will SHUT everything down and have no choice but to come after the guarantor, so it is in both of our interests to have these rooms do as much as they can to save their customers and cut down on chargebacks. They ultimately will all come back to you beyond the reserves. I am using what reserves I have to pay out daily (the bank is NOT using their reserves) and will undoubtedly use up all the profit I may have made over the past 9 months providing processing to you as well, so I will lose big time for trying to help!!!! The truth is, Ira, you came to me for processing. I did not seek you out. I bailed you out of your problem back then. Now I am paying the price for that help. I need your support and assistance to keep this from getting even more ugly for all of us.*

*We will be checking with customers who are being told to charge back and then having their charges recharged through another merchant account as that will be fraud on ANY sales prior to those few days. We will charge fraud to any of the merchants who choose to play that game! So your merchants and Global need to take great care of ALL customers from prior to July 18th as you were funded for those sales!!!!!!*

----- Original Message -----

**From:** Ira Rubin  
**To:** 'S. Ted Solomon'  
**Sent:** Tuesday, August 16, 2005 8:50 PM  
**Subject:** RE: Communication on your intentions

Doc:

Thank you for keeping me in the loop with Don. The big issue to be perfectly frank is that the bank is very clear in the fact that they funded you for transactions in the system from July 18, 2005 through July 21, 2005. Is this true or not?

Ira

-----Original Message-----

**From:** S. Ted Solomon [mailto:stsolomon@earthlink.net]  
**Sent:** Tuesday, August 16, 2005 7:04 PM  
**To:** Don Williams  
**Cc:** ira  
**Subject:** Re: Communication on your intentions

Gentlemen:

Settle this between yourselves. I will not be threatened or belittled. I have done everything I was honor bound to do. I am the one who has lost big time and I will certainly NOT pay out money when I didn't receive it. That's not honor, that's stupidity or worse. I have already lost \$500,000 on helping you when I shouldn't have and will undoubtedly lose much more. So stop making me the bad guy here. I am not. The marketing rooms under Global did illegal activities and ran operations that caused massive chargebacks. That's where the problem was. The bank is holding reserves and will not return them until nine months after the last chargeback, if any reserves are left. It is out of my hands.

Doc

----- Original Message -----

**From:** Don Williams  
**To:** 'S. Ted Solomon'  
**Cc:** 'Ira Rubin'  
**Sent:** Tuesday, August 16, 2005 4:38 PM  
**Subject:** RE: Communication on your intentions

Doc,

I find it unfortunate that you would respond this way. I had been informed that your character was other than what is on display here. I will act in accordance with my options for the collection of our rightful funds.

Again if you decide that we would be better served by creating a suitable arrangement for all parties, please feel free to contact me.

Don

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**From:** S. Ted Solomon [mailto:stsolomon@earthlink.net]  
**Sent:** Tuesday, August 16, 2005 4:00 PM  
**To:** Don Williams  
**Subject:** Re: Communication on your intentions

Don,

I have no legal or other relationship with you or your merchants. My contract was with Ira and Global, yours was also with Ira and Global, not with me.

I have responded to Ira so you can have a conversation with him.

Doc

----- Original Message -----

**From:** Don Williams  
**To:** stsolomon@earthlink.net  
**Cc:** don.williams@dqservices.com  
**Sent:** Tuesday, August 16, 2005 3:27 PM  
**Subject:** Communication on your intentions

Doc,

Hello and long time no chat. This is Don Williams. You may recall that I have merchant clients that were placed with Global and therefore by default placed with you. I am contacting you regarding a couple of the problems we are faced with following the termination of the account. My intention is to communicate our position, needs and intentions so that all parties can move forward without the need for ill will. When pertinent I can furnish you with either the client names or consumer names for the money in question.

The first scenario that poses a problem for us regards the sales from 7/18/05 – 7/21/05. Because

Global was not funded for those sales, they have not funded us. We own those sales and therefore have the right to collect the proceeds from those sales. As we see it this can be accomplished in 3 ways.

- 1) You could fund us directly for these sales.
- 2) You can refund those clients so that we may charge them elsewhere.
- 3) We can contact them and advise them of the circumstances surrounding the situation. Upon explaining the matter to the customers we can then walk them through the chargeback process so that they can receive their money back and we can recharge them.

Clearly our preference would be either number 1 or 2. Also understand that we will not be able to fulfill for these clients if we do not take one of the three actions listed above. Based on our previous discussion I believe you know the ramifications of failing to fulfill. We have been patient in the matter, but our finances now dictate that we reach a resolution on the transactions by the close of this week.

The second scenario we are faced with involves the reserves being held by you (the bank). Our clients have all met the stringent requirements for the release of their reserves. The time has come and gone for the reserves to be released. Please share with me the process and time frame by which you intend to release the reserves.

I look forward to your prompt response.

Professionally,

Don Williams