

AFFIDAVIT OF BYRON DELOACH

Comes now Byron DeLoach who, first being duly sworn, states upon his oath as follows:

1. My name is Byron DeLoach. I am over the age of 21 years and I am competent to testify. I have personal knowledge of all matters set forth herein. This Affidavit is given for use in connection with this proceeding and all other lawful uses.

2. I left my employment with Basenine, Inc. voluntarily, for reasons of my own, and accepted what I considered a better position with an entity in a different industry. I have no intent to engage in a campaign designed to harm Basenine, Inc. or to benefit myself at the expense of Basenine, Inc.

3. I do not deny receiving a telephone call from Ellis Smith of the Chattanooga Times Free Press and being apprised of the fact that Mr. Smith was writing an article "about a local business man," Cary V. Brown. There was nothing in Mr. Smith's introduction that suggested to me that the article would purport to be an exposé of any kind; in fact, I assumed that the article was intended to focus on Mr. Brown's laudable activities. It was in that spirit that I spoke to Mr. Smith.

4. I am firmly of the conviction that I disclosed nothing to Ellis Smith that constitutes a trade secret, proprietary information, or confidential information concerning Basenine, Inc. Everything that I discussed with Mr. Smith was either publicly known or information that I have seen and heard disseminated to non-confidential sources by high-ranking officials of Basenine, Inc.

5. In addition, some of the information attributed to me in the ensuing article (the "TFP Article") was, in fact, not shared by me in my conversation with Ellis Smith.

6. The statements attributed to me in the TFP Article are as follows:

Engineers route the majority of his payday loan Web traffic through a company in Bermuda called Woody Holdings, masking the location of the payday operations on Amnicola Highway in Chattanooga, said Byron DeLoach, former director of engineering at Terenine.

"They do go through Bermuda, but the servers are physically located in Chattanooga," DeLoach said.

I was specifically asked about the Bermuda web traffic. I acknowledged that web traffic was occasionally routed through Bermuda. Routing through optional pathways is a common practice in the managed services provider industry. This was never considered proprietary or confidential information at Terenine.

I deny any mention of Woody Holdings. I had very little contact with the operations in Bermuda. This name was not known to me until I read the TFP Article.

DeLoach said that during his tenure, the Company tried to "do the payday stuff and they were doing external clients as well," but Brown was dropping nonpayday clients "pretty fast."

I was specifically asked about the lending practice. I acknowledged that Cary Brown's companies engage in lending but that they have external clients as well, meaning only that they are a managed services provider and not just lenders. It was never considered proprietary or confidential that the companies were involved in payday/micro lending.

I deny making any mention of Cary Brown "dropping nonpayday clients pretty fast."

“I think they had one when I left,” said DeLoach, who left in September.

I deny making this statement in reference to clients/customers. I was asked early in the conversation the reason I had resigned my employment. My answer was that many of the people that had built the infrastructure and with whom I had worked had left and that I was simply ready to move on. My statement was more along the lines of this: “of the original engineers I think they had one when I left.”

The problem was that feeding the beast – the payday loan business – remained the active priority, even trumping outside clients, they said.

Though not specifically attributed to me, the proximity of this statement to statements that were attributed to me implies that I made this statement as well. I deny having made this statement.

7. The article also includes a number of statements attributed to “former employees” or “ex-employees” without naming any names. These statements are as follows:

Former employees say the payday loans are made through an entity called Credit Payment Services, which operates as the mothership for more than 20 companies. Each company bills the others as customers for services that typically would be conducted in-house, former employees said.

I deny having made this statement.

The privately held payday lenders don’t reveal financial figures, but ex-employees say they generate hundreds of millions of dollars of loans per year.

I deny having made this statement.

The payday conglomerate essentially operates as one company, employing as many as 400 local employees and generating between \$1 million and \$2 million in daily loan revenue from payday loans, former employees say.

I deny having made this statement.

Though MyCashNow.com and related companies owned by Brown appear to be based offshore, Chattanooga is the actual physical location that houses most of the payday businesses' workers, split among two buildings on Amnicola Highway and one on Brainerd Road, former employees said.

I deny having made this statement.

Most of the work happens inside Brown's buildings on Amnicola Highway and Brainerd Road, where employees ostensibly hired to do marketing, Web hosting and advertising for Area 203, Terenine and ACH Federal find themselves working for Brown's CPS, former employees said.

I deny having made this statement.

Bulletin boards at the Amnicola Highway building that houses Terenine, ACH Federal and Area 203 are covered with pictures of smiling children whom Brown has helped, and overflowing with postcards from overseas missionaries whom he supports with revenues from his payday sites, former employees said.

I deny having made this statement.

Former employees say Brown creates individual companies where a typical business would simply employ a human resources or accounting department, for example.

According to the former employees:

- Terenine has a state-of-the-art data center on Riverside Drive that exists to keep the money flowing.
- Area 203 specializes in lead generation, search engine optimization and analytics for the payday sites.
- ACH Federal, which is located in the same building as Area 203 and Terenine, handles the debit transactions that

both deposit and withdraw cash directly from consumers' bank accounts.

- Scenic City Legal, three miles away on Amnicola Highway, handles the company's legal work, including the lawsuits from governments and dissatisfied consumers.
- API Recruiting and Account Pros handle human resources and accounting tasks, respectively.
- Support Seven, located on Brainerd Road with another office in Costa Rica, is a call center for loan seekers as well as loan collection.

I deny having made any of these statements.

The push for business beyond Brown's Internet payday loans hasn't fared well, according to employees who quit or were fired.

I deny having made this statement.

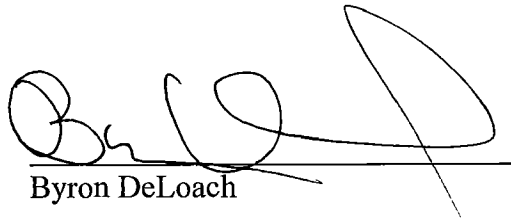
Though Brown spent millions of dollars and hired hundreds of workers, former employees say that about 90 percent of his revenue still comes from payday loans, and that a high rate of turnover has led to a loss of clients.

I deny having made this statement.

Former employees describe Brown, who shuns publicity, as a kindhearted and generous man, who was a leading citizen in Rossville.

I deny having made this statement.

FURTHER THE AFFIANT SAYETH NOT.

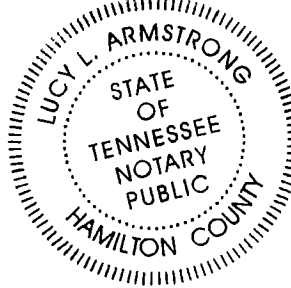

Byron DeLoach


STATE OF TENNESSEE:

COUNTY OF HAMILTON:

Personally appeared before me, Byron DeLoach, a Notary Public in and for said State and County aforesaid, duly commissioned and qualified, **BYRON DELOACH**, with whom I am personally acquainted (or duly proved to me to be such person), and who, first being duly sworn, acknowledged that he executed the within instrument for the purposes therein contained, and the facts set forth therein are true and correct to the best of his information, knowledge and belief.

WITNESS my hand, at office, this 21 day of May, 2012.




Notary Public

My Commission Expires: 11/10/12