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Hon. PATRICIA C. WILLIAMS

6  
7 UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON  
8

9 In re: )  
10 LLS AMERICA, LLC ) Case No. 09-06194  
Chapter 11  
11 )  
Debtor. )  
12 )

13  
14 EXAMINER'S PRELIMINARY REPORT<sup>1</sup>  
15

16  
17 Dated this 18<sup>TH</sup> day of May 2010.  
18

19 Respectfully submitted,

20 ROBERT D. MILLER JR  
Acting United States Trustee

21 /s/ Gary W. Dyer  
22 \_\_\_\_\_  
GARY W. DYER  
Attorney for the United States Trustee  
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28 <sup>1</sup> The U.S. Trustee is simply ECF-filing this document for the Examiner.

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In Re ) Case Number 09-01966  
LLS AMERICA, LLC )  
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 )  
\_\_\_\_\_) Debtor

**Preliminary Report of Examiner**

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*Court Appointed Examiner*

May 19, 2010

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Charles Brent Hall, the duly authorized and appointed Examiner in re LLS America, LLC., Case No. 09-06194 PCW11 herewith files his Interim Report in the case as follows:

## **I. INTRODUCTION**

On July 9, 2009, (the Petition Date) the Debtor was filed into Chapter 11 of the U. S. Bankruptcy Code. The Debtor has continued to operate the business as debtor-in-possession.

On March 15, 2010, the Bankruptcy Court approved the appointment of Charles B. Hall as the Examiner for LLS America LLC.

## **II. THE PURPOSE OF THE PRELIMINARY REPORT**

The Order Authorizing the Appointment of an Examiner directs the Examiner to file a preliminary report and assessment of the Debtor's business operations within sixty (60) days of the date of the Examiner's appointment.

The Order further directs the Examiner to evaluate the Debtor's present financial operations and business model to determine if the business model is profitable and to analyze the profitability of the business on a go-forward basis.

It requests the Examiner "to investigate the current management of the Debtor and whether such management can be relied upon to maintain business operations, act as a fiduciary to the creditors, and formulate, propose, and implement a plan of reorganization, which will include taking appropriate legal action against appropriate parties for the benefit of the estate".<sup>1</sup>

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<sup>1</sup> Docket No. 146

This interim report is intended to meet those initial duties set forth in the Order Authorizing the Appointment of an Examiner.

### **III. SCOPE OF THE PRELIMINARY EXAMINATION**

After an initial review of LLS America, LLC's operations and financial reports, the Examiner determined that the period from July 1, 2009, through March 2010, would provide a sufficient time on which to base a judgment of the Debtor's business operations and its financial viability.

Accordingly, this report covers LLS America, LLC's business performance for the most recent ten (10) months, which is also the duration of the Chapter 11 case.

For that time period, this report is also intended to respond to the requirement of the Court's Order to investigate transactions between the Debtor and any insider, affiliate, or management, to determine if any such transactions were improper, a misappropriation of funds, or otherwise not in the best interests of the Debtor.

### **IV. THE DUEL STRUCTURE OF LOAN OPERATIONS**

There are two primary companies involved in the online short-term installment loan business conducted by LLS America, LLC. The first is LLS America, LLC (LLSA)<sup>2</sup>, and the second is Team Spirit America, LLC (TSA). Both are wholly owned by Doris E. Nelson.

Per Doris Nelson, the reason for using two separate companies to conduct loan operations is that LLSA, which is licensed to do business in Utah, cannot meet the requirements to do business in Washington. TSA is licensed in Washington, and since it is not in the short-term installment loan business, can do business in Washington.

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<sup>2</sup> There is an inactive affiliate named LLSA, LLC, however, the use of the acronym LLSA in this report always refers to LLS America, LLC.

This two-company structure is not otherwise beneficial to LLSA, and the matter of its necessity will be researched further.

TSA, under a services contract with LLSA, provides all of the employees, including management, who conduct LLSA's operations. It provides all of the equipment used in LLSA's business and purchases all the supplies and services needed to carry out LLSA's activities. TSA charges LLSA its cost of providing these services, plus a 5% surcharge. Certain costs, such as Mrs. Nelson's salary and the building rent, do not bear a surcharge.

LLSA pays TSA on an almost weekly basis for the services provided.

Otherwise, LLSA pays directly for the cost of loan leads it purchases from third parties, its bank charges, and professional fees.

For simplicity, all of the personnel and services used in LLSA's loan activities are referred to in this report as LLSA's employees and services, even though they are technically employed by TSA, and the services are provided by TSA.

## **V. FACTORS THAT HAVE INFLUENCED THE INVESTIGATION**

Upon appointment, the Examiner traveled to LLSA's offices in Spokane, Washington, and met with Doris E. Nelson, CEO and owner of LLSA. Mrs. Nelson welcomed the Examiner and expressed her desire to facilitate the Examiner's investigation and to provide whatever information the Examiner deemed relevant to the examination, including information on non-Debtor affiliates. Mrs. Nelson provided the Examiner with a comfortable office and instructed her staff to cooperate with the Examiner and to provide needed information. Thus far in the investigation, the Examiner has enjoyed a good and supportive working relationship with LLSA management.

Early in the investigation, it became apparent that LLSA's financial reports have for some years suffered from serious accounting problems related to revenue and accounts receivable, and that the accounting staff, while good accountants, lacked the experience and expertise to solve the problems. The primary source of the problem is a large, sophisticated loan management software package called TRAN that enables LLSA to efficiently process thousands of loan transactions daily. TRAN produces numerous reports, but not always information defined as needed for accounting purposes. Further, accounting personnel have not had a sufficient understanding of the workings of TRAN. As a result, the Company has not been able to properly determine what its monthly revenues and accounts receivable balance should be. The consequence has been unreliable monthly financial statements.

Without reliable monthly financial reports, the Examiner could not correctly assess the financial viability of the Company.

After considering alternatives, the Examiner decided the most expeditious approach was to help LLSA's accountants solve their accounting problems in order that the reliable monthly financial reports needed by all the parties in the case could be produced. Accordingly, considerable time has been spent with LLSA's accountants working through the details of accounting processes and, in particular, trying to better understand information in the TRAN reports.

On Tuesday, April 6, 2010, federal authorities executed a search warrant on LLS America's premises and removed 95 boxes of documents and records. Fortunately, most of the documents supporting LLSA's current business and financial transactions have been digitized and removal of the records has not really hindered the Examiner's work thus far. Further, the Examiner has been advised that the federal authorities will look favorably on any request by the Examiner for copies of documents.



The Examiner has not retained counsel at this point in the case, since the work covered by this report focuses primarily on current business operations and financial conditions. The Examiner may yet retain counsel if future developments in the investigation indicate the need to do so.

## **VI. INVESTIGATIVE WORK UNDERTAKEN TO DATE**

The Examiner initially met with Counsel for the Debtor and Counsel for the Creditors Committee to get their views on the objectives of the examination.

The Examiner has reviewed the pleadings in the case and the transcripts of the 341 examinations held in Las Vegas and Spokane.

Since mid-March, the Examiner has spent two to three days most weeks in the LLSA's office conducting the examination. The Examiner has worked closely with Mrs. Nelson and LLSA's management and employees in informal meetings and interviews. The Examiner has taken notes during these meetings. The interviews to date have not been conducted under oath.

- The Examiner met with Debtor's accounting personnel to investigate the Debtor's accounting systems and financial and accounting procedures to determine the reliability of the LLSA's monthly financial reports.
- The Examiner obtained copies of the Debtor's financial statements from 2005 through March 2010. The monthly financial statements for July 2009 through March 2010, (the period covered by this report) have been examined in detail. For the months of October 2009 and March 2010, a quasi-audit of costs has been performed.

- The monthly bank statements for LLSA's and TSA's bank accounts for July 2009 through March 2010 have been reviewed in detail.
- The monthly cash disbursement records of LLSA and TSA for July 2009 through March 2010 have been reviewed in detail.
- All payments during the period by LLSA to any affiliate such as TSA, GEM, or Adworkz, and any insiders have been identified and examined for propriety.
- Certain proposed contracts for services between LLSA and affiliates have been reviewed.
- The monthly financial statements for TSA have been examined in detail for the same period.
- The management of the affiliate Adworkz has been interviewed.
- Dennis Nelson has been interviewed with respect to his involvement in LLSA and the activities of affiliates in which he owns an equity interest.
- The Examiner has worked closely with LLSA's accounting personnel in reviewing in detail the Company's accounting procedures for accounts receivable and revenue. This has included discerning the workings of the TRAN loan management system. Three conference calls have been held between the Examiner, LLSA accountants, and personnel from TRANDOTCOM, the producer of the TRAN system, regarding the workings of TRAN and the definition of amounts for accounts receivable and revenue as reported by TRAN. Changes in accounting procedures for recording revenue and accounts receivable have been

made. TRANDOTCOM personnel are developing an additional TRAN report for LSS America that will improve accounting for monthly revenues and accounts receivable.

## **VII. SUMMARY OF PRELIMINARY CONCLUSIONS AND RECOMMENDATIONS**

### **A. Preliminary Conclusions**

Based on his work to date, the Examiner has reached the following preliminary conclusions:

1. LLSA has been profitable on a monthly operating basis since June 2009 and is financially viable. In September 2009, the Company wrote-off approximately \$714,000 in old accounts receivable and established a reserve for more uncollectible accounts receivable in the amount of \$1,762,000. These write-offs appear to be of accounts receivable that arose prior to July 2009, and the reserve established also covers accounts receivable that arose prior to July 2009. As a result of implementing revised accounting procedures, another \$380,950 of prepetition accounts receivable is being written off in October 2009.

These adjustments, though made in September and October 2009, do not reflect on profitability of operations after June 2009.

2. LLSA's profitability appears to be sustainable and future operations should continue to be profitable.

3. With one exception, there were no inappropriate transfers between the Debtor and affiliates or insiders from July 1, 2009 to present. From July 1, 2009 to October 2009, TSA charged LLSA \$13,877 for legal fees of TSA's attorney. These charges will be reversed.
4. The primary concern with regard to LLSA's future operations is that pending federal legislation may ultimately result in national restrictions on online short-term installment loans that could make the LLSA's current business unprofitable.

**B. Recommendations**

1. Accounting personnel should work to develop additional reports from the TRAN System that would enable them to more accurately determine monthly revenues and accounts receivable and make loan write-offs in a timely manner. In the meantime, the Company should continue to follow the conservative accounting procedures recently installed until all uncertainties as to the propriety of revenues and accounts receivable balances from the TRAN system are resolved.
2. The Company needs to increase its efforts to promptly work with and collect from lenders that go NSF (non sufficient funds). This would lead to an earlier recognition of loan losses as well as increasing amounts collected.
3. Consideration should be given to merging LLSA and TSA operations in order to eliminate any confusion and extra accounting work. There is no discernible benefit to LLSA from paying TSA 5% above market

prices for the services TSA provides. This would also eliminate a perceived avenue of possible diversion of funds. The Debtor believes state regulations necessitate maintaining separate companies; that question will be researched further.

4. Payment by LLSA for services provided by affiliated companies should only be made on the basis of approved invoices from the affiliates.
5. An agreement should be signed setting forth the terms under which TSA would continue to provide services to LLSA.
6. There is a need to further develop and document accounting policies and procedures to ensure consistent accounting practices and to strengthen internal control.
7. Twenty-five unused Utah affiliates should be dissolved to avoid suspicion of unauthorized transactions and confusion.
8. Operating performance measures governing the lending activity should be agreed upon among Company management and documented.
9. Two law firms retained to represent the Company in the original bankruptcy filing are holding retainers totaling \$165,000 net of costs paid to date. One attorney's services have been terminated, and the other is inactive. These law firms' fees should be submitted to the Court, and the balance of the retainer refunded to the Company.
10. Doris Nelson is actively involved in the day-to-day management of lending activities and the employees involved therein. It is likely that in the future Mrs. Nelson will become more occupied with possible issues

raised by federal authorities as well as other litigation. There may be a need to strengthen supervision of that activity.

11. An independent board of directors should be established to guide management and to oversee the activities of the Company

12. LLSA's annual financial statements should be audited by an independent CPA firm.

**C. Disclaimer**

This is a Preliminary Report. The Examiner has not yet completed his Examination in this matter. Upon completion of his Examination, the Examiner will file a written report containing his final findings and conclusions. Although the findings and conclusions set forth herein have been carefully considered and investigated, they are interim findings and conclusions. Additional information may be discovered in the course of this Examination that may alter or amplify them.

**VIII. BACKGROUND OF LLS AMERICA**

This information on the history of LLS America and its predecessor was provided by Doris Nelson and the transcripts of the 341 Meetings. The Examiner also reviewed incorporation documents for LLS Canada, LLC and LLS America, LLC.

In September 1997, Mrs. Nelson was a single mother with three children living in Mission, British Columbia, Canada, where she was working selling advertising. She was struggling financially and found it necessary to utilize a pay day loan herself. Realizing the profitability of the business, she opened up a payday loan store in Abbotsford with a partner. The company was Little Loan Shoppe, Ltd. After about a year, she acquired sole ownership of the store. In 1999, she opened three other stores in the Fraser Valley of

British Columbia. Also in 1999, she began funding her company with small loans from a few individuals.

In January 2001 she married Dennis Nelson and then moved to Spokane, Washington, in February. She continued to operate three Canadian stores.

In November 2001 she received a license to open a store in Spokane and eventually operated three stores in Spokane under the name Little Loan Shoppe America, LLC. Storefronts are relatively expensive to operate, and her Spokane stores were marginally profitable.

In 2002 Mrs. Nelson opened a new business in Canada taking telephone loan applications for only Canadian customers. She used TD Canada Trust as her bank to collect borrowers' payments from their bank accounts by electronic funds transfer. She was able to advertise nationally and to spread her business across Canada. The registered name of the new business was 639504BCLtd; however, it did business as Little Loan Shoppe. In 2003, she closed her three Canadian store fronts.

In 2005 Little Loan Shoppe, LLC was registered in Nevada to conduct the Canadian telephone loan business

In November 2005 she transferred all banking to the downtown Spokane branch of Wells Fargo Bank for both Canada and the United States. Wells Fargo Bank was able to do collection debits of borrowers' bank accounts in Canada through a Cayman Island branch of Wells Fargo, as well as in the U.S. TD Canada Trust could not do electronic funds transfers outside Canada. Wells Fargo maintains multi-currency accounts domiciled in the Cayman Islands for all bank customers who have foreign currency needs.<sup>3</sup>

In 2005 Mrs. Nelson's began financing her operations by significant loans from a large number of individuals.

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<sup>3</sup> Per updated letter from Wells Fargo to Troy Wallin, LLSA attorney.



In November 2005 LLS America, LLC was licensed in Nevada to conduct phone and internet lending in the U.S.

In February 2006 she opened up a telephone loan business in the U. S. using internet advertising to reach across most of the U.S., except for certain states whose regulations preclude operating a short-term lending business therein.

In October 2006, LLS Canada, LLC was registered in Nevada to conduct the Canadian loan business, which utilized both telephone and internet. In November 2006, subsidiaries were licensed in Utah under LLS Canada Utah and LLS America Utah.

Also in November 2006 the TRAN system was acquired, which enabled the entire loan process to be done over the web and provided capacity for unlimited expansion. Both the Canadian and the U.S. businesses were converted to online short-term installment loans.

In the fall of 2006, LLSA began purchasing loan leads from other providers. Prior to that time, the Company was generating business by advertising on Google.

In 2007 and 2008, consumer advocate groups became increasingly critical of payday loans, and more states began implementing regulations that effectively eliminated such businesses. Companies in the payday loan business became increasingly concerned in 2008.

Some national payday lenders began segmenting their businesses into different companies to shield parts of their loan portfolios from possible liability. To avail itself of that perceived protection, LLSA formed twenty-five companies in Utah with the idea of splitting its loan portfolio among these companies, if necessary. These companies have not been used, and no bank accounts have been opened.

In May 2008, Global Edge Marketing (GEM) was formed to generate additional loan leads by implementing an advertising strategy that created fictitious store-fronts on



Google maps in competitive locations. Mrs. Nelson also opened GEM to establish her son and husband in their own company.

In October 2008 changes were made in the terms of the loans being made to increase fees and lengthen the repayment period.

In October 2008 Wells Fargo Bank increased the frequency with which it ACH (Automated Clearing House) debited the accounts of borrowers who went NSF.

In March 2009 Doris Nelson turned day-to-day management of LLSA and TSA over to her son Chris. On June 9, 2009, Ralph Gamble was appointed CEO of LLSA and TSA.

Because of the ongoing dispute between Wells Fargo Bank and LLSA regarding the manner of collection efforts on NSF accounts, LLSA and TSA terminated their banking relationship. LLSA and TSA transferred all banking to Bank of America.

LLSA management could not find a bank to do international ACH collection debits, and therefore, ceased the Canadian lending business.

In June 2009 LLSA wrote-off \$27.4 million of accounts receivable covering 2007, 2008, and 2009, to that date.

On July 9, 2009 LLSA was filed into a Chapter 11 bankruptcy.

On October 22, 2009, Doris Nelson took over day-to-day management of LLSA and TSA. She terminated Ralph Gamble as CEO as well as the COO and CFO. Curtis Frye was appointed accounting manager.

## **IX. IDENTIFICATION AND RELATIONSHIP OF INSIDERS**

**Doris E. Nelson** is the sole owner and CEO of LLSA and LLS Canada. She also owns and is the CEO of TSA. She is paid by TSA, which bills LLSA for her compensation. She has owned and managed companies involved in payday loans and short-term installment loans business for the past twelve years.

**Dennis L. Nelson, Jr.** is Doris Nelson's husband. He owns a majority interest in D&D Lead Marketing, LLC, which owns GEM. He is the sole owner of D&D Associates, 360 NW Networks, LLC and D&C Associates Broadway, LLC. He now holds a 51% interest in 360 Northwest Telcom, LLC.

Mr. Nelson spent ten years, until 1987, in the U. S. Air Force serving as an aircraft crew chief. He subsequently spent 20 years in the Air National Guard based at Fairchild AFB. During his military service, he rose to the non-commissioned rank of Senior Master Sergeant. Following his active duty, he was employed by the US Government as a civilian quality control inspector at Fairchild AFB. He retired in the fall of 2007.

**Alec C. (Chris) Foster**, a son, worked as an employee of TSA and from the end of March to early June 2009, as Manager of LLS America and TSA. Since then, he has been employed as CEO of GEM dba Adworkz. He owns a 35% interest in D&D Lead Marketing, LLC.

**Adam Nelson**, a son, is an hourly employee of TSA, working as janitor, doing maintenance, and purchasing supplies.

**Amanda V. Johnson**, a daughter, is an hourly employee of TSA who performs mostly project work.

**Brittany Becker** is a salaried employee of TSA who works in the loan processing department and is knowledgeable in the TRAN system. She is in a relationship with Adam Nelson.

## **X. NON-DEBTOR AFFILIATES AND RELATED PARTIES**

**Little Loan Shoppe Ltd.** was established in September 1997 to conduct the payday loan business in Canada and is owned by Mrs. Nelson. The Company has been inactive since 2003. Its bank account was closed in October 2009.

**639504BC** was licensed in Canada in early 2003 to conduct the telephone loan business in Canada. It conducted business as Little Loan Shoppe. It is owned by Mrs. Nelson.

**Little Loan Shoppe Canada, LLC** was licensed in Nevada in October 2006 to conduct the online installment loan business in Canada. It is owned by Mrs. Nelson.

**0738106BC, Ltd.**

**0738116BC, Ltd.**

**0738126BC, Ltd.**

These three companies were licensed in Canada in the fall of 2005. Per Mrs. Nelson, the majority of Canadian lenders insisted that their payments come out of a Canadian company to avoid U.S. taxes. These companies were used for that purpose as well as to pay certain expenses of the Canadian business.

The Canadian business ceased in June 2009 when Doris Nelson's companies, including LLS Canada, LLC., moved their banking relationships from Wells Fargo to Bank of America. Apparently, no U.S. bank was found that was able to do ACH debits of borrowers' bank accounts in Canada. Some Canadian borrowers have continued to send checks in payment of amounts they owed.

**Team Spirit America, LLC. (TSA)** was formed in June 2006 as a Washington LLC and is solely owned by Mrs. Nelson. TSA provides complete operating services to LLSA. It employs and pays all the employees who perform LLSA's work. It also purchases and pays for all supplies, utilities, and services. It does the accounting and owns all of the equipment. It holds the software licenses. It charges LLSA for all services provided at its cost plus 5%, with the exception of Mrs. Nelson's compensation and the building rent on which there is no surcharge. There is a draft of an agreement between LLSA and TSA governing the terms of this relationship. From its inception until June 2009, TSA provided the same services to Doris Nelson's Canadian business. From January through July 2009, TSA performed and financed similar services for Adworkz, advancing a total of \$368,567 as of July 31, 2009. Adworkz is now paying off the TSA advance over the next year. In March 2010, a promissory note and agreement between TSA and Adworkz was drawn up setting forth the terms of the repayment of the TSA financing. That agreement has not been signed. However, as of April 30, 2010, Adworkz has repaid \$77,421 of the advance.

**Global Edge Marketing, LLC (GEM) dba Adworkz (Adworkz).** The Company is an online list provider that was started in May 2008 to generate loan leads for LLSA and other payday loan companies. GEM is owned by D&C Lead Marketing, LLC, which is owned by Dennis Nelson (59%), Alex Foster (35%), and Evan Ernst (6%).

Alex Foster is CEO of GEM, and Evan Ernst is the COO. The Examiner interviewed Foster and Ernst on Thursday, April 22, 2010 and in a subsequent meeting. The Company became the sole outside lead provider to LLSA in November 2009 and has provided approximately 56% of LLSA's leads since then. The rate of conversion of approved Adworkz leads to loans for the subsequent five month period is 60%. The other sources of LLSA's leads are its own website and repeat customers. Adworkz charges LLSA, \$85.00 for those leads provided by Adworkz that are subjected to an initial screening by LLSA and approved.

Adworkz is now providing leads to 20-25 customers, including businesses involved in payday loans, debt relief, tourism, and auto finance. The average price for approved leads provided other customers is \$85.00 per lead, according to Adworkz management. For 2010 year to date, sales of leads to LLSA represent less than 34% of Adworkz's gross revenue. The Company operated essentially at break-even for 2009 and is profitable for 2010 to date. The Examiner was shown an income statement dated April 21, 2010, that indicated Adworkz has significant revenue and profitability. Adworkz management believes its success is due to proficiency in building and optimizing lead generating websites. Adworkz now has 16-17 employees. Adworkz was provided what appears to be start-up funding by TSA in the form of equipment and services in 2009. Adworkz management stated they expect to repay the funding in the next 12 months. Adworkz management offered to allow the Examiner access to other Adworkz documents if so desired.

**360 Northwest Telecom, LLC** is in the business of selling and servicing business phone systems made by Toshiba. Dennis Nelson now owns 51% of the Company with three other employees owning the balance. The Company services the phone system at LLSA. Neither LLSA nor TSA have made any payments to 360 Northwest Telecom in 2010.

**360 NW Networks, LLC** is solely owned by Dennis Nelson. It is the ISP service provider that hosts the network address for LLS America. It otherwise has no assets. It had a bank account which, according to Nelson, has been closed.

**D & D Associates, LLC** is solely owned by Dennis Nelson. Its only asset, according to Nelson, is the building occupied by LLS America/TSA.

**D&D Associates-Broadway LLC** is a company solely owned by Dennis Nelson. This company was set up when Nelson expected to acquire the property adjoining the D&D Associates property. The property was not acquired, and D&D Associates-Broadway, LLC has no assets, per Nelson.

**Kaufmann, Young & Romanella, LLC.**

**Capozzolo, Donnelly & Markowitz, LLC.**

These two companies were established in Nevada in September 2007. They are owned by Dee Nelson. The intent was to use these as collective companies. The companies have no assets; however, LLSA hopes to begin using them in the near future.

**LLS North America LLC** was founded in 2005 and is owned by Mrs. Nelson. Its only assets are the software license for the TRAN system and the copyright for the name "Little Loan Shoppe".

#### **Other Related Entities and Domain Names**

According to Doris Nelson, some competitors periodically change the public names of their business. In 2008, Ms. Nelson formed forty-two Nevada companies to

avail herself of that option and, more importantly, to enable LLSA to diversify its loan portfolio if necessary.

Additionally, twenty-five companies were formed in the State of Utah as subsidiaries of twenty-five of the Nevada companies, all with Utah addresses and EINs. These Nevada and Utah companies were never activated, and no bank accounts were established.

Attached as Exhibit 1 is a list prepared by A. Bacho Vega, LLSA's compliance attorney which includes all of the currently inactive companies formed by Doris Nelson. The first twenty-five companies listed on the Nevada schedule are parent companies to the Utah companies.

In the same vein, LLSA has registered a long list of Domain names in an effort to broaden its presence in the online market place. Those domain names are listed on Exhibit 2.

In his review of LLSA and TSA's cash disbursement records and bank statements for the period covered by this report, the Examiner did not observe any transfers from LLSA and TSA to any of these inactive companies.

## **XI. BANK ACCOUNTS**

The following bank accounts have been used by the Debtor and TSA post-petition. These accounts are all at a Spokane branch of B of A with the exception of the ACH accounts. In April 2010, B of A requested LLSA and TSA cease banking with B of A. New bank accounts are now being established with Washington Trust Bank of Spokane.

### **LLS America LLC**

Bank of America account # \_\_\_\_\_ 708

This is a checking account used to pay operating costs, including TSA billings, advertising and professional fees. It has a linked savings account.

Bank of America account # \_\_\_\_\_ 906

This is a checking account into which borrower payments made by check, including some Canadian checks, are deposited. It has a linked savings account.

Bank of America account # \_\_\_\_\_ 713

This account was used as a savings account. The account was closed on 2/28/10.

Bank of America account # \_\_\_\_\_ 807

This account was inactive during the period with a \$100.00 balance. It was closed on 10/31/09.

## **LLS Canada LLC**

Bank of America account # \_\_\_\_\_ 219

Since the secession of Canadian loan operations in June 2009, Canadian borrowers have continued to mail in loan payments. Initially, these payments were deposited in TSA's bank account, then into LLSA's bank accounts. On January 7, 2010, this account was opened, and all Canadian funds received thereafter have been deposited therein. A few remaining bills from the Canadian operation are paid from this account.



**TEAM SPIRIT AMERICA**

Bank of America account # \_\_\_\_\_ 914

This checking account is used to pay all TSA operating costs except payroll. It has a linked savings account.

Bank of America account # \_\_\_\_\_ 003

This checking account is used to pay payroll.

Bank of America account # \_\_\_\_\_ 219

This account is designated "Culture Club" and was used to accumulate vending machine receipts used for employee events. The account is being closed.

These bank statements were reviewed by the Examiner for the period from 7/1/09 through 3/31/10, and, except as noted elsewhere, no inappropriate transfers to non-debtor affiliates or insiders were identified.

## **XII. INVESTIGATION OF LLS AMERICA MONTHLY FINANCIAL STATEMENTS**

**JULY 2009 thru MARCH 2010**

When the Examiner initially reviewed the Debtor's and TSA's monthly financial statements, it became apparent that the Debtor was having difficulty properly accounting for accounts receivable and revenues. The problems appear to have existed since 2006 when an online loan management system called TRAN was installed.

The effect of these problems has been that the Company's monthly revenue on its income statement and accounts receivable on the balance sheet were continually overstated, and the Debtor's monthly financial statements were unreliable.

In recognition of this problem, in June 2009, the Company wrote-off \$27.4 million of accounts receivable covering 2007, 2008, and 2009 (to May), effectively lowering previously reported profits for those periods by \$27.4 million.

In September 2009, another write-off of accounts receivable was taken totaling \$2,476,040, again effectively writing down previously reported monthly income. All of this write-off was of loans made in prior years and before the July bankruptcy filing.

Unfortunately, in each instance the cause of these write-offs was not identified or corrective steps taken to prevent future restatements of the Debtor's monthly income.

With unreliable monthly financial statements, it was difficult for the Examiner to correctly assess the current financial viability of the Debtor. After some consideration of options, the Examiner decided the most expeditious approach was to assist the Debtor's accounting staff in an in-depth review of the accounting system and procedures for revenues and accounts receivable in hopes of determining the cause of these overstatements of revenue and accounts receivable and to make any necessary corrections.

The Company's accounting is basically performed by two software systems: TRAN and QuickBooks Prime.

TRAN is a large, complex loan management system that almost completely automates the entire on-line loan process. It enables the Company to efficiently process thousands of loan transactions a day. It was acquired in the fall of 2006 from TRANSDOTCOM Solutions, LLC. in Atlanta, Georgia. The software license is renewed annually for a \$15,000 fee. The TRAN system was designed to process short-term payday loans out of store fronts, but has been modified to accommodate online installment loans.

QuickBooks Premium is the Debtor's general ledger accounting system. It is widely used and adequate for the Debtor's accounting requirements.

A problem arises in that TRAN is not integrated with QuickBooks, meaning accounting information on revenues and accounts receivable generated by TRAN has to be inputted into the QuickBooks system by manual accounting journal entries.

A detailed review of the Debtor's accounting procedures was undertaken with the Debtor's accounting personnel. A deficiency in accounting procedures was uncovered that was causing a significant monthly overstatement of revenue and accounts receivable. Correct procedures were developed and implemented.

The TRAN system produces a large number of daily and monthly reports primarily oriented toward managing the lending process. A review of those reports being used by accounting personnel to record revenue and accounts receivable indicated that accounting personnel did not fully understand how the TRAN system works or how it defines the accounting information it produces. The effort to better understand TRAN reports included conference calls with TRANDOTCOM support staff. As the TRAN complexities became better understood, Company accounting procedures were re-written to generate more reliable information.

Further, for a modest payment, TRANDOTCOM is modifying the system to produce an additional report that will enable Debtor accounting personnel to contain future overstatements of accounts receivable.

One problem with TRAN is not completely solved. The problem occurs in TRAN when an attempt is made to collect a loan (an ACH Debit to the borrower's bank account on the loan due date), and the Debit returns NSF. These NSF returns are distributed daily to four collection employees who place a phone call to each borrower in an effort to collect or reschedule the payment. Much of the time the borrower is not available, and the employee leaves a voice mail asking for a call back, which usually does not happen. In that event, the Debtor's employees are to call back and send emails.

However, presently the four employees are only able to keep up with the first NSF calls as well as dealing with those borrowers they are able to contact. Follow-up calls are not being made for lack of time.

Until a NSF is collected, re-scheduled, or written off, the TRAN system automatically debits that borrower's account for five two-week periods, in each case accruing \$110 in fees recorded as revenue and accounts receivable. Since only 30-35% of the initial NSF accounts will ultimately be collected, TRAN is overstating revenue and account receivable by continuing to automatically accrue fees on what may be over 2,000 accounts per month that will ultimately be uncollectible.

A partial solution to this problem is for the collection group to follow-up on all NSFs more promptly to determine if they are collectible or should be written off. This will not only minimize any overstatement of revenue and accounts receivable by TRAN, but may improve collection of NSF accounts as well. The Debtor is now adding two people to the collection group.

Another part of the solution would be modifying TRAN to produce additional reports, may be done in the future.

To insulate the monthly financial statements from this remaining TRAN problem, the Debtor has revised its accounting for revenue and accounts receivable to only recognize revenue as loan fees are collected. This policy, in effect, states revenue on a cash basis. For NSF accounts, the revenue from fees will not be recognized until it is collected. This more conservative accounting approach was implemented for the March 2010 financial statements.

These changes will provide more reliable monthly financial statements. At the Examiner's request, the Debtor is restating monthly financial statements for October 2009 through February 2010. The Examiner has reviewed the revised monthly financial statements on a preliminary basis. Previously reported revenue and profits have been significantly reduced by the change, but the Company is still reasonably profitable for each of these months.

As a result of these activities, the Examiner has concluded that LLSA is profitable and financially viable.

### **XIII. CURRENT MANAGEMENT**

The key managers of the Debtor at this time are Doris E. Nelson, Carol Carrier, and Curtis Frye.

**Mrs. Nelson**, who is CEO, actively manages all phases of Company operations daily. She constantly monitors online developments in the call center, which encompasses the entire lending process; she intervenes if she feels the department is not on track to meet daily goals on a number of parameters. Mrs. Nelson appears to be very knowledgeable in the short-term installment loan business. She understands all phases of the business and appears to have a thorough understanding of the requirements for success in the business.

Mrs. Nelson is supportive of her employees, but does deal promptly with any personnel issues.

Mrs. Nelson has a strong, outgoing personality and works constantly. She is innovative and always looking for ways to improve the business.

Mrs. Nelson has a high school education and is sensitive about her lack of further formal education. She does not understand accounting well and is not comfortable with financial statements. She monitors company finances by check-book accounting, which probably served her well in her early business ventures. She watches the cash receipts and bank balances daily and approves all disbursements.

She is insecure when it comes to the complexity of areas of the business that are peripheral to the lending process. In these circumstances, she seeks and relies on the advice of others, including professionals. She may, however, lack the confidence to evaluate the propriety of the advice she receives.

Mrs. Nelson professes a strong desire to repay her lenders.

In the Examiner's opinion, she has the ability to manage and grow the business.

The Examiner has discussed with Mrs. Nelson the concept that, pending approval of a plan of reorganization, she now has at best a minority interest in LLSA, and that the interests of her creditors always take priority over those of affiliates and related parties. She professes to fully understand this concept and will continue to act as required by that relationship.

What would be needed for Mrs. Nelson to continue to manage LLSA is an independent board of directors who would monitor the business, approve major decisions and to whom Mrs. Nelson could turn to for advice. In the Examiner's opinion, the lack of a board of directors has been a serious shortcoming in the past.

A concern is that in the near future, pending litigation and the federal investigation will require more of Mrs. Nelson's time, leaving her less time to closely manage the business.



**Carol Carrier** is the Call Center Manager. As such, she manages 33 of the company's approximately 50 employees. The Call Center handles the entire lending process, which is the core of LLS America's business.

Ms. Carrier has worked for the Company for four years and is fully knowledgeable in the lending process. She has a quiet personality and is respected by her employees. However, when the call center employees need further motivation to achieve their quotas or stronger direction is required, the leadership appears to be provided by Mrs. Nelson.

**Curtis Frye** is the accounting manager, a position which he has held since October 2009. He supervises seven other accounting employees. Curtis is a good worker and has sound accounting skills. His prior employment with larger companies has given him a good sense of accounting discipline, and he has made changes to improve the quality of accounting work in the group and the reliability of the monthly financial statements.

Curtis does not have the accounting management experience that would be desirable in this position. He is preparing to take the CPA exam to enhance his skills. It may be difficult for the Company in its current situation to attract an experienced, capable accounting manager. Sending Curtis to accounting management seminars could be a workable solution.

#### **XIV. INTERCOMPANY TRANSFERS**

For the ten months from July 2009 through March 2010, the disbursement records and bank statements of LLSA and TSA were examined for transfers between LLSA and affiliates. As previously noted, TSA provides most of LLSA's operating services and Adworkz now provides all of the loan leads purchased by LLSA.

In the past, transfers from LLSA to both affiliates have been made in sometimes lump sum amounts in anticipation of costs incurred by the affiliates, rather than on the

basis of approved invoices for those costs. This practice was discontinued in October 2009 for payments to TSA. For October and subsequent months, LLSA has paid TSA only for approved invoices. However, for July through September 2009, LLSA overpaid TSA by \$144,123. (Exhibit #3) In June LLSA underpaid TSA by \$70,000, somewhat offsetting the subsequent overpayment.

For the ten month period, TSA net income exceeds 5% of its costs. The Examiner reviewed TSA's income statement for the year 2009. TSA's net income was less than 5% of costs for the year.

For the ten month period, LLSA appears to have underpaid Adworkz by \$88,589. (Exhibit 4). LLSA and Adworkz accounting personnel are reconciling their accounts to resolve this issue. TSA's payment to D&D Marketing for monthly rent was in accordance with the building lease agreement.

LLSA's transactions with affiliates must be on an arms-length basis. Payments by LLSA to affiliates must be on the basis of approved invoices processed in the same manner as invoices from other vendors.

Transfers from LLSA to all affiliates will be analyzed on a calendar year basis in the next phase of the examiner's work.

## **XV. INVESTIGATION OF POTENTIAL CLAIMS**

The Debtor believes it may have a significant claim against Wells Fargo asserting that the manner in which Wells Fargo made ACH debit collections on borrowers' accounts caused the loss of large numbers of borrowers, some of whom were long-time, repeat customers.

The Debtor's policy for working with borrowers who go NSF is to try to make phone contact with the borrower to work out repayment. If LLSA's collection personnel



have not been able to reschedule payments by the time the borrower's next scheduled collection date arrives, usually in two weeks, LLSA will again ACH debit the borrower's bank account.

In October 2008, Wells Fargo began repeatedly re-debiting the borrower's bank account as soon as ACH debits were returned NSF rather than wait two weeks. This ran up bank charges for both LLSA and its borrowers, who most often changed their bank accounts resulting in loss of the borrowers to LLS America. Wells Fargo continued this practice until May 2009, notwithstanding earlier protests by LLSA management.

The Examiner questioned Debtor personnel and reviewed the relevant bank statements as well as examined considerable documentation of the loss of borrowers as assembled by LLSA personnel. The claim would appear to have merit, and LLSA has selected legal counsel to further evaluate a possible claim.

It should be noted that LLSA has recorded on its balance sheet a \$1,538,607, liability to Wells Fargo for bank charges during this period.

The conflict between LLSA and Wells Fargo over this matter resulted in the termination of the banking relationship in June 2009, and all banking was transferred to Bank of America.

## **XVI BUSINESS RISK**

LLSA is in the internet short-term installment loan segment of the cash advance services industry. There are over 100 providers of internet short-term installment loans in the U.S.

The largest segment of the cash advance services industry is the payday loan business that operates out of storefronts and offers additional financial products such as check cashing, pre-paid debit cards, money orders, money transmission, and bill payment. There are an estimated 20,600 payday loan branches in the U.S. that extend approximately \$30 billion in short-term credit to millions of customers.

The industry is highly regulated at the State and Federal levels.

Certain states have passed regulations generally mandating annual interest rate caps of as low as 36% in some cases. The 36% annual rate is equivalent to a fee of \$1.38 on \$100 borrowed.

QC Holdings, Inc., one of the largest national payday loan businesses in the U. S., reports their cost to operate a storefront location is \$10 to \$11 per \$100 borrowed, exclusive of loan losses. While internet loan companies such as LLSA have a lower cost per \$100 borrowed, neither of these short-term loan businesses is profitable at a 36% interest rate.

Today, 22 states have passed such regulations, and LLSA cannot and does not offer loans in these states.

Information for this section of the Examiner's report has been taken from the 2009 SEC Form 10(k) annual report filed by Advance America, Cash Advance, Inc., and QC Holdings, Inc., two of the largest cash advance services in the U.S. Their primary business is payday loan stores. Information also comes from a summary of pending legislation prepared by the staff of the Senate Finance Committee and from articles in the *Wall Street Journal* and the *Washington Post*.

In the last two years, legislation has been introduced in the U. S. Congress proposing regulations that would prohibit or severely restrict payday or short-term installment loans. There is now pending in the U. S. Senate a bill that would provide comprehensive financial services regulation and that would set up in the Federal Reserve a new consumer financial protection agency with independent and broad authority to regulate all consumer financial products. This proposed agency would be able to autonomously write regulations for consumer protection governing all entities that offer consumer financial services or products offered in the U. S.

The cash advance services industry is attempting to have itself exempted from regulation by this new agency on grounds that it was not in any way a cause of the recent national economic melt-down. Other regulated financial institutions that would benefit from closure of the short-term loan business are lobbying against any exemption.

It is not possible to predict the outcome of this legislation; but, if passed in its present form, the new consumer protection agency would have independent authority to promulgate rules that could effectively prohibit the short-term lending business on a national basis.

## **XVII CONCLUSION**

The foregoing constitutes the Examiner's Preliminary Report.

During the ten month period from July 1, 2009, through March 2010, LLSA has generally increased its monthly revenues and has been consistently profitable on a monthly basis. Barring significant changes in federal or state regulations covering online unsecured short-term installment loans, LLSA's business, if prudently managed, should continue to grow and remain profitable.

Current management is capable of managing and growing the existing business.

In order for LLSA to be assured of remaining profitable while growing, management will need further training. Also, operating and financial controls will need to be improved.

A small independent board of directors consisting of experienced business people and professionals needs to be appointed to oversee the Company and guide management.

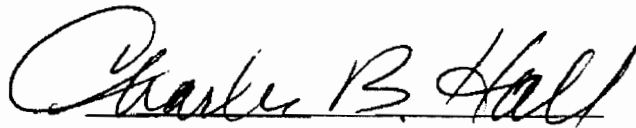
Given the relatively weak financial controls and the extent of transactions with affiliates controlled by insiders, LLSA's annual financial statements should be audited.

This audit should cover in detail the costs charged LLSA by TSA and the propriety thereof.

The Examiner will now proceed to investigate the operations of LLSA for periods prior to July 1, 2009 in accordance with the directions of the Court as set forth in the Order Authorizing The Appointment of the An Examiner.

Dated: May 19, 2010

Respectively,

A handwritten signature in black ink that reads "Charles B. Hall". The signature is written in a cursive style with a large initial "C" and "H".

Charles B. Hall, Examiner

# EXHIBIT 1

Name	Address
ATLANTIC LLS	1192 E. Draper Pkwy, #418, Park City, UT 84020
BALTIC LLS	6300 N. Sagewood Dr, Ste H-449, Park City, UT 84098
CENTRAL LLS	4760 S. Highland Dr, #506, Salt Lake City, UT 84117
DEVELOPMENT LLS	2274 S. 1300 E, Ste G-15 #121, Salt Lake City, UT 84106
EASTERN LLS	5442 South 900 East, #584, Salt Lake City, UT 84117
FREEDOM LLS	358 South 700 East, Ste B-520, Salt Lake City, UT 84102
GREATER LLS	63 East 11400 South, #316, Sandy, UT 84070
HIGHLAND LLS	3731 W. South Jordon Pkwy, Ste 102 PMB 143, South Jordon, UT 84095
INTREPID LLS	3267 East 3300 South, #323, Salt Lake City, UT 84109
JACARANDA LLS	1780 W 9000 S, Ste C-103, West Jordon, UT 84088
K-FUNDS LLS	1776 Park Ave, #4, Park City, UT 844060
LIGHTNING LLS	869 East 4500 South, #104, Salt Lake City, UT 84107
MEDITERRANEAN LLS	125 East Main, #428, American Fork, UT 84003
OAKLEAF LLS	733 N. King Street, #251, Layton, UT 84041
PACIFIC LLS	722 N. Main Street, #191, Toole, UT 84074
Q-STATE LLS	32 West 200 South, #331, Salt Lake City, UT 84101
REGIONAL LLS	1662 South 2000 West, Syracuse, UT 84075
SOUTH PACIFIC LLS	6905 South 1300 East, #258, Midvale, UT 84047
TETONS LLS	770 E. Main Street, #330, Lehi, UT 84043
UNIVERSAL LLS	51 West Center, #137, Orem, UT 84057
VICTORY LLS	212 E. State Rd 74, #408, Saratoga Springs, UT 84043
WESTERN LLS	90 West 500 South, #2004, Bountiful, UT 84010
WEST PACIFIC LLS	1338 S. Foothill Dr., #313, Salt Lake City, UT 84108
YERBA BUENA LLS	1905 West 4700 South, #126, Salt Lake City, UT 84118
Z-SHELL LLS	1914 East 9400 South, #334, Sandy, UT 84093

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# EXHIBIT 1

LLS America, LLC  
LLS Canada, LLC  
LLS North America, LLC  
LLS-A, LLC  
LLS-AM, LLC  
LLS-CAN, LLC  
LLS-CAN-US, LLC  
LLS-NW, LLC  
LLS-US, LLC  
LLS-US-CAN, LLS  
A-LLS, LLC  
AM-LLS, LLC  
CAN-A-LLS, LLC  
CAN-AM-LLS, LLC  
CAN-LLS, LLC  
CAN-NW, LLC  
CAN-US-LLS, LLC  
NW-LLS, LLC  
US-CAN-LLS, LLC  
US-LLS, LLC

# EXHIBIT 1

<b>Name</b>	<b>State</b>	<b>Activity as Borrower or Lender</b>	<b>Unit Holder</b>
ATLANTIC LLS, LLC	NV	None	Dee
BALTIC LLS, LLC	NV	None	Dee
CENTRAL LLS, LLC	NV	None	Dee
DEVELOPMENT LLS, LLC	NV	None	Dee
EASTERN LLS, LLC	NV	None	Dee
FREEDOM LLS, LLC	NV	None	Dee
GREATER LLS, LLC	NV	None	Dee
HIGHLAND LLS, LLC	NV	None	Dee
INTREPID LLS, LLC	NV	None	Dee
JACARANDA LLS, LLC	NV	None	Dee
K-FUNDS LLS, LLC	NV	None	Dee
LIGHTNING LLS, LLC	NV	None	Dee
MEDITERRANEAN LLS	NV	None	Dee
OAKLEAF LLS, LLC	NV	None	Dee
PACIFIC LLS, LLC	NV	None	Dee
Q-STATE LLS, LLC	NV	None	Dee
REGIONAL LLS, LLC	NV	None	Dee
SOUTH PACIFIC LLS, LLC	NV	None	Dee
TETONS LLS, LLC	NV	None	Dee
UNIVERSAL LLS, LLC	NV	None	Dee
VICTORY LLS, LLC	NV	None	Dee
WESTERN LLS, LLC	NV	None	Dee
WEST PACIFIC LLS, LLC	NV	None	Dee
YERBA BUENA LLS, LLC	NV	None	Dee
Z-SHELL LLS, LLC	NV	None	Dee
LLS America, LLC	NV	YES	?
LLS Canada, LLC	NV	YES	?
LLS North America, LLC	NV	YES	?
LLS-A, LLC	NV	None	Dee
LLS-AM, LLC	NV	None	Dee
LLS-CAN, LLC	NV	None	Dee
LLS-CAN-US, LLC	NV	None	Dee
LLS-NW, LLC	NV	None	Dee
LLS-US, LLC	NV	None	Dee
LLS-US-CAN, LLC	NV	None	Dee
A-LLS, LLC	NV	None	Dee
AM-LLS, LLC	NV	None	Dee
CAN-A-LLS, LLC	NV	None	Dee
CAN-AM-LLS, LLC	NV	None	Dee
CAN-LLS, LLC	NV	None	Dee
CAN-NW, LLC	NV	None	Dee
CAN-US-LLS, LLC	NV	None	Dee

## EXHIBIT 1

NW-LLS, LLC	NV	None	Dee
US-CAN-LLS, LLC	NV	None	Dee
US-LLS, LLC	NV	None	Dee

Most of the above companies were formed over the last year in order to minimize potential exposure to changes in state laws affecting our ability to lend out of Utah. It appears that Dee is the sole unit holder for most if not all the companies and that most of the companies have never conducted any business either as a borrower or lender.



## EXHIBIT 2

2HOURCASH.COM	Locked	6/30/2010	Active - Locked
2HOURFASTCASH.COM	Locked	6/30/2010	Active - Locked
500BUCKSNOW.COM	Locked	6/30/2010	Active - Locked
ADVANCEPLUSENT.COM	Locked	5/30/2010	Active - Locked
AEROEXPRESSLLC.NET	Locked	5/15/2010	Active - Locked
AMERICANEMPIRELLC.COM	Locked	5/30/2010	Active - Locked
AMERICAPAYDAYLOANSNOW.COM	Locked	7/11/2010	Active - Locked
AMERICAPAYDAYLOANSONLINE.COM	Locked	7/11/2010	Active - Locked
AMERICAPAYDAYLOANSSHOP.COM	Locked	7/11/2010	Active - Locked
AMERICAPAYDAYLOANSSTORE.COM	Locked	7/11/2010	Active - Locked
AMERICAPAYDAYLOANSTODAY.COM	Locked	7/11/2010	Active - Locked
ASHLERNORTHEM.COM	Locked	5/30/2010	Active - Locked
BESTAMERICAPAYDAYLOANS.COM	Locked	7/11/2010	Active - Locked
BESTCASHADVANCESTOREONLINE.COM	Locked	8/13/2010	Active - Locked
BESTMENSCLUBPAYDAYLOAN.COM	Locked	7/16/2010	Active - Locked
BESTMENSCLUBPAYDAYLOANS.COM	Locked	7/16/2010	Active - Locked
BESTNORTHAMERICAPAYDAYLOANS.COM	Locked	7/11/2010	Active - Locked
BESTPAYDAYLOAN4ME.COM	Locked	8/13/2010	Active - Locked
BESTPAYROLLLOANS.COM	Locked	7/11/2010	Active - Locked
BESTWOMENSCLUBPAYDAYLOAN.COM	Locked	7/16/2010	Active - Locked
BESTWOMENSCLUBPAYDAYLOANS.COM	Locked	7/16/2010	Active - Locked
CALIFORNIACASHADVANCEGOLDRUSH.COM	Locked	6/27/2010	Active - Locked
CALIFORNIAGOLDRUSHCASHADVANCE.COM	Locked	6/27/2010	Active - Locked
CALIFORNIAGOLDRUSHPAYDAYLOAN.COM	Locked	6/27/2010	Active - Locked
CALIFORNIAPAYDAYLOANGOLDRUSH.COM	Locked	6/27/2010	Active - Locked
CANADACASHNOW.COM	Locked	8/29/2010	Active - Locked
CANADIANLEADMARKETING.COM	Locked	8/28/2010	Active - Locked
CANADIANPAYDAYSTORE.COM	Locked	8/7/2010	Active - Locked
CAPITALVENTURELLC.COM	Locked	5/30/2010	Active - Locked
CASHADVANCEAMESIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEBAYCITYMI.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEBISMARCKND.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEBURLINGTONIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCECALIFORNIAGOLDRUSH.COM	Locked	6/27/2010	Active - Locked
CASHADVANCECORALVILLEIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCECOVINGTONKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEDANVILLEKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEERLANGERKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEFLORENCEKY.COM	Locked	8/10/2010	Active - Locked
CASHADVANCEFLORIDAONLINE.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEFORTTHOMASKY.COM	Locked	6/10/2010	Active - Locked

## EXHIBIT 2

CASHADVANCEGOLDRUSHCALIFORNIA.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEGRANDFORKSND.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEGRANITECITYIL.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEHENDERSONKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEHIGHVIEWKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEHOPKINSVILLEKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEJEFFERSONTOWNKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCELEXINGTONKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCELOUISVILLEKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEMADISONVILLEKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEMARSHALLTOWNIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEMASONCITYIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEMINOTND.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEMURRAYKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEMUSCATINEIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEONLINEFLORIDA.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEONLINETEXAS.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEONTV.COM	Locked	7/2/2010	Active - Locked
CASHADVANCEOWENSBOROKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEPADUCAHKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEPEORIAIL.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEPERSONALLOANSBLOG.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEPERSONALLOANSONLINE.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEPONCAOK.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEPONTIACMI.COM	Locked	6/10/2010	Active - Locked
CASHADVANCERICHMONDKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEROSEMOUNTMN.COM	Locked	6/10/2010	Active - Locked
CASHADVANCECALIFORNIAGOLDRUSH.COM	Locked	6/27/2010	Active - Locked
CASHADVANCESHIVELYKY.COM	Locked	6/10/2010	Active - Locked
CASHADVANCESTILLWATEROK.COM	Locked	6/10/2010	Active - Locked
CASHADVANCESTOREONLINE.COM	Locked	8/13/2010	Active - Locked
CASHADVANCETAHLEQUAH.COM	Locked	6/10/2010	Active - Locked
CASHADVANCETEXASONLINE.COM	Locked	6/27/2010	Active - Locked
CASHADVANCEURBANDALEIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEWATERLOOIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEWATERTOWNSD.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEWESTDESMOINESIA.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEWESTFARGOND.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEWOODRIDGEIL.COM	Locked	6/10/2010	Active - Locked
CASHADVANCEYUKONOK.COM	Locked	6/10/2010	Active - Locked
CASHADVANCECAROLSTREAMIL.COM	Locked	6/10/2010	Active - Locked

## EXHIBIT 2

CHHAACHING.COM	Locked	6/30/2010	Active - Locked
CONTEMPORARYTOUCH.COM	Locked	5/30/2010	Active - Locked
CRAIGSCASHADVANCE.COM	Locked	7/3/2010	Active - Locked
CRAIGSPAYDAYLOANS.COM	Locked	7/3/2010	Active - Locked
CRAIGSPERSONALLOAN.COM	Locked	7/3/2010	Active - Locked
DELMARKENT.COM	Locked	5/30/2010	Active - Locked
EASYPERSONALLOANNOW.COM	Locked	6/30/2010	Active - Locked
EMERALDEDENLLC.COM	Locked	5/30/2010	Active - Locked
EZ-PAYDAY-LOANZ.COM	Locked	5/19/2010	Active - Locked
FASTMONEYSHOP.COM	Locked	6/30/2010	Active - Locked
FAXLESSCASHADVANCEFLORIDA.COM	Locked	6/27/2010	Active - Locked
FAXLESSCASHADVANCETEXAS.COM	Locked	6/27/2010	Active - Locked
FIRSTALLIANCEENT.COM	Locked	5/30/2010	Active - Locked
FOREVERYOUNGLLC.COM	Locked	5/30/2010	Active - Locked
GASINYOURTANK.COM	Locked	6/30/2010	Active - Locked
GLOBALENTLLC.COM	Locked	5/30/2010	Active - Locked
GLOBALSPIRITENT.COM	Locked	5/30/2010	Active - Locked
INFINITEVISIONSENT.COM	Locked	5/30/2010	Active - Locked
INNOVATIVEVENTURELLC.COM	Locked	5/30/2010	Active - Locked
JOINTVENTURESLLC.COM	Locked	5/30/2010	Active - Locked
JOURNEYSEDGEENT.COM	Locked	5/30/2010	Active - Locked
LOGONNOW.NET	Locked	7/7/2010	Active - Locked
MASSPROLLC.COM	Locked	5/30/2010	Active - Locked
MENSCLUBPAYDAYLOAN.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANNOW.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANONLINE.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANS.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANSNOW.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANSONLINE.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANSSTORE.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANSTODAY.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANSTORE.COM	Locked	7/16/2010	Active - Locked
MENSCLUBPAYDAYLOANTODAY.COM	Locked	7/16/2010	Active - Locked
MONEYDEALSTODAY.COM	Locked	8/13/2010	Active - Locked
MONEYFORYOURRIDE.COM	Locked	6/30/2010	Active - Locked
MONEYMADEASY.COM	Locked	6/30/2010	Active - Locked
MONEYSMARTSTORE.COM	Locked	8/13/2010	Active - Locked
MYAMERICAPAYDAYLOANS.COM	Locked	7/11/2010	Active - Locked
MYCANADIANCASHADVANCE.COM	Locked	8/29/2010	Active - Locked
MYCANADIANPAYDAYLOAN.COM	Locked	8/29/2010	Active - Locked
MYCASH4NOW.COM	Locked	8/13/2010	Active - Locked

## EXHIBIT 2

MYCASHADVANCESTOREONLINE.COM	Locked	8/13/2010	Active - Locked
MYCASHADVANCE.TV.COM	Locked	7/2/2010	Active - Locked
MYNORTHAMERICAPAYDAYLOANS.COM	Locked	7/11/2010	Active - Locked
MYONLINECASH.TODAY.COM	Locked	8/13/2010	Active - Locked
MYPAYDAYLOAN.TV.COM	Locked	7/2/2010	Active - Locked
MYPAYROLLLOANS.COM	Locked	7/11/2010	Active - Locked
MYPERSONALLOAN.TV.COM	Locked	7/2/2010	Active - Locked
MYVACATIONCASH.COM	Locked	10/15/2010	Active - Locked
NEWPAYDAYLOAN4ME.COM	Locked	8/13/2010	Active - Locked
NEWWORLDGLOBALENT.COM	Locked	5/30/2010	Active - Locked
NOFAXCASHADVANCEBLOG.COM	Locked	6/27/2010	Active - Locked
NOFAXCASHADVANCEFLORIDA.COM	Locked	6/27/2010	Active - Locked
NOFAXCASHADVANCEONLINE.COM	Locked	6/27/2010	Active - Locked
NOFAXCASHADVANCETEXAS.COM	Locked	6/27/2010	Active - Locked
NORTHAMERICAPAYDAYLOANS.COM	Locked	7/11/2010	Active - Locked
NORTHAMERICAPAYDAYLOANSNOW.COM	Locked	7/11/2010	Active - Locked
NORTHAMERICAPAYDAYLOANSONLINE.COM	Locked	7/11/2010	Active - Locked
NORTHAMERICAPAYDAYLOANSSHOP.COM	Locked	7/11/2010	Active - Locked
NORTHAMERICAPAYDAYLOANSSTORE.COM	Locked	7/11/2010	Active - Locked
NORTHAMERICAPAYDAYLOANSTODAY.COM	Locked	7/11/2010	Active - Locked
NORTHERNCOUNTRYENT.COM	Locked	5/30/2010	Active - Locked
NORTHERNEXPEDITIONENT.COM	Locked	5/30/2010	Active - Locked
OCEANBREEZELLC.COM	Locked	5/30/2010	Active - Locked
PARALLELUNIVERSELCC.COM	Locked	5/30/2010	Active - Locked
PAYDAY-LOANS-ALABAMA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-ALASKA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-ARIZONA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-ARKANSAS.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-CALIFORNIA.COM	Locked	9/25/2010	Active - Locked
PAYDAY-LOANS-COLORADO.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-CONNECTICUT.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-DELAWARE.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-FLORIDA.COM	Locked	9/25/2010	Active - Locked
PAYDAY-LOANS-GEORGIA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-HAWAII.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-IDAHO.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-ILLINOIS.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-INDIANA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-IOWA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-KANSAS.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-KENTUCKY.COM	Locked	7/29/2010	Active - Locked

## EXHIBIT 2

PAYDAY-LOANS-LOUISIANA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MAINE.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MARYLAND.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MASSACHUSETTS.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MICHIGAN.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MINNESOTA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MISSISSIPPI.COM	Locked	9/8/2010	Active - Locked
PAYDAY-LOANS-MISSISSIPPI.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MISSOURI.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-MONTANA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NEBRASKA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NEVADA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NEWHAMPSHIRE.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NEWJERSEY.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NEWMEXICO.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NEWYORK.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NORTHCAROLINA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-NORTHDAKOTA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-OHIO.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-OKLAHOMA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-OREGON.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-PENNSYLVANIA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-RHODEISLAND.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-SOUTHCAROLINA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-SOUTHDAKOTA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-TENNESSEE.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-TEXAS.COM	Locked	9/25/2010	Active - Locked
PAYDAY-LOANS-UTAH.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-VERMONT.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-VIRGINIA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-WASHINGTON.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-WASHINGTONDC.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-WESTVIRGINIA.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-WISCONSIN.COM	Locked	7/29/2010	Active - Locked
PAYDAY-LOANS-WYOMING.COM	Locked	7/29/2010	Active - Locked
PAYDAYLOAN4MEONLINE.COM	Locked	8/13/2010	Active - Locked
PAYDAYLOANCALIFORNIAGOLDRUSH.COM	Locked	6/27/2010	Active - Locked
PAYDAYLOANGOLDRUSHCALIFORNIA.COM	Locked	6/27/2010	Active - Locked
PAYDAYLOANONTV.COM	Locked	7/2/2010	Active - Locked
PAYDAYLOANSALIFORNIAGOLDRUSH.COM	Locked	6/27/2010	Active - Locked
PAYDAYLOANSFLORIDAONLINE.COM	Locked	6/27/2010	Active - Locked



## EXHIBIT 2

PAYDAYLOANSONTV.COM	Locked	7/2/2010	Active - Locked
PAYDAYLOANSTEXASONLINE.COM	Locked	6/27/2010	Active - Locked
PAYROLLLOANSNOW.COM	Locked	7/11/2010	Active - Locked
PAYROLLLOANSONLINE.COM	Locked	7/11/2010	Active - Locked
PAYROLLLOANSSHOP.COM	Locked	7/11/2010	Active - Locked
PAYROLLLOANSSTORE.COM	Locked	7/11/2010	Active - Locked
PAYROLLLOANSTODAY.COM	Locked	7/11/2010	Active - Locked
PERSONALCASHADVANCEBLOG.COM	Locked	6/27/2010	Active - Locked
PERSONALCASHADVANCELOANSBLOG.COM	Locked	6/27/2010	Active - Locked
PERSONALCASHADVANCELOANSONLINE.COM	Locked	6/27/2010	Active - Locked
PERSONALCASHADVANCEONLINE.COM	Locked	6/27/2010	Active - Locked
PERSONALLOANCASHADVANCE.COM	Locked	6/27/2010	Active - Locked
PERSONALLOANCASHADVANCEBLOG.COM	Locked	6/27/2010	Active - Locked
PERSONALLOANONTV.COM	Locked	7/2/2010	Active - Locked
PERSONALLOANSONTV.COM	Locked	7/2/2010	Active - Locked
PERSONALPAYDAYADVANCELOANS.COM	Locked	6/27/2010	Active - Locked
PERSONALPAYDAYADVANCELOANSBLOG.COM	Locked	6/27/2010	Active - Locked
PERSONALPAYDAYLOANSBLOG.COM	Locked	6/27/2010	Active - Locked
PERSONALPAYDAYLOANSONLINE.COM	Locked	6/27/2010	Active - Locked
PRECISIONEDGE.LLC.COM	Locked	5/30/2010	Active - Locked
PREMIUMPRODUCTIONS.LLC.COM	Locked	5/30/2010	Active - Locked
PRIMALSOURCE.ENT.COM	Locked	5/30/2010	Active - Locked
PRIMARYRESEARCH.ENT.COM	Locked	5/30/2010	Active - Locked
PRIMEYORKSHIRE.LLC.COM	Locked	5/30/2010	Active - Locked
REFLECTIVESHINE.COM	Locked	5/30/2010	Active - Locked
SANDSOFTIMEL.LLC.COM	Locked	5/30/2010	Active - Locked
SAVEONOVERDRAFTS.COM	Locked	6/30/2010	Active - Locked
SHOPFORBUCKS.COM	Locked	6/30/2010	Active - Locked
SHORTTERMINSTALLMENTLOANNOW.COM	Locked	8/13/2010	Active - Locked
SHORTTERMINSTALLMENTLOANONLINE.COM	Locked	8/13/2010	Active - Locked
TECDEVELOPMENT.LLC.COM	Locked	5/30/2010	Active - Locked
TECHCONSTRUCTION.ENT.COM	Locked	5/30/2010	Active - Locked
TECHNICAL.ENT.COM	Locked	5/30/2010	Active - Locked
TECHNICALPULSE.LLC.COM	Locked	5/30/2010	Active - Locked
THECASHADVANCESTOREONLINE.COM	Locked	8/13/2010	Active - Locked
THECASHADVANCESTOREONLINE.COM	Locked	9/3/2010	Active - Locked
THEMENSCLUBPAYDAYLOAN.COM	Locked	7/16/2010	Active - Locked
THEMENSCLUBPAYDAYLOANS.COM	Locked	7/16/2010	Active - Locked
THEPAYDAYLOAN4ME.COM	Locked	8/13/2010	Active - Locked
THEWOMENSCLUBPAYDAYLOAN.COM	Locked	7/16/2010	Active - Locked
THEWOMENSCLUBPAYDAYLOANS.COM	Locked	7/16/2010	Active - Locked

## EXHIBIT 2

TOTALCASHNOW.COM	Locked	6/30/2010	Active - Locked
TRAVELLENDING.COM	Locked	10/15/2010	Active - Locked
VACATIONLENDERS.COM	Locked	10/15/2010	Active - Locked
VEGASVACATIONLOANS.COM	Locked	10/15/2010	Active - Locked
VENTURECAPITOLENT.COM	Locked	5/30/2010	Active - Locked
VENTURETECHCOMENT.COM	Locked	5/30/2010	Active - Locked
WALSENWESTENT.COM	Locked	5/30/2010	Active - Locked
WHISPERINGWILLOWENT.COM	Locked	5/30/2010	Active - Locked
WHITEWATERLLC.NET	Locked	5/15/2010	Active - Locked
WINDSONGVENTURES.COM	Locked	5/30/2010	Active - Locked
WOMENSCLUBPAYDAYLOAN.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANNOW.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANONLINE.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANS.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANSNOW.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANSONLINE.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANSSTORE.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANSTODAY.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANSTORE.COM	Locked	7/16/2010	Active - Locked
WOMENSCLUBPAYDAYLOANTODAY.COM	Locked	7/16/2010	Active - Locked



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# EXHIBIT 2

## Sites currently running

**llsamerica.com** – Our new Short-term installment loan website.

**360nw.net** – Website for our old internal 360NW hosting services.

**Team-spirit-america.com** - Our main company website.

**Logonnow.net** – Website for buying or selling leads.

**litleloanshoppe.com** – Our main Short-term installment loan website. (Most traffic is being redirected to LLSAmerica.com)

**MyCash4now.com** – Short-term Installment loan website for acquiring leads. (Landing Page)

**myonlinecashtoday.com** – Short-term Installment loan website for acquiring leads. (Landing Page)

## Parked Domains

**can.litleloanshoppe.com** – Our old Canadian website. (Not currently used)

**paydayloan4meonline.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**mycashadvancestoreonline.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**thepaydayloan4me.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**shortterminstallmentloannow.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**thecashadvancestoreonline.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**cashadvancestoreonline.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**moneydealstoday.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**newpaydayloan4me.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**moneysmartstore.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**bestpaydayloan4me.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**shortterminstallmentloanonline.com** – Short-term Installment loan website for acquiring leads. (Parked- No Content)

**bestcashadvancestoreonline.com** - Short-term Installment loan website for acquiring leads. (Parked- No Content)

# EXHIBIT 3

LLS America LLC  
Payments to TSA for Services  
9/1/09 - 3/31/10  
(((\$Only)

Month	TSA Charges to LLSA	LLSA Payments to TSA	LLSA Over/Under payment
<b>2009</b>			
July	\$ 348,292	447,306	\$ 99,014
Aug	276,866	386,338	109,472
Sept	392,659	336,145	(56,514)
Oct	338,757	315,064	(23,693)
Nov	265,467	281,311	15,844
Dec	196,809	196,809	-0-
<b>2010</b>			
Jan	239,884	239,884	-0-
Feb	215,260	215,260	-0-
Mar		217,367	-0-
	<u>\$ 2,273,994</u>	<u>2,635,484</u>	<u>\$ 144,123</u>

# EXHIBIT 4

LLS America LLC  
Payments to Gem/Adworkz for Leads  
11/1/09-3/31/10

Month	Number of Leads Purchased from Adworkz	LLSA payments to Adworkz	Cost per Lead
<b>2009</b>			
Nov	337	\$ 39,000	\$ 115.73
Dec	939	60,000	63.90
<b>2010</b>			
Jan	1,131	65,000	57.48
Feb	1,365	105,000	76.93
Mar	1,988	132,000	66.40
	<b>5,760</b>	<b>\$ 401,000</b>	<b>\$ 69.62</b>