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1	IN THE UNITED STATES DISTRI	
2	OF THE EASTERN DISTRICT OF T AT CHATTANOOGA	TENNESSEE
	111 - 011111 111110 0 011	
3	•	
4	:	
	ELECTROWEB MEDIA, INC., a Georgia:	
5	Corporation, and JASON GILSTRAP, :	
6	Plaintiffs/Counterdefendants, :	
7	v. :	
·	:	
8		NO. 1:02-CV-133 JUDGE COLLIER
9	Personally and Individually; :	JURY DEMAND
10	CREDIT PAYMENT SERVICES, INC., a : Nevada Corporation; NOGUSKA, a :	
10	Corporation; and UNKNOWN :	
11	CORPORATION A, an Unknown :	
12	Corporation, Jointly and : Severally, :	•
	:	
13	Defendants/Counterplaintiffs. :	
14	Opion	
15	ORIGINAL	
16		
17	THE DEPOSITION OF	
18	CAREY BROWN	
10		
19	FEBRUARY 15, 2005	
20		
21		
21		
22		
23	DEBBIE L. HUNTOON	
	ACE REPORTING, LLC	
24	4931 COURT DRIVE CHATTANOOGA, TENNESSEE	37412
25	(423) 629-6763	

APP	EARANCES:	
	FOR THE PLAINTIFFS:	
	STEPHEN S. DUGGINS, ESQUIRE	
HUSCH & EPPENBERGER SUITE 300, DOME BUILDING		
	835 GEORGIA AVENUE CHATTANOOGA, TENNESSEE 37402	
FOR THE DEFENDANTS:		
CRAIG R. ALLEN, ESQUIRE LEITNER, WILLIAMS, DOOLEY & NAPOLITAN SUITE 300, PIONEER BANK BUILDING		
	801 BROAD STREET CHATTANOOGA, TENNESSEE 37402	
	·	
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The Deposition of CAREY BROWN		
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1	Licensing Agreement	

The deposition of CAREY BROWN, a witness called at the instance of the Plaintiffs, for use pursuant to the Federal Rules of Civil Procedure, taken by agreement on the 15th day of February, 2005, at the offices of Leitner, Williams, Dooley & Napolitan, Suite 300, Pioneer Bank Building, 801 Broad Street, Chattanooga, Tennessee 37402, before Debbie L. Huntoon, Court Reporter and Notary Public, pursuant to the stipulation of counsel.

STIPULATION

The deposition is being taken by agreement of counsel for the Plaintiffs and the Defendants. It is agreed that the deposition shall be taken in machine shorthand by Debbie L. Huntoon, Court Reporter and Notary Public, that the signature of the witness to the completed deposition is waived, and that the witness may be sworn by the said Notary Public.

It is further agreed that all formalities as to caption, notice, certificate, and mode of transmission are waived, and that the deposition is taken subject to the usual exceptions as to irrelevancy, incompetency, and immateriality, which are reserved to the hearing of the cause, except as to the form of the question.

CAREY BROWN, a witness called at the instance of the Plaintiffs, 2 having been first duly sworn, was examined and 3

DIRECT EXAMINATION

BY MR. DUGGINS:

deposed as follows:

1

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11

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13

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17

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19

20

21

22

23

24

25

Mr. Brown, my name is Steve Duggins, as you know from meeting out in the hall. I'll be asking you a series of questions.

Please feel free to ask me to repeat a question if you can't hear me or if you need me to rephrase it or anything like that.

Likewise, please feel free to ask for a break if you need a break at any point, although I don't expect this to be a real long deposition. I do want to make sure you're comfortable during this time.

And I'll ask you to -- and your attorney probably mentioned this to you -- I'll ask you to answer audibly, rather than nodding your head or shaking your head. That's for the sake of the court reporter. It's much easier for her to get audible It's a common thing for all of us to do, answers. to just slip into nodding or "uh-huh" or "huh-uh." Those are a little hard to catch.

```
1
                  I'll go ahead and begin with just a few
      very basic background questions.
  2
                  Would you state your full name, please?
  3
  4
      Α
                  Carey Vaughn Brown.
  5
      Q
                  And where do you live?
  6
      Α
                  Rossville.
 7
      Q
                 Can you give me that address, please?
 8
                 321 South Mission Ridge Drive.
      Α
 9
      Q
                 And how long have you lived there?
10
                 Ten months.
11
     Q
                 What was your address before moving to
     the South Mission Ridge Drive address?
12
                 108 West Highway 136, LaFayette.
13
     Α
14
                 Approximately how long did you live
     Q
15
     there?
16
     Α
                 Five years.
17
                 Are you married?
18
     Α
                 No.
19
     Q
                 Are you divorced?
20
     Α
                 Yes.
21
     Q
                 When did your divorce become final?
22
     Α
                 November 17th.
23
                 Of 2004?
     0
24
     Α
                 Yes.
25
     Q
                 Do you have children?
```

```
1
      Α
                  Yes, three.
  2
                  Do they live around this area?
      Q
  3
                  The two boys do, and the daughter is in
  4
      college in Virginia.
                  Okay. Now, what do you do vocationally?
  5
      Q
  6
      Α
                  High-risk loans.
  7
      0
                  Anything else?
  8
                 No -- oh, cars -- I sell cars.
      Α
  9
      0
                 Where do you sell cars?
10
      Α
                 Happy Motors.
11
      0
                 Is that in Rossville?
12
      Α
                 Yes.
13
                 Now, when you refer to the high-risk
     loans, are you talking about what are sometimes
14
     referred to as payday loans or cash advance loans?
15
16
     Α
                 Yes.
17
     0
                 Anything else?
18
     Α
                 I do title pawns and buy-here/pay-here
19
     cars.
2.0
                 I'm going to be focusing on a company
     that I will call My Cash Now. What is the full,
21
22
     proper name of that company?
23
                 I think it's mycashnow.com, Inc.
24
                What is your current relationship with
25
     that company?
```

```
1
      Α
                  I don't really have one.
  2
                  All right. Did you have a relationship
      with that company at some point in time?
  3
                  Well, I set it up.
  4
      Α
  5
      0
                  When did you set it up?
  6
      Α
                  2001.
  7
                 And why did you set it up?
      Q
  8
      Α
                 My attorney advised me to.
  9
      Q
                 What attorney is that?
10
      Α
                 Scott Wilson.
11
                 Where is he located?
      0
12
      Α
                 Canada.
                 Now, when you say you set it up, what do
13
14
     you mean?
15
     Α
                 Well, he did it.
16
                 When it was set up, were you an owner of
17
     that company?
18
                 I don't think so. I don't know.
19
                 Who were the owners of the company when
20
     it was set up?
21
     Α
                 I don't know.
22
                What was your involvement in the setting
23
     of it up?
24
     Α
                Well, I called him and asked -- you know,
     told him that I wanted to do internet payday loans
25
```

```
and what did I need to do to set everything up
  1
      legally. And I just took his advice and did what he
  2
  3
      told me to do.
  4
                 And part of that was setting up this
      company, mycashnow.com, Inc.?
  5
  6
      Α
                 Yes.
  7
      Q
                 What was that company set up to do?
  8
                 I think it's basically just a shell
  9
      corporation.
 10
      0
                 A shell corporation for what?
 11
      Α
                 I don't know.
12
                 I believe I have seen -- well, were you,
      0
     at one point, an officer of -- and I'm just going to
13
     refer to it as My Cash Now, is that okay?
14
15
     Α
                 Sure.
16
     0
                 Okay. Were you, at one point, an officer
17
     of My Cash Now?
18
                 I don't think so.
19
                And by "officer," I'm referring to things
     such as president or secretary or treasurer.
20
                                                     Do you
     recall -- or were you an officer, now that I've
21
     further defined what an officer is, of My Cash Now?
2.2
23
                No, I don't think so.
24
                Do you know who the officers were?
     Q
25
     Α
                     I asked Scott to explain that to me
                No.
```

```
once, and I got so confused with his explanation
  1
      that I really don't know.
  2
  3
                 For whose benefit was My Cash Now set up?
  4
                 I was following his advice. I was paying
      him, so I assume it was for my benefit. It might
  5
      have been for his benefit, too.
  6
  7
                 Was it for anyone else's benefit that you
      0
  8
      know of?
  9
      Α
                 Not that I know of.
 10
                 So if there were owners of the company
     other than you, it was just because of some shell
11
12
     structure that the attorney set up?
13
                 I think so, yes.
14
                 What was My Cash Now's involvement with
     Credit Payment Services, Inc.?
15
16
     Α
                 They had a contract with Credit Payment
     Services to handle the payday loans in the United
17
     States or with anybody on the U.S. banking system.
18
19
                When you say "they had a contract,"
     you're talking about My Cash Now having a contract
20
     with Credit Payment Services?
21
22
     Α
                Yes.
23
                How did that contract work? In other
     words, who did what in accordance with that
24
25
     contract?
```

```
1
                  Well, Credit Payment Services did
      Α
  2
      everything.
  3
                  And what would that involve?
  4
      Α
                  Marketing, all the processes involved
      with approving or denying a loan, bookkeeping.
  5
  6
      Q
                  Did My Cash Now have any employees?
  7
      Α
                  No.
  8
      Q
                 Did My Cash Now have any officers?
  9
      Α
                 I don't know.
 10
                 Did My Cash Now have any shareholders?
 11
                 I think it's a corporation, so I would
      Α
      assume that it does, but I don't know who they are.
12
13
                 Did My Cash Now make any payments to
     Credit Payment Services for services?
14
15
     Α
                 No.
16
                 Did Credit Payment Services make any
     payments to My Cash Now for services?
17
18
     А
                 No.
19
                 What did My Cash Now do in connection
     with Credit Payment Services?
2.0
21
     Α
                 It's just a shell corporation.
22
     0
                 As a shell corporation, did it conduct
23
     any business?
24
     Α
                No.
25
                I asked you earlier if it had any
     0
```

```
employees, and I believe you said no. My next
  1
      question is a little different: Did it have any
  2
      independent contractors?
  3
  4
      Α
                  No.
                  Did it have any bank accounts?
  5
      0
  6
      Α
                  No.
  7
      Q
                  Did it have any assets at all?
  8
      Α
                 No.
  9
      Q
                 Did it ever have an office anywhere?
10
                 It had a legal office there in Grenada.
      Α
11
      Q
                 Why Grenada?
12
      Α
                 That's what the attorney set up.
13
                 And when you say "it had a legal office,"
14
     what do you mean by that?
                 It was an address where mail could be
15
     Α
16
     mailed to.
17
                 What was at that address?
18
     А
                 I have no idea.
19
                 Do you even know if it was a post office
     box or an office building or a house or anything
20
21
     like that?
22
                 I don't know.
23
     Q
                Who would know?
24
     Α
                The attorney.
25
     Q
                Did you ever go to Grenada?
```

```
1
      Α
                  No.
  2
                  Did anybody associated with My Cash Now
  3
      ever go to Grenada?
  4
      Α
                  I don't think so.
                  Did My Cash Now ever have any
  5
      0
      representative in Grenada?
  6
  7
                  I don't think so.
  8
                 Did My Cash Now ever conduct any business
      0
      in Grenada?
  9
10
      Α
                 No.
11
                 Did My Cash Now ever have any cash in
12
      Grenada?
13
     Α
                 No.
14
                 Did My Cash Now ever have any office
15
     furniture in Grenada?
16
     Α
                 No.
17
                 Did My Cash Now ever enter into any lease
     or rental agreement in Grenada?
18
                 I don't know. If they did, the attorney
19
     Α
20
     would have set it up.
21
                 You're not aware of any such lease or
22
     rental agreement?
23
     Α
                I'm not aware of one.
24
                Did My Cash Now ever purchase anything in
2.5
     Grenada?
```

```
1
      Α
                 No.
  2
                 Did My Cash Now ever purchase anything
  3
      anywhere?
  4
      Α
                 No.
                 What are the basic terms of the contract
  5
      between My Cash Now and Credit Payment Services?
  6
  7
      Α
                 I don't know. Scott Wilson would have
  8
      that.
 9
                 You mentioned that he is in Canada.
      0
     specifically, where is he in Canada?
10
11
     Α
                 Toronto.
                 How did you come into contact with Scott
12
13
     Wilson?
14
                 I don't remember. I think I found him on
     Α
15
     the internet.
16
                 What were you looking for when you found
17
     him on the internet?
18
                 I don't remember.
     Α
19
                What was your objective in locating an
20
     attorney at that time?
21
     Α
                Lawsuit protection and tax reduction.
22
                Why were you seeking an attorney for
23
     lawsuit protection at that time?
24
                Well, because attorneys love to come
     Α
25
     after people in my business.
```

```
1
      Q
                  What do you mean by that?
  2
                  I already have a class action suit going
      against my Brick And Mortar (phonetically) stores.
  3
      So it was just a matter of time before they come
  4
      after the internet business, too.
  5
  6
      0
                 When you refer to that internet business,
      you're referring to your internet-based cash advance
  7
  8
      business?
  9
      Α
                 Right.
 10
                 Where was that class action pending?
      0
 11
      Α
                 Where?
12
      0
                 Yes.
13
                 THE WITNESS: Where is it pending?
14
                 MR. ALLEN: (Indicating.)
15
                 THE WITNESS: Right here?
16
                 MR. ALLEN: (Moves head up and down.)
17
                 THE WITNESS:
                                In Chattanooga, I guess.
18
     BY MR. DUGGINS:
19
                 What is the name of your business or
     businesses that are the subject of that lawsuit?
20
21
     Α
                Easy Money Title Pawn, Inc.
22
     Q
                Is that the only one?
23
     Α
                Yes.
24
                Have you ever signed documents on behalf
     0
     of My Cash Now as its president?
25
```

```
1
      Α
                 I think I did sign something, but that
  2
      was a mistake.
                       I shouldn't have.
  3
                 What do you mean?
                 Well, I wasn't any kind of officer or
  4
  5
      anything like that.
                 What document are you referring to?
  6
      0
  7
                 I don't even know what it was. I think
      Α
     it was probably something with Jason Gilstrap.
 8
 9
                 I'm going to show you a document and let
      0
     you know -- or you tell me if that's the document
10
     that you're referring to. Let me first hand it to
11
12
     the court reporter and ask her to mark it.
13
                            (Thereupon, the Licensing
                           Agreement was marked Exhibit
14
                           No. 1 to the deposition of
                           Mr. Brown, and a copy is
15
                           attached hereto.)
16
     BY MR. DUGGINS:
                Now I'll show it to you and your
17
               I will call your attention to page 7.
18
     Then after that, there are some additional pages.
19
     But I'll direct your attention particularly to
20
21
              Take all the time you'd like to look at the
     page 7.
     whole document.
22
23
     Α
                (Perusing document.)
24
                MR. ALLEN: Have you seen enough?
25
                THE WITNESS:
                               Yeah.
```

```
1
      BY MR. DUGGINS:
  2
                  Is that your signature on that document?
  3
      Α
                  Yeah, looks like it.
                  Is that the document you were thinking of
  4
      a moment ago when you indicated you thought you had
  5
      signed something as president --
  7
      Α
                 Yes.
  8
      0
                 -- that dealt with Jason Gilstrap?
  9
      Α
                 Yes, but this is a different entity,
 10
     My Cash Now Services, Inc.
11
                 All right. Tell me about that entity.
      0
12
                 I don't have a clue. I never knew there
     Α
     was any My Cash Now Services, Inc.
13
14
                 But you signed as president of that
15
     entity.
16
     Α
                Yeah, I did.
17
                How many entities do you have some
     involvement with? And by "involvement," I mean not
18
     necessarily technical ownership interest, but some
19
     active involvement with the business.
20
21
     Α
                With this business?
22
                No, just other businesses, any
23
     businesses.
24
     Α
                Oh, lots.
25
     0
                More than ten?
```

```
1
      Α
                  Yes.
  2
                  More than twenty?
  3
      Α
                  Yes.
  4
      0
                  More than fifty?
  5
      Α
                  No.
  6
      0
                  So when you say you have all of these
      businesses or some of them, just Brick And Mortar
  7
      Cash Advance businesses with a separate business set
  8
  9
      up for each location?
10
      Α
                  Yes.
11
                 All right.
                              Setting aside the Brick And
      Mortar Cash Advance businesses, how many other
12
     businesses do you have or have you, within the last
13
     five years, had some type of active involvement
14
15
     with?
16
     Α
                 I don't know.
17
     0
                 Would it be more than ten?
18
     Α
                 Yes.
19
     Q
                 More than twenty?
20
     Α
                 Yes.
21
     0
                 More than forty?
22
     Α
                 No.
23
                At the present time, other than your
     Brick And Mortar Cash Advance businesses, what
24
     businesses do you have some type of active
25
```

```
1
      involvement in?
  2
                 What, I'm supposed to name them all?
      Α
  3
      0
                 Yes, sir.
                 MR. ALLEN: Well, let me object on the
  4
               I don't know how this is possibly relevant
  5
      record.
      to a post-judgment deposition against My Cash Now.
 6
 7
                 MR. DUGGINS: Well, he's just referenced
     My Cash Now being a shell corporation and hasn't
 8
     given much explanation at all as to why it's in
 9
     existence. So that's why I'm probing the other
10
11
     entities.
12
                             Well, it's still -- I think
                 MR. ALLEN:
     you're pushing the limit of what the appropriate
13
     line of questioning is in a post-judgment deposition
14
15
     as to his other entities.
16
                If it's anything related to My Cash Now
     or mycashnow.com, then I think that's relevant.
17
                But whether or not he owns a chicken farm
18
     in north Georgia or a car dealership in Rossville,
19
     that has nothing to do with the judgment -- default
20
     judgment against My Cash Now.
21
                So you know, if you want to limit it to
22
     anything that might be related to My Cash Now, I
23
     think that's appropriate. Otherwise, I think you're
24
     beyond the scope of proper questioning.
25
```

```
MR. DUGGINS: For present purposes, I
 1
     will go on without agreeing that that's a proper
  2
     objection. We may revisit that later.
 3
     BY MR. DUGGINS:
 5
     Q
                 If a person were to try to contact
     My Cash Now as an entity, how would they go about
 7
     doing it?
 8
     Α
                 Send them a letter.
 9
     Q
                 To where?
10
     Α
                 Grenada.
11
                 At what address?
                 I don't recall off the top of my head.
12
     Α
                                                          Ι
13
     think it's on the web site.
                If I would represent to you that it's not
14
     0
     on the web site or at least I'm not aware of it
15
     being on the web site, and I have looked at the web
16
     site, how would a person go ahead and find out that
17
18
     address?
19
                Well, it should be on the web site.
     Α
     time I looked, it was, unless somebody has removed
20
21
     it.
22
                And perhaps I just missed it. But I did
     personally look and will represent to you that I did
23
     not see it. But it's conceivable that I missed it.
24
25
                Let's assume that it's not on the web
```

```
site. How else would a person find out how to
 1
 2
      contact My Cash Now?
 3
                 They can contact my attorney in Canada.
 4
                 And if they were to send a letter to the
     company in Grenada, who would they address the
 5
     letter to?
 6
 7
                 mycashnow.com.
 8
                 What person at My Cash Now could they
     address it to?
10
                 No specific person.
11
                 Is there any person associated with
     My Cash Now, other than you?
12
13
                 That's a question for my attorney.
     Α
14
                 Do you know of anyone else associated
     0
15
     with My Cash Now?
16
     Α
                 There are other people, but I don't know
17
     who they are.
18
                How do you know that there are other
     0
19
     people?
20
                Because he told me that when he set it
     Α
21
     up.
22
                And you're referring to Scott Wilson when
23
    you said "he"?
24
     Α
                Yes.
25
     Q
                Do you know where those people are
```

```
1
     located?
 2
                 No.
 3
                 Do those people receive any compensation
     from My Cash Now or from you or any business in
 4
 5
     which you have an interest?
 6
     Α
                 No.
 7
                 Why are those people willing to be
 8
     involved with My Cash Now, then?
 9
     Α
                 That's another question for Scott Wilson.
10
                 Did you pay a onetime fee to Scott
11
     Wilson?
12
     Α
                 Yes.
                 When is the last time that you paid any
13
14
     funds to Scott Wilson, approximately?
15
     Α
                 I don't remember.
16
                 Would it be approximately when you set
17
     My Cash Now up?
18
     Α
                Yeah, I think so.
19
                Do you pay any annual fee to keep
20
     My Cash Now?
21
                Well, that's what I'm trying to
     Α
2.2
     remember. I don't know.
23
                When you paid Scott Wilson for services
24
     relating to My Cash Now, who actually transmitted
25
     payment to him?
```

```
1
      Α
                  I did.
  2
                 Was that on a My Cash Now check or some
      other check or through some other mechanism?
  3
                 My Cash Now never had a bank account. So
  4
      Α
      I would have sent him a check from somewhere.
  5
                 Would that have been your checking
  6
  7
      account?
 8
      Α
                 I don't remember.
 9
                 Do I correctly understand you to be
      0
     saying that My Cash Now has never had a bank account
10
     in the history of its existence?
11
12
     Α
                 That's right.
13
     0
                 Has it ever had any asset at all in the
     history of its existence?
14
15
     Α
                 No.
16
                 I think we got sidetracked from my
     question I started to ask earlier about the terms of
17
     the contract between My Cash Now and Credit Payment
18
19
     Services.
2.0
                Please give me more explanation of what
     that contractual arrangement was.
21
                I don't know. Scott Wilson would have
22
     Α
23
     done that.
24
                Did a written contract between the two
25
     entities get prepared?
```

```
1
      Α
                 I think so.
 2
                 Have you ever seen a written contract
 3
      between the two entities?
 4
      Α
                 I think so.
 5
      0
                 Have you ever signed one?
 6
     Α
                 I don't know.
 7
     Q
                 Approximately when was it that you think
     you saw a written contract between the two entities?
 8
 9
     Α
                 2001.
10
                 Would that have been around the time that
11
     you were setting My Cash Now up?
12
     Α
                 Yes.
13
                 What were the -- what was the basic gist
14
     of the contract that you saw?
15
     Α
                 Oh, I don't remember.
                 What services was My Cash Now to provide
16
     to Credit Payment Services?
17
18
     Α
                 I don't follow you.
                In a contract, you typically have a party
19
     agreeing to provide either services or product or
20
     compensation to the other party who also will
21
     provide product or services or compensation.
22
23
                Was My Cash Now providing either
     compensation or product or services to Credit
24
     Payment Services pursuant to that contract?
25
```

```
1
     Α
                 Well, Credit Payment Services would get
     to use their name, the My Cash Now name.
 2
 3
                 Okay. Anything else?
 4
                 Not that I can think of.
 5
                 Now, what about My Credit Payment
     Services (sic)? Was it providing any compensation
 6
 7
     or products or services to My Cash Now?
 8
     Α
                 It's processing the loans.
 9
                 Is it processing the loans for
     My Cash Now or for My Credit Payment Services?
10
11
     Α
                 Well, who knows? I don't know.
12
                Who would know?
13
     Α
                Scott Wilson.
                Is there anyone else who would know?
14
15
     Α
                No.
16
                Which entity actually operates your
17
     internet cash advance business? Is it My Cash Now
     or is it Credit Payment Services or is it something
18
19
     else?
20
     Α
                Credit Payment Services.
21
     0
                Does Credit Payment Services have
22
     employees?
23
     Α
                Yes.
24
     0
                Where are those employees located?
25
     Α
                Nevada and Chattanooga.
```

```
1
      Q
                 Are you an officer of Credit Payment
 2
      Services?
 3
     Α
                 Yes.
 4
     0
                 What officer are you?
 5
     Α
                 Vice president.
 6
     Q
                 Who is the president?
 7
     Α
                 I don't know.
                 Why don't you know?
 8
     Q
 9
     Α
                 Well, it's -- I don't think it's really
10
     important.
11
     0
                 Do you know of any other officer?
12
                 No.
13
                 Do you know if there is a secretary?
     0
14
     Α
                 Well, I'm sure there is, but I don't know
15
     who.
16
     Q
                 Would it be just somebody designated by
17
     Scott Wilson?
18
     Α
                 He set it up, too, so he would know.
                 How would you find out who the officers
19
     0
20
     are?
21
     Α
                 I'd call Scott.
22
     0
                 Have you ever had a meeting of officers?
23
     Α
                 I don't know.
24
                 Was Credit Payment Services set up
     0
     approximately the same time that My Cash Now was set
25
```

```
1
     up?
 2
     Α
                 Yes.
 3
                 Are you a shareholder of Credit Payment
     Services?
 4
 5
     Α
                 No.
 6
     Q
                 Who are the shareholders of Credit
 7
     Payment Services?
 8
                 I have no idea.
 9
                 Would they be people designated by Scott
     Wilson?
10
11
     Α
                 Yes.
12
                 Has Credit Payment Services ever
13
     transmitted money to shareholders of Credit Payment
14
     Services?
15
     Α
                No.
16
                Has Credit Payment Services ever
     transmitted money to Scott Wilson, other than
17
     approximately at the time that the entity was
18
19
     established?
2.0
     Α
                Yes.
21
                Explain that, please.
22
                Well, it's for -- the servers are in
     Bermuda. So Credit Payment Services gives them the
23
24
     money to pay for the -- whatever fees are involved
25
     with the servers. And then Scott Wilson pays those
```

```
1
      bills in Bermuda.
                 So how regularly does Credit Payment
 2
 3
     Services make payment to Scott Wilson?
      Α
                 Well, that only went on for a few months.
 5
                 Has Credit Payment Services made any
     Q
     payment to Scott Wilson in the past couple of years?
 6
                 Well, this was in the last few months,
 7
     Α
     but it only lasted for a few months.
 8
 9
                 Okay. Explain how that came about.
     0
                 Well, he said he wanted to handle making
10
     the payments to Bermuda. But the thing is, he kept
11
     dragging his feet.
12
13
                 So you basically took that away from him?
     0
14
     Α
                 Right.
15
                 So the servers of Credit Payment Services
16
     are still located in Bermuda?
17
     Α
                 Yes.
                Were they located in the United States at
18
19
     one point?
20
     Α
                No.
21
                Has My Cash Now ever had any servers?
     0
22
     Α
                No.
23
                Who controls those servers in Bermuda?
     Q
24
     Α
                What company or what person or -- what
25
     are you --
```

```
1
      Q
                 Either.
 2
                 North Rock Communications had them, but
      we're in the process of moving them now to a more
 3
      secure place there.
 4
 5
     0
                 But still in Bermuda?
 6
     Α
                 Yes.
 7
     Q
                 Why Bermuda?
                 They had the best security and the best
 8
     Α
     redundant power supplies, the best prices.
 9
10
                 You referred to a company as North Rock
     Q
11
     what?
12
                 North Rock Communications.
13
                 Okay. Is it based in Bermuda?
14
     Α
                 Yes -- well, that's where the servers are
     with them. I don't know where they're based.
15
     they at least have facilities there where they keep
16
     lots of servers.
17
18
                 How did you locate North Rock
     Communications?
19
20
     Α
                On the internet.
21
                Does Credit Payment Services have any
22
     assets in Grenada?
23
     Α
                No.
24
     Q
                Has it ever had any assets in Grenada?
25
     Α
                No.
```

```
1
     Q
                 Do you have any involvement in any other
     company that has any connection with Grenada?
 2
 3
                 No.
 4
                 Now, you referred to Credit Payment
     Services as having a location out west. Was it
 5
     Nevada or Utah?
 6
 7
                 Nevada.
 8
                 Okay. And then a location here in
     Chattanooga. Is that on Rossville Boulevard?
10
     A
                 Yes.
11
                 What is that address?
     0
12
     Α
                 4700 Rossville Boulevard.
13
                 Is that facility there actually owned by
14
     Credit Payment Services?
15
     Α
                No, it's rented.
16
                It's rented by Credit Payment Services?
     Q
17
     Α
                Right.
18
                Rented from whom?
     Q
                GCN, LP, I think.
19
2.0
                Do you have any involvement in or
     Q
21
     connection with GCN, LP?
22
     Α
                Yes.
23
                What is your involvement in GCN, LP?
24
     Α
                I'm one of the partners.
25
     Q
                Who are the other partners?
```

```
1
      Α
                 My ex-wife.
 2
      0
                 Is that the only other partner?
                 Another corporation, I think, Peking
 3
     Enterprises, Inc.
 5
                 And who owns Peking Enterprises, Inc.?
     Q
 6
                 My ex-wife and I.
 7
                 The ownership interest didn't change
     after the divorce or as of the divorce?
 8
 9
     Α
                 No.
10
                 What's the name of your ex-wife?
                 Pearl. I don't know what last name she's
11
     Α
12
     going by now.
13
                 Does she live at the residence where you
14
     each used to live together?
15
     Α
                 No.
16
                 Where does she live now?
     0
17
     Α
                 Ringgold somewhere.
18
                 You don't know an address?
     Q
19
     Α
                 No.
20
                 Does -- and I'm just going to refer to
     her as Pearl since we don't know the last name for
21
22
     sure.
23
               Does Pearl have any involvement with
24
     My Cash Now?
25
     Α
                No.
```

```
1
     O
                 Did Pearl ever have any involvement with
 2
     My Cash Now?
     Α
 3
                No.
 4
                 Does Pearl have any involvement with
 5
     Credit Payment Services?
                 No.
     Α
 7
                 Did Pearl ever have any involvement with
     Credit Payment Services?
 9
     Α
                No.
10
                Did Pearl ever have any involvement with
     any of your cash advance businesses?
11
12
     Α
                No.
13
                MR. ALLEN: Time-out.
14
                 (Thereupon, a break was taken.)
     BY MR. DUGGINS:
15
16
                Have any of your children ever had any
17
     involvement with My Cash Now?
18
     Α
                No.
                Have any of your children ever had any
19
     involvement with Credit Payment Services?
20
21
     Α
                No.
2.2
                Have any of your children had any
23
     involvement with any of your cash advance related
24
     businesses?
25
                No.
     Α
```

```
1
     0
                 What are the names of your children,
 2
     please?
 3
     Α
                 Rachel Marie Brown, Justin Carey Brown,
     and Tyler Matthew Brown.
 4
                 Do any of them live with you?
 5
     Q
 6
     Α
                 Well, Justin and Tyler do, and Rachel
     does when she's out of school.
                 Are they over age eighteen, all three of
 8
 9
     them?
10
     Α
                 Two of them are.
11
     0
                 Which one is not?
12
                 Tyler.
13
                 They've never served as an employee in
     any of your cash advance related businesses?
14
15
                 Well, Rachel works at Credit Payment
     Α
16
     Services when she's home.
17
                 Have any of the boys ever worked for
18
     Credit Payment Services?
19
     Α
                 No.
20
                 How many employees does Credit Payment
21
     Services have, approximately?
22
                 Two hundred.
                And of those, approximately how many of
23
     Q
24
     them are in Chattanooga?
25
     Α
                A hundred.
```

```
1
     0
                 And are most of those employees basically
     working the phones in connection with the business?
 2
 3
                 Most of them, yeah.
 4
                 Who is the top-ranked employee of Credit
     Payment Services?
 5
 6
     Α
                 Jimmy Meyers.
 7
                 Where is he located?
 8
     Α
                 Here.
 9
                 What is his title?
10
     Α
                 General manager.
11
     0
                 Does he have any ownership interest in
12
     either My Cash Now or Credit Payment Services?
1.3
     Α
                 No.
14
                 So he's just a regular employee --
15
     Α
                 Right.
16
                 -- except that he's the highest ranking?
     0
17
     Α
                 Right.
                 Now, do you have someone similar to him,
18
     Q
19
     in terms of the position, out in Nevada?
20
     Α
                 Well, the office manager there.
21
                 Who is that?
     0
22
     Α
                Norm Stevens.
23
                Have you ever received compensation in
     any form or -- compensation in any form from either
24
25
     My Cash Now or Credit Payment Services?
```

```
1
     Α
                 No.
                 Other than employees, who receives
 2
 3
     financial compensation from the operations of Credit
     Payment Services?
 4
 5
     Α
                 Attorneys.
 6
     0
                 Anyone else?
 7
                 Oh, anybody we do business with.
 8
                 Has anyone ever benefitted financially as
     an owner of My Credit -- or Credit Payment Services
     or My Cash Now?
10
11
     Α
                 No.
12
                 I'm sorry?
13
     Α
                 No.
14
     0
                 Are there any trusts associated with
15
     My Cash Now?
16
     Α
                 There might be.
17
                 Explain.
                 I don't know. I don't know how Scott
18
19
     Wilson set it up, but it's possible.
20
                 Are you aware of some trusts that have
     Q
21
     some involvement with your cash advance businesses?
22
     Α
                 No.
23
                Have you discussed trusts with Scott
24
     Wilson?
25
     Α
                 I think he said something about
```

```
My Cash Now having something to do with a trust.
 1
                 Do you know the name of the trust?
 2
      0
 3
      Α
                 No.
                 Are you the beneficiary of any trust?
 4
      Q
 5
     Α
                 No.
                 Are your children the beneficiary of any
 6
     trust that you helped establish?
 7
 8
     Α
                 No.
 9
                 Do you have any other information
10
     relating to a trust that Scott Wilson was involved
11
     with?
12
     Α
                 No.
13
     0
                 Have you ever seen any paperwork relating
14
     to a trust?
15
     Α
                 No.
16
                 Are you aware of any shareholder meetings
     0
     for shareholders of Credit Payment Services?
17
18
     Α
                 Yeah.
19
                 Tell me about that, please.
20
                 I don't know. I just sign a paper every
     Α
21
     year.
22
                You personally sign a paper every year?
     0
23
     Α
                I assume I do.
24
                Well, do you know whether you sign a
25
     paper each year?
```

```
1
     Α
                 No.
 2
                 Why do you assume you do?
     0
     Α
                 It's a corporation. They're supposed to
     have meetings -- annual meetings.
 5
     Q
                 Do you remember any annual meetings?
 6
     А
                 No.
 7
                 Do you remember any annual meetings of
 8
     any sort relating to My Cash Now?
 9
     Α
                 No.
10
                 Do you remember any annual meetings of
     any sort relating to Credit Payment Services?
11
12
                 No.
13
                 Where are the records for -- the business
     records for My Cash Now kept?
14
15
     Α
                 Well, there aren't any business records,
16
     I don't think.
17
                 Where are the business records for Credit
18
     Payment Services kept?
                 Some of them would be in Chattanooga.
19
     Α
20
     Some would be in Reno. Some would be in Carson
21
     City.
22
                Where are the tax records for Credit
23
     Payment Services kept?
24
     Α
                Here in Chattanooga.
25
     0
                Is that at the Rossville address?
```

```
1
     Α
                 Yes.
 2
                 Where are the tax records for My Cash Now
 3
     kept?
 4
                 There aren't any.
                 Has My Cash Now ever filed any tax return
 5
 6
     of any type?
 7
                 No.
 8
                 Does Credit Payment Services file tax
     returns?
10
     Α
                 Yes.
11
     Q
                 Who prepares those tax returns?
12
                 Sherry Huff, mostly.
     Α
13
     0
                 Where is she located?
14
     Α
                 Chattanooga.
15
     Q
                 Is she an accountant?
16
     Α
                 A bookkeeper.
17
                 Is she an employee of Credit Payment
18
     Services?
19
     Α
                 Yes.
20
                 Does she do the initial work and then an
     Q
     accountant handles the rest of it before filing?
21
22
     Α
                 Yes.
23
     Q
                 What accountant is that?
24
                 Steve Newlin.
     Α
25
                 Can you spell his last name?
     Q
```

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```
1
     Α
                 N-E-W-L-I-N. He's a CPA.
 2
                 Who does he practice with?
     Q
 3
                 It's his own firm.
 4
                 Where is his office located?
     Q
 5
     Α
                 Next to Sam's on Lee Highway.
 6
     0
                 How long has he been providing services
 7
     to Credit Payment Services?
     Α
                 Ever since we started.
 8
 9
                 Has he ever provided any services to
     0
     My Cash Now?
10
11
     Α
                 No.
12
                 Has any accountant ever provided services
13
     to My Cash Now?
14
     Α
                 No.
15
                Has anyone ever provided bookkeeping
     services for My Cash Now?
16
17
                No.
     Α
18
                Have there ever been any financial
     Q
19
     records in existence for My Cash Now?
20
     Α
                No.
                Has Credit Payment Services ever used the
21
22
     services of any other accountant or bookkeeper,
23
     other than Steve Newlin and Sherry Huff?
                There's a Robin Williams that was a
24
     Α
25
     bookkeeper for a while.
```

```
1
     Q
                 Was she an employee of Credit Payment
     Services at the time that she was a bookkeeper?
 2
 3
                 She was an employee of mine. I don't
     remember which company she got paid from.
                Did she provide bookkeeping services for
 5
     0
     multiple of your companies?
 6
                Yes.
     Α
 8
                We previously referenced a contract
     between Credit Payment Services and My Cash Now.
 9
10
     Where is that contract located?
11
     Α
                Toronto, probably.
12
                That would be in Mr. Wilson's office?
13
     Α
                Yes -- I assume.
                Do you know of a copy existing anywhere
14
     0
     else?
15
16
     Α
                No.
                Has My Cash Now ever entered into any
17
18
     other contract?
19
     Α
                No.
20
                The only two contracts, then, that have
     Q
     ever existed in which My Cash Now was a party are
21
22
     the contract sitting in front of you and the
23
     contract between it and Credit Payment Services?
                I think there was more than one contract
24
     with Jason.
25
```

```
1
     Q
                 Okay.
 2
     Α
                 I'm not sure.
 3
     0
                 Other than --
 4
                 He at least tried to get me to sign
 5
     another contract.
 6
                 You don't recall whether you did or did
     0
 7
     not?
 8
                 Well, one of them, I remember I did not
     sign it, because it did not say anything near like
 9
     what he said it was going to say.
10
11
     0
                 Okay. Other than a contract with Jason
12
     Gilstrap and/or his company and other than a
     contract with Credit Payment Services, has
13
     My Cash Now ever entered into any contract with
14
15
     anybody or any company?
16
     Α
                 I don't think so.
17
                I'm still at a loss as to why My Cash Now
     existed. Can you give me any more information as to
18
19
     why it existed?
20
     Α
                Well, because Scott Wilson said it
     should.
21
22
                That's the only thing you can tell me?
23
     Α
                Right.
24
                Does it still exist today?
     Q
25
     Α
                Yeah.
```

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```
So if you go to the My Cash Now web site,
 1
     0
 2
     is that My Cash Now's web site or is that Credit
     Payment Services' web site?
 3
                I don't know.
 5
                Who actually pays the registration for
     the web site?
 6
 7
                Credit Payment Services.
                And the web site we're talking about is
 8
     mycashnow.com, is that correct?
10
     Α
                Right.
                Is there any other web site that you
11
12
     operate or that some business in which you have an
13
     interest in operates that relates to the cash
     advance industry?
14
                Nothing that relates to My Cash Now.
15
     Α
                What about that relates to the cash
16
     advance industry?
17
18
     Α
                Yeah.
                What web site or web sites?
19
     0
20
     Α
                paydaymax.com.
                Is that an internet-based business
21
22
     primarily or is that a Brick And Mortar --
23
     Α
                Internet.
                When was that entity formed?
24
     0
25
     Α
                I think it was in the last year.
```

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```
What was that name, again?
1
    0
                paydaymax.com.
    Α
2
                Was Scott Wilson involved in setting that
3
    0
    up?
4
                Yes.
     Α
5
                What's the difference between
6
     paydaymax.com or that business and My Cash Now?
7
                There's not much difference.
8
                What's the difference between
 9
     0
     paydaymax.com or that business and Credit Payment
10
     Services?
11
                 Between paydaymax and Credit Payment
12
     Α
     Services?
1.3
                 Yes.
14
     Q
                 Credit Payment Services does the same
15
     thing for paydaymax that it does for My Cash Now.
16
                 Okay. Exactly what does it do for
17
     paydaymax?
18
                 Marketing, handling phone calls, taking
     Α
19
     applications, approving and denying loans, fraud
20
     verification, accounts receivable.
2.1
                 When you say it does that for paydaymax,
2.2
     what does paydaymax receive from it?
23
                 Nothing.
24
     Α
                 What does paydaymax give or convey to
25
     Q
```

```
Credit Payment Services?
1
                I guess just the use of the name.
2
    Α
                Who owns paydaymax?
3
                I don't know.
     Α
4
                Are you an officer of paydaymax?
5
     Q
                I don't know. That's another Scott
6
     Wilson, however he set it up.
7
                If there are business decisions to be
     0
 8
     made for paydaymax, who makes those decisions?
 9
                I do.
10
     Α
                 If there are business decisions to be
11
     made for My Cash Now, who makes those decisions?
12
                I do.
     Α
13
                 If there are business decisions to be
14
     made for Credit Payment Services, who makes those
15
16
     decisions?
                 I do.
17
     Α
                 Does anyone else participate in those
18
     0
     decisions for paydaymax?
19
                 Yeah.
20
     Α
                 Who?
21
     0
                 All of the management of Credit Payment
22
     Services.
23
                 Tell me who the management is of Credit
24
     Payment Services.
25
```

```
Basically Jimmy Meyers and Norm Stevens.
1
    Α
                But they do not have any ownership
2
    0
    interest, correct?
3
                Right.
    Α
4
                Now, who would be the management of
5
    paydaymax?
6
                There's really nothing to manage.
7
                To the extent that there is management,
     0
8
     that would be you?
                Yes.
     Α
10
                 Same question regarding My Cash Now:
11
     the extent that there is management, that would be
12
     you?
13
                Yes.
14
                 Is there a contract between paydaymax and
15
     Credit Payment Services?
16
                 I assume there is.
17
     Α
                 Have you seen a written document
18
     between -- that purports to be a contract between
19
     the two?
2.0
                 No.
21
                 Why do you assume that there is?
22
     0
                 It just seems like there would need to
     Α
2.3
24
     be.
                 Who would have authority to sign
25
     Q
```

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```
contracts on behalf of My Cash Now?
1
                I don't know. Scott Wilson can, I think.
2
                And you?
3
                I don't think I'm even supposed to.
4
    Α
                Why do you say that?
5
    0
                Because I'm not any kind of officer.
6
     Α
                Well, you did sign as president before,
7
     though, right?
 8
                Well, this isn't really mycashnow.com.
 9
     Α
                Why do you say that?
10
                Well, it's --
11
     Α
                And you're referring to Exhibit 1,
12
     correct?
1.3
                Yes. This says "My Cash Now
     Α
14
     Services, Inc."
15
                Well, when you signed that document, you
16
     were intending to sign it on behalf of My Cash Now,
17
     weren't you?
18
                This was almost four years ago. I don't
19
     remember what I was intending. And I don't know if
20
     this was before My Cash Now was incorporated or
21
     not.
22
                Well, what was your --
23
                We might have been guessing at whatever
24
     the name was going to be of the entity. I don't
25
```

```
recall four years ago.
1
                But the entity that you were purporting
2
     to represent as you dealt with Jason Gilstrap was
3
4
     the entity that we are referring to as My Cash Now,
     correct?
5
                You've lost me. I don't know -- what are
6
     you asking me here?
7
                I'll back up and try to break it down a
     0
8
     little bit.
 9
10
                You recall entering into a contract with
     Jason Gilstrap at some point, correct?
11
12
     Δ
                Yes.
                Now, when you were dealing with Jason
13
     Gilstrap, you were dealing with him in a way that
14
     used the My Cash Now name, correct?
15
                Yes.
16
     Α
                Were you intending to refer to the entity
17
     0
     that we've been talking about today as My Cash Now?
18
                I don't remember what my intent was.
19
     Α
                Is there any other entity that you would
20
     have been referring to when you made use of the
21
     My Cash Now name as you dealt with Jason Gilstrap?
22
23
     Α
                No.
                Who came up with the name My Cash Now or
24
     any variation thereof?
25
```

- 1 A We both did, actually.
- 2 | O You and Jason?
- 3 A Yes.
- 4 | Q Explain that a little bit. How did you
- 5 | both come up with it?
- 6 A He was there on my computer at my house.
- 7 We were just trying to find a good name to come up
- 8 | with, something short and sweet. He was trying
- 9 different domain names to see if somebody already
- 10 | had them or not.
- 11 And I think I said, Well, let's try
- 12 | My Cash Now.
- And he tried it, and nobody had it.
- 14 And he said, Man, I can't believe nobody
- 15 has this name. This is a great name.
- 16 | Q So you agreed that that would be the name
- 17 of your business?
- 18 A Right.
- 19 Q Is there any other business that you have
- 20 | at any time had or had any involvement in that used,
- 21 | as a part of its name, My Cash Now?
- 22 A No.
- 23 Q So would you agree with me, sitting here
- 24 | today, that Exhibit 1 is a contract that you signed
- 25 on behalf of My Cash Now?

```
MR. ALLEN: Well, let me object.
                                                   I think
1
    the contract speaks for itself.
2
                MR. DUGGINS: Objection noted.
3
    BY MR. DUGGINS:
4
                You may still answer.
5
                Like I said, this was signed possibly
6
    before there was even a mycashnow.com, Inc., which
7
     should be the correct name. So -- I don't know why
8
     this was signed this way, but it shouldn't have been
     signed this way.
10
                Was that a name that you were
11
     contemplating using at first and then the name got
12
     tweaked a little bit?
13
                It's possible. Or maybe whoever he had
14
     Α
     to write up this contract just misunderstood and
15
     wrote down the wrong name.
16
                A typographical kind of error?
17
     0
                Yeah, or they're just trying to recall
18
     the name off the top of their head and they wrote
19
     down the wrong one here.
20
                When you signed that document, did you
21
     make any effort to correct the name or advise
22
     Mr. Gilstrap or anybody that a different name was
2.3
     appropriate?
24
                 I don't remember.
     Α
25
```

```
When a customer of your internet cash
1
     0
     advance business or businesses makes a payment, who
2
     do they make the payment to?
3
                Credit Payment Services.
4
                And how do they make the payment? Since
     0
5
     it's an internet-based business, I don't know
6
     exactly how it is that they make the payment.
                                                     So
7
     just kind of walk me through how the transaction
8
     works.
 9
                It's electronic, through an automated
10
     clearinghouse.
11
                So basically, it's an electronic
12
     deduction from their checking account --
13
                Yes.
     Α
14
                 -- and transferred into a bank account of
15
16
     Credit Payment Services?
                Yes.
17
     Α
                What banks does Credit Payment Services
18
     use?
19
                Cornerstone Bank.
20
     Α
                 The local Cornerstone Bank here in
21
     Chattanooga?
22
                Yes.
23
     Α
                Does it use another bank out in Nevada?
24
                 Yes.
25
     Α
```

```
What's the name of that bank?
1
    Q
                I don't remember.
     Α
2
                Who has the authority to sign checks on
3
     the Cornerstone account?
4
     Α
                I do.
5
                Anyone else?
6
     0
                Sherry Huff.
7
     Α
                Anyone else?
 8
                Maybe Jimmy Meyers, I'm not sure.
 9
     Α
                Who has the authority to sign checks on
10
     0
     the bank account out in Nevada?
11
                 Sherry Huff. And I don't know if anybody
12
     Α
     else does.
13
                Do you?
14
     Q
                 I'm not sure that I even do.
15
                 Does Credit Payment Services have any
16
     other bank accounts?
17
                 I don't think so. Sherry Huff handles
18
     Α
     the money.
19
                 And where does Sherry Huff live?
20
     0
                 Well, she lives in Fort Oglethorpe.
2.1
     Α
                 When you say she "handles the money,"
22
     what do you mean?
23
                 She's, like, the chief financial officer.
24
     Α
                 Do you receive a paycheck from Credit
25
     Q
```

```
Payment Services?
1
                No.
    Α
2
                Have you ever received any dividends from
3
    Credit Payment Services?
4
                No.
5
                Has Credit Payment Services ever written
6
7
    you a check?
                Just to reimburse me for expenses that
Я
     I've incurred for them.
                Other than ordinary business expense
10
     reimbursements, has Credit Payment Services ever
11
     written you a check?
12
                No.
     Α
13
                Other than ordinary business expense
14
     reimbursements, has Credit Payment Services ever
15
     transmitted money to you or to your account in any
16
     form or fashion?
17
18
     Α
                No.
                Does Credit Payment Services maintain any
19
     offices or facilities outside the United States?
2.0
                MR. ALLEN: Why don't you -- just to be
21
     clear, why don't you define what you mean by
22
     "facilities."
23
     BY MR. DUGGINS:
24
                 A physical facility, such as an office,
25
     0
```

```
whether it's owned or a rental, but a physical
1
    location where it may maintain some business
2
    operation of any type, whether it's just bookkeeping
3
     or financial transactions or literal conducting of
     cash advance business. You know, any and all of the
5
     above.
6
                Well, we have the office in Bermuda.
7
     Α
                Describe that office for me.
8
     0
                Well, if you can call it that.
     Α
9
     where the servers are -- and where a lot of other
10
     corporations have their servers there, too.
11
                What else does Credit Payment Services
12
     have there?
13
                A mailing P.O. Box.
14
     Α
                Is there, like, a desk or a chair or
15
     anything like that?
16
17
     Α
                No.
                Is there a person in Bermuda that is a
18
     representative of Credit Payment Services?
19
                No.
20
     Α
                Now, other than the facility you
21
     mentioned in Bermuda, is there any other facility,
22
     very broadly defined, outside the United States that
23
     is a Credit Payment Services facility?
24
                We have an employee in Toronto.
25
     Α
```

```
And is that Scott Wilson or is that
    0
1
     someone else?
2
                It's someone else.
3
                Tell me about that employee.
4
                I don't know. We have a contract with a
     Α
5
     call center there, and I -- I think they have --
6
     they handle the approval of the loans there in
7
     Toronto -- approval or denial.
8
                So is that a single employee or multiple
9
     0
10
     employees in Toronto?
                I think it's a single employee.
11
                What is his or her name?
12
     Q
                I don't know.
13
                How would a person get in touch with him
14
     0
15
     or her?
                I don't know.
16
                Who would know?
17
                Jimmy Meyers.
18
     Α
                 Is there an actual office of Credit
19
     Payment Services in Toronto?
20
                 Oh, it's probably shared with a hundred
2.1
     other businesses, I think, that contract with that
22
     call center.
23
                 Other than the Bermuda facility and the
24
     Canadian facility we've just mentioned, does Credit
25
```

```
Payment Services have any other facility outside the
1
    United States?
2
                I don't think so.
3
    Α
                Why would you not know for sure?
4
                Well, because Jimmy Meyers runs
     Α
5
     everything. I just let him do what he wants to do.
6
                So did you have any involvement in the
7
    contracting or hiring of that employee in Toronto?
8
                He ran the idea by me. I said, That's
     Α
9
10
     fine.
                How often do you talk to Jimmy Meyers?
11
     0
                Almost every day.
12
     Α
                How often are you at the Credit Payment
13
     0
     Services facility on Rossville Boulevard?
14
                I'm there in the afternoons.
     Α
15
                Typically every afternoon?
16
                Well, three or four afternoons a week.
17
     Α
                You have talked about Credit Payment
18
     Services using My Cash Now's name and using
19
     paydaymax's name. Are those names trademarked or
20
     registered in any way?
21
                My Cash Now is not. paydaymax is
22
     Α
     pending, I think. There is a trademark applied for
23
     and pending on it.
24
                Has anything been applied for for
25
     0
```

```
My Cash Now?
1
                Yes, but it was denied.
     Α
2
                When was it denied?
3
                2001, I think -- maybe 2002.
     Α
4
                Why was it denied?
5
                Because somebody else already had the
6
     trademark on My Cash and somebody else had the
7
     trademark on Cash Now.
 8
                Does Credit Payment Services pay or
 9
     transfer anything to My Cash Now in order to be able
10
     to use its name?
11
                No.
12
     Α
                Does Credit Payment Services pay or give
13
     0
     anything to paydaymax in order to use its name?
14
                 No.
15
     Α
                 If a customer calls in to your
16
     internet-based cash advance business, how is the
17
18
     telephone answered?
                 I don't know.
19
     Α
                 Who would know?
20
     Q
                 Jimmy Meyers.
21
     Α
                 If a customer calls in, are they talking
22
     to a representative of My Cash Now or a
23
     representative of Credit Payment Services?
24
                 I don't know that, either.
25
     Α
```

```
Why was paydaymax established as a
1
     0
2
     separate company?
                To try to squeeze the competition on
3
     Α
     bidding a little bit.
 4
5
     Q
                What do you mean?
                Bidding for placement on the search
 6
     Α
     engines.
 7
                Explain that in a little more detail.
 8
     Q
                Well, you bid for your position.
 9
     Α
                If you want to be No. 1 -- let's say, if
10
     somebody does a search on the term "payday loan," if
11
     you want to be No. 1, then you have to be willing to
12
     pay more than everybody else. Your bid will be one
13
     penny more than the next person below you.
14
                So what the competition likes to do is
15
     just run the bid up there just one penny under
16
     whatever your max is to try to make you pay more.
17
                So paydaymax was developed in order to
18
     make them pay more.
19
                Like, let's say, I'm willing to pay eight
20
     dollars for a click on the term "payday loan," and
21
     some competitor comes along and puts their bid in at
22
     seven ninety-nine, just so that I have to pay the
23
     full eight dollars. Well, the next person below
24
     them might be at six dollars. So they're making me
25
```

```
pay eight dollars, and they're really just paying
1
     six dollars and a penny.
2
                So paydaymax we brought out in order to
3
     squeeze them. So they -- if somebody comes under us
 4
 5
     at seven ninety-nine, we can come right under them
     at seven ninety-eight.
 6
                So with regard to your internet-based
 7
     cash advance operations, are most of them being
 8
     conducted under the My Cash Now name, or are most of
 9
     them being conducted under the paydaymax name?
10
                My Cash Now.
11
     Α
                Roughly, percentagewise, how much is
12
     under the My Cash Now name and how much is under the
13
     paydaymax name?
14
                Oh, three-quarters and a quarter, maybe.
15
     Α
                Okay. Where is paydaymax based?
16
     0
17
     Α
                I don't know.
                It's not based in Grenada?
18
                I think it's some other offshore tax-free
     Α
19
20
     country.
                Is there any contract between paydaymax
21
     and My Cash Now?
22
                No.
23
     Α
                Are there any business transactions
24
     between paydaymax and My Cash Now?
25
```

```
Yes.
 1
     Α
                Would you be the person who most controls
 2
     Q
     the shots or the decisions for My Cash Now?
 3
     Α
                Yes.
 4
 5
     0
                Would you be the person who most controls
     the shots or makes the decisions for paydaymax?
 6
 7
                Yes.
     Α
                Who would be the second most involved
 8
     0
     person at paydaymax, if there is any such person?
 9
                Jimmy Meyers.
10
     Α
                Who would be the second most person at
11
12
     My Cash Now, if there is any such person?
                Jimmy Meyers.
13
     Α
                Who would be the second most person at
14
     Credit Payment Services, if there is any such
15
16
     person?
17
                Jimmy Meyers.
                Have any of your family members ever
18
     received any type of benefit from Credit Payment
19
     Services, other than -- you mentioned Rachel, I
20
     believe, serving as an employee when she's out of
21
     school, I guess.
22
                Other than that, has any family member
23
     received any benefit, directly or indirectly, from
24
     Credit Payment Services? And before you answer, I
```

```
No.
     Α
1
                Do you know any officer of paydaymax?
2
     Q
                No.
 3
     Α
                 Do you know any shareholder of paydaymax?
 4
     Q
                No.
 5
     Α
                 Do you know any director of paydaymax?
 6
     0
 7
     Α
                 No.
                 Do you know any director of My Cash Now?
     0
 8
                 No.
 9
     Α
                 Do you know any director of Credit
10
     Payment Services?
11
                 Director?
12
     Α
                Yes, sir.
13
     0
                 I'm vice president.
14
                 Does Credit Payment Services have a board
15
     of directors?
16
                 No.
17
     Α
                 Does My Cash Now have a board of
18
     directors?
19
                 I don't know.
20
     Α
                 Does paydaymax have a board of directors?
21
     0
                 I don't know.
22
     Α
                 If there is one -- would you be the one
23
     0
     person who most controls the shots or controls the
24
     decisions for Credit Payment Services?
25
```

```
want to explain what I mean by "indirectly."
1
                If it's through some other form, like
2
     going through a trust first or going through some
3
     other entity first -- I'm trying to cover any type
 4
     of channel in which money makes it from My Credit --
 5
     or from Credit Payment Services to your family
 6
     member.
 7
                So with that explanation, have any of
 8
     your family members ever received benefit from
 9
     Credit Payment Services, excluding ordinary wages to
10
     Rachel?
11
     Α
                No.
12
                Now, the same question regarding
13
     My Cash Now: Has any family member received any
14
     benefit from My Cash Now?
15
     Α
                No.
16
                Same question for paydaymax:
17
     family member received any benefit from paydaymax?
18
                No.
19
     Α
                Does paydaymax own any assets?
20
21
     Α
                No.
2.2
                Has it ever owned any assets?
     Q
23
                No.
     Α
                When My Cash Now was first set up, did
24
     Q
     anybody have to pay any money into the company to
25
```

```
become an owner or shareholder?
1
2
     Α
                No.
                When paydaymax was first set up, did
3
     0
     anyone have to pay any money to become an owner or
4
5
     shareholder?
                No.
6
                When Credit Payment Services was first
7
     set up, did anyone have to pay any money to become a
8
     shareholder or owner?
 9
     Α
                No.
10
                When My Cash Now was first set up, did
11
     Q
     anyone contribute any asset of any type -- in other
12
     words, not necessarily money but maybe some other
13
     asset, whether it be property or equipment or
14
15
     anything -- to My Cash Now in order to become an
     owner or shareholder of My Cash Now?
16
                No.
17
     Α
                When paydaymax was set up, did anyone
18
19
     contribute any asset of any type -- again, it
     doesn't matter what, whether it was cash or
20
21
     equipment or property, whatever -- to become a
     shareholder or owner of paydaymax?
2.2
23
     Α
                No.
                When Credit Payment Services was set up,
24
     did anyone contribute any asset of any type in order
25
```

```
to become a shareholder or owner of Credit Payment
1
     Services?
2
3
                No.
                Is there a corporate minute book for
4
     My Cash Now?
5
                That's a question for Scott Wilson.
6
                Is there a corporate minute book for
7
     paydaymax?
8
                Another question for Scott Wilson.
 9
     Α
                Is there a corporate minute book for
10
     0
     Credit Payment Services?
11
12
                I'm sure there would have to be.
                Who would know?
13
     0
                Scott Wilson.
14
                Have you ever seen a credit -- or have
15
     Q
16
     you ever seen a corporate minute book or something
     similar for My Cash Now or paydaymax?
17
                No.
18
     Α
                Have you ever seen a corporate minute
19
     book or something similar for Credit Payment
20
     Services?
21
                I don't know.
22
     Α
23
                You seem very sure of saying "no" with
     0
     regard to My Cash Now and paydaymax. Why aren't you
24
     so sure as it relates to Credit Payment Services?
25
```

```
Well, it's an onshore business, so I'm
1
     Α
     sure it's required to have it. I don't know if I've
2
3
     seen them or signed them or what. I may have.
                You're just not sure one way or the
4
     0
     other?
5
                Right.
6
                If a corporate minute book or some
7
     similar group of documents exists for Credit Payment
8
     Services, where would it be located?
9
                Probably Carson City, I would think.
10
     Α
                And why would it be out there?
11
     0
                That's the legal address.
12
     Α
                What is the legal address there?
13
     0
                711 South Carson Street, Suite 4, Carson
14
     Α
     City, Nevada.
15
                What is physically located at that
16
17
     address?
                Offices.
18
     Α
                Size-wise, approximately what size are we
19
     Q
20
     talking about?
                A couple of thousand square feet.
21
     Α
                And who owns those offices?
22
     0
                I have no idea.
2.3
     Α
                Do you have any involvement with the
24
     entity or partnership or whatever it is that owns
2.5
```

```
those offices?
1
                It's a Resident Agents set-up. So that
2
     legal address is there for, I'm sure, hundreds of
3
     other entities.
4
5
                So do I correctly assume that you have no
     involvement in any entity that owns that?
6
                Right.
                         I -- I mean, do I own that --
7
     Α
                MR. ALLEN: Do you mean the business or
8
     the building?
9
                               Yes, I mean the building.
                MR. DUGGINS:
10
                THE WITNESS:
                               No. I just share it with a
11
12
     lot of other businesses.
     BY MR. DUGGINS:
13
                Okay. What --
14
     0
                In fact, I would be paying them to do the
15
     Α
     minutes, so I'm sure they're doing the minutes
16
     because there is an annual fee there.
17
                And who is the "them" you're referring
18
     Q
     to?
19
                Resident Agents of Nevada.
20
     Α
                Is that the name of a company?
21
     0
                Yes.
22
     Α
                Okay. Do you have a contract with
23
     0
     Resident Agents of Nevada?
24
                I don't know. They send me a bill every
2.5
     Α
```

```
1
     year.
                Does Credit Payment Services actually
 2
     have any furniture or equipment or tangible property
 3
     of any type at that 711 South Carson Street address,
 4
 5
     other than records that Resident Agents of Nevada
     might keep there for you?
 6
                No.
 7
     Α
                I take it the employees are located
 8
     somewhere else -- the employees of Credit Payment
 9
     Services are located elsewhere?
10
11
                Yes.
12
                With regard to the location of the
     employees, is that facility owned by you or some
13
     entity in which you have involvement?
14
                No.
15
     Α
16
                Who owns that facility?
                We rent it.
17
     Α
                You just rent it from some third party
18
     Q
     with whom you have no relationship, other than a
19
20
     rental arrangement?
21
     Α
                Right.
                Are there any trusts that do business
22
     0
     with Credit Payment Services?
23
                Only possibly My Cash Now that's a trust,
24
     Α
2.5
     and I don't know if it is or not. And paydaymax
```

```
might be a trust.
                         I don't know.
1
 2
                I don't remember how he set that up.
                Now, with regard to Resident Agents in
 3
     Q
     Nevada, is that somebody that Scott Wilson arranged
 4
 5
     for you?
                Yes.
 6
     Α
                Does paydaymax have a registered agent
 7
     0
     anywhere?
 8
                No.
 9
     Α
                Does My Cash Now have a registered agent
10
     anywhere?
11
12
     Α
                No.
13
                Did My Cash Now have a registered agent
     somewhere at some point?
14
                Well, I don't know what the set-up is
15
     Α
16
     with Grenada there. I don't know what you'd call
          But they have an address there in Grenada.
17
                How would a person find that address?
18
     Q
19
                They could call Scott Wilson or -- I was
     sure it was on the site. Probably on the contract
20
     that the customer signs, it should have the address
21
22
     there.
23
                Anywhere else?
     Q
24
     А
                No -- I don't know of anyplace.
                So when a customer signs a contract, is
25
     0
```

6.7

```
the customer signing the contract with My Cash Now
 1
     or with Credit Payment Services?
 2
 3
                I don't know.
                How would you find out?
 4
     Q
 5
     Α
                I'd look at the contract.
                And if the contract is in the name of
 6
     0
 7
     My Cash Now, then the contract would be with your
     My Cash Now entity?
 8
 9
     Α
                Right.
                And if the contract were in the name of
10
     0
     Credit Payment Services, it would be with the Credit
11
12
     Payment Services entity?
13
                (Moves head up and down.)
     Α
14
                And you're nodding your --
     0
15
     Α
                Yes, I quess. I assume that's right.
16
                Same questions with regard to paydaymax:
     Is the customer's contract a contract with paydaymax
17
     or with Credit Payment Services?
18
                I don't know.
19
     Α
20
                Who would know? Would that be something
     that Jimmy Meyers would know?
21
2.2
                Yes.
     Α
23
                I believe you indicated that when a
     0
24
     customer pays money back, the customer pays it to
     Credit Payment Services.
25
```

```
Yes.
1
     Α
 2
                 Are customers ever sued for failure to
     pay back their loan?
 3
                 No.
     Α
 4
 5
                 Have any of your internet-based cash
     advance businesses ever filed suit against a
 6
 7
     customer?
                 Not that I can recall.
     Α
 8
                 Who would know that?
 9
     Α
                 Jimmy Meyers or Joe, the guy that's over
10
11
     the accounts receivable department.
12
     Q
                 What is his full name?
13
     Α
                 I don't know.
                 Has Credit Payment Services ever sued
14
     Q
15
     anyone?
16
     Α
                 Jason.
                 Other than that?
17
     0
                 I don't think so.
18
     Α
                 Has My Cash Now ever sued anyone?
19
20
     Α
                 No.
21
                 Has paydaymax ever sued anyone?
     0
22
     Α
                 No.
23
                 Where are forms like W-2's and I-9's kept
     Q
     for Credit Payment Services employees?
24
25
                 Chattanooga, Rossville Boulevard.
     Α
```

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```
Do you use a payroll service for paying
1
     Q
 2
     employees?
                No.
 3
     Α
                Has Credit Payment Services always used
 4
     Cornerstone Bank locally, or has it used any other
 5
     local banks?
 6
 7
                Used to use Rossville Bank.
                During what general time frame?
 8
     0
                Well, let's see, we switched to
     Α
     Cornerstone in the last year, I think.
10
                Is there any other local bank that Credit
11
12
     Payment Services has used?
                There was some bank in Sevierville.
13
     Α
                Do you remember the name?
14
                No.
15
     Α
16
                Are there any other banks that Credit
     Payment Services has used, whether in the country or
17
     outside, beyond the ones that you've mentioned
18
19
     earlier today?
                I don't think so.
2.0
     Α
                Does My Cash Now own any interest in any
21
22
     other entity?
23
     Α
                No.
24
                Does paydaymax own any other interest in
     any other entity?
25
```

7.0

```
1
     Α
                No.
                Does Credit Payment Services own any
 2
     interest in any other entity?
 3
     Α
                No.
 4
 5
                Does any entity own any interest in
     My Cash Now?
 6
 7
     Α
 8
                Does any entity own any interest in
     0
 9
     paydaymax?
                      There's nothing to own.
10
     Α
                 No.
                 Does any entity own any interest in
11
12
     Credit Payment Services?
                No.
13
     Α
14
                Does My Cash Now have any trademarks?
15
     A
                No.
                Does My Cash Now have any software?
16
     Q
17
                No.
     Α
                Does My Cash Now have any interest in or
18
     Q
     rights to an internet domain name?
19
20
     Α
                No.
                Does My Cash Now have any interest in or
21
     rights to an internet web site?
22
23
     Α
                      My Cash Now doesn't have anything.
                Absolutely nothing at all?
24
                Absolutely nothing at all.
25
     Α
```

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```
What about paydaymax?
     Q
1
 2
                Same answer.
     Α
                So basically, both companies were just
 3
     0
     set up to provide a corporate shell to further
 4
 5
     protect your internet-based cash advance business?
 6
                Yes.
                When did you first have the idea of
 7
     0
     setting up paydaymax?
 8
                Maybe a year ago or whenever.
 9
     Α
                Do you have any other interest in or
10
     0
     involvement in a business which is engaged in
11
12
     internet-based cash advance work or services?
13
     Α
                discountadvances.
                Tell me about that.
14
     Q
     Α
                It's all the same answers you got twice
15
     already.
16
17
     0
                All right.
                             What --
                They own absolutely nothing. It's a
18
     Α
     shell.
             They're in some third-world tax-free
19
20
     country, I don't know which one. Scott Wilson set
21
     it up.
22
                What was that exact name again?
     Q
                discountadvances.com.
23
     Α
24
                Any others?
     Q
                Well, it used to be called igotit.com,
25
     Α
```

```
and we renamed it to discountadvances.
 1
                 And that's all of them.
 2
                 When was discountadvances set up,
 3
     Q
     including under its old name? When did it first get
 4
 5
     set up?
                 About a year ago.
 6
 7
     0
                 So about the same time that paydaymax
     did?
 8
                 Yeah, pretty close.
 9
     Α
10
                 Was it set up for the same purpose as
     0
11
     paydaymax?
12
     Α
                 Yes.
13
                 And it owns absolutely zero?
     0
14
                 Correct.
                 Do you know who the shareholders of
15
     0
16
     discountadvances are?
                 No.
17
     Α
                 Do you know who the officers are?
18
     Q
19
                 No.
20
     0
                 Do you know who the directors are?
21
     Α
                 No.
22
                 Would you be the one who is the primary
23
     decision-maker or controller of discountadvances?
24
                 Yes.
     Α
25
                 Do you know what third-world country was
     Q
```

```
used in connection with discountadvances?
 1
 2
     Α
                 No.
     0
                 Does it have a contract with Credit
 3
 4
     Payment Services?
                 I'm sure it does.
 5
     Α
                 It would basically be the same as the
 6
     contract that paydaymax and My Cash Now would have?
 7
     Α
                 Yes.
 8
 9
                 Does any money ever flow to
     discountadvances?
10
11
     Α
                 No.
12
                Has any money ever flowed to
     discountadvances?
13
14
     A
                 It's another shell corporation.
15
     0
                 It's basically identical with My Cash Now
     and paydaymax, other than the name?
16
                 Exactly. And the fee is a little bit
17
     А
     cheaper.
18
19
     Q
                Just because it's in another country?
20
                Just because we thought we'd try
     something different.
21
22
     0
                How was the fee cheaper on that one?
23
     Α
                We charge seventeen fifty for two weeks
     instead of eighteen sixty-two.
24
25
                 Fee for what?
     0
```

```
1 A For a loan for a hundred bucks.
```

- 2 Q Oh, okay. You're saying the fees charged
- 3 | to customers?
- 4 A The fees we charge the customer.
- 5 Q Okay. Is it actually discountadvances
- 6 | that charges the fee, or is it Credit Payment
- 7 | Services that charges the fee?
- 8 A I don't know.
- 9 Q With regard to My Cash Now, is it
- 10 My Cash Now that charges a fee, or is it Credit
- 11 | Payment Services?
- 12 A I don't know.
- 13 | Q With regard to paydaymax, do you know
- 14 | which one charges the fee?
- 15 A I don't know.
- 16 | Q Who determines the fee to be charged?
- 17 | A Me.
- 18 | Q What state laws, if any, do you attempt
- 19 | to comply with while conducting business under the
- 20 | name of My Cash Now?
- 21 A I don't know how to answer that. What
- 22 | are you getting at?
- 23 | Q Well, I will compare it, to give some
- 24 | background for the question, to Bricks And Mortar
- 25 | cash advance business.

```
1
                If the Bricks And Mortar cash advance
 2
     business were located here in Chattanooga, I would
     expect the owner of that business to try to make
 3
 4
     sure it complied with Tennessee law.
 5
                That's the kind of question I'm asking
     here.
 6
 7
                With regard to your internet-based cash
 8
     advance business operated under the name My Cash
     Now, what state law do you -- if any, do you attempt
 9
     to comply with?
10
11
                Well, now, we attempt to comply with as
12
     many as possible. But it's --
13
                This is an area in which state laws vary
     Q
14
     a bit from state to state, right?
15
     Α
                They vary a lot.
                So do you attempt to comply with the
16
     payday advance laws of any particular state or
17
18
     states when doing business under the My Cash Now
19
     name?
20
                Well, I had Bob Lockaby do some research
     Α
     on that before we started this business.
21
2.2
     basically, he came back with, as long as we don't
23
     actively solicit customers in a certain state, then
24
     we're all right.
25
                If you take some state that has a lower
```

```
fee than what My Cash Now has, if the customers are
 1
     seeking us out trying to do business with us, that's
 2
     our right. But if we're -- we can't specifically
 3
     target a specific state that has lower allowable
 4
     fees than what we charge.
 5
                So is there a particular state whose law
 6
     you attempt to comply with when doing business under
 7
     the My Cash Now name?
 Я
                Well, I quess if it was any state, it
 9
     Α
     would be Nevada.
1.0
                You're not sure if you attempt to comply
11
     with Nevada State law or not?
12
                Well, I know we did.
13
     Α
                Okay. Do you attempt to comply with
14
     state law in any other state when conducting
15
     business under the My Cash Now name?
16
     A
                I don't understand the question.
17
                THE WITNESS: Do you understand the
18
19
     question?
                MR. ALLEN: I thought he answered it,
20
     that he said they try to comply with them all, to
21
     the extent they can. I don't know what else he can
2.2
     say. I mean, I --
23
                You know, you can -- if you can answer
2.4
     it, answer it. If you can't, you can't answer it.
25
```

```
1
                THE WITNESS: I don't understand the
 2
     question.
                MR. DUGGINS: All right.
 3
 4
                MR. ALLEN: Let me just note, again, I
 5
     think we're getting pretty far astray from any
 6
     issues relating to a default judgment against
 7
     My Cash Now.
                Whether or not what they do complies with
 8
     the state law of Alaska, I don't know how that has
 9
     any relevance whatsoever to post-judgment
10
11
     discovery. So to that extent, let me just note
12
     that.
     BY MR. DUGGINS:
13
                Other than the State of Nevada's laws, do
14
     Q
15
     you try to comply with the laws of any other state
     when conducting business under the name of
16
     My Cash Now?
17
18
     Α
                Well, yeah, we try to comply with their
19
     laws.
20
                All right. Any particular states?
     0
                I don't understand your question.
21
     Δ
2.2
                All right.
     0
23
     Α
                Like, are we out there trying to break
     laws in certain states? Is that what you're
2.4
25
     asking?
```

I'll back up and try to approach it from 1 0 a different way. 2 It's my understanding that in the check 3 advance industry, different states will say that you 4 can only charge fees of a certain amount, or they 5 will have guidelines on the time for repayment and 6 things like that. 7 Does My Cash Now try to comply with, 8 specifically, the laws of the State of Tennessee 9 when conducting its check advance business? 10 Well, what I understand is that because 11 Α our decisions aren't actually made here in the 1.2 13 United States, the decision is deemed to have been 14 made or the loan is made wherever the decision is reached. 15 16 And frankly, the servers make a lot of

And frankly, the servers make a lot of the decisions. And this employee up in Toronto makes a lot of the decisions.

Q Are any of the decisions made elsewhere?

A No.

17

18

19

20

21

2.2

23

24

25

Q When you say the server makes the decisions, are you basically saying that if a customer inputs certain information, the computer can determine yes, this loan is approved, or this loan is denied?

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```
1
     Α
                 Yes.
                 And then sometimes there's circumstances
 2
 3
     which require a live body to make a determination?
                 Yes.
 4
     Α
                When that is the case, is it always this
 5
     0
 6
     person in Toronto that makes the decision?
 7
                 Yes.
                 Is the same true for operations conducted
 8
     under the name of payday --- no -- yeah,
 9
10
     paydaymax?
11
     Α
                Right.
                 Is the same true when operations are
12
13
     conducted under the name of discountadvances?
14
     Α
                Yes.
15
                 MR. DUGGINS: Let's take a short break
     off the record.
16
17
                 (Thereupon, an off-the-record discussion
18
     was held.)
19
     BY MR. DUGGINS:
20
                All right, Mr. Brown, I think I have just
     0
21
     a few additional questions.
22
                 The Rossville Boulevard address we've
23
     talked about, is that actually in Tennessee or in
24
     Georgia?
25
     Α
                Tennessee.
```

```
1
                 And if there was a -- if there is or was
     0
 2
     a registered agent for My Cash Now in Grenada, what
     is the name of that person?
 3
                 The name of that person?
     Α
                 Or entity.
 5
     Q
                 I have no idea.
 6
     Α
 7
                 How would you find out?
                 From Scott Wilson.
 8
     А
 9
                 If someone were wanting to communicate
10
     with My Cash Now and wanted to talk to a live
11
     person, who would they talk to?
12
                 There isn't anybody to talk to.
13
     Q
                 When My Cash Now was created, what
     corporate documents were created in connection with
14
     the entity's establishment?
15
16
                 I don't know.
     Α
17
                 Is My Cash Now still an active
18
     corporation today?
19
     Α
                 I think so.
2.0
     Q
                 Has there ever been any change of
21
     ownership of My Cash Now?
22
     Α
                 No.
23
     0
                 When you dealt with Jason Gilstrap, why
24
     did you use the My Cash Now name?
                 MR. ALLEN: Let me object and ask you to
25
```

```
7
     clarify. Are you talking about during conversations
     or are you talking about specifically with respect
 2
 3
     to this contract?
 4
                MR. DUGGINS: Both. And I'll be happy to
     break it down.
 5
     BY MR. DUGGINS:
 6
                We'll start with the contract.
 7
     0
                Why was the My Cash Now name used as you
 8
 9
     dealt with Jason in connection with the contract?
10
     Α
                Well, I didn't write the contract, so I
     don't know. His attorney wrote the contract.
11
                Did you have an attorney involved in that
12
13
     process, as well?
14
     Α
                Yes.
15
                Who was that?
16
     А
                Jerre Mosley.
17
                I take it you reviewed the contract
18
     before signing it?
19
                Well, I don't know.
     Α
20
                Can you tell me anything else as to why
21
     you used the My Cash Now name in connection with
22
     that contract?
23
     Α
                Used that name as opposed to what name?
2.4
     O
                As opposed to any other name.
25
     Α
                Well, because the web site's name is
```

8.2

```
mycashnow.com.
 1
                Okay. Is there any other reason why
 2
     My Cash Now was used as the name or part of the name
 3
     in connection with that contract in front of you as
     Exhibit 1?
 5
                Like I said, I didn't write the
 6
     contract. So I don't --
 7
                But your attorney was involved in writing
 8
     0
 9
     it for you, correct?
                No, I didn't write it. His attorney
10
     Α
11
     wrote it.
12
                But your attorney was involved in the
13
     contract negotiation and resolution process,
14
     correct?
                Well, apparently he didn't do a very good
15
16
     job if he was involved.
                But you would agree that he was involved,
17
18
     correct?
19
                He was involved.
     Α
20
                And when you say "apparently he didn't do
21
     a very good job, " are you referring to the exact
2.2
     name of the company that was referenced in the
23
     contract?
24
     Α
                Yes.
                What should that name have said?
25
     Q
```

```
1 A mycashnow.com, Inc. And then I shouldn't
```

- 2 | have signed for it anyway.
- 3 | Q Why?
- 4 A Because I'm not an officer.
- 5 Q Do you know that for sure?
- 6 A Yes.
- 7 | Q Why do you know that for sure?
- 8 A Because I remember having that
- 9 conversation with Scott Wilson.
- 10 Q Has My Cash Now had any business dealings
- 11 | with any entity in which you have any involvement,
- 12 other than Credit Payment Services?
- 13 | A No.
- 14 | Q Has paydaymax had any involvement or
- 15 | business dealings with any other entity in which you
- 16 | have involvement, other than Credit Payment
- 17 | Services?
- 18 A No.
- 19 Q Has discountadvances had any business
- 20 dealings with any other entity in which you have
- 21 | some involvement, other than Credit Payment
- 22 | Services?
- 23 A No.
- 24 | Q I'm going to repeat a question about
- 25 | which you and I had some disagreement on earlier.

```
And that is, I'm going to be asking for
 1
 2
     identification of other companies in which you have
 3
     active involvement or ownership interest.
                And in respect to Mr. Allen, I know he
 4
 5
     has objected to that before.
                MR. DUGGINS: I'll let you know that's
 6
 7
     what I'm intending to ask now, and you can state
     whether you're going to instruct him not to answer
 8
 9
     or not.
10
                MR. ALLEN:
                            Let me -- are you asking him
11
     to identify any business interests outside --
12
     completely outside the realm of any check cashing
13
     industry?
14
                MR. DUGGINS:
                              At this point, I'm just
15
     dealing with check cashing. But it does include the
     Brick And Mortar.
16
17
                MR. ALLEN: I think that's okay, to the
18
     extent you can answer it.
19
     BY MR. DUGGINS:
20
                Please tell me the names of the
     0
     businesses which you have some type of involvement
21
22
     in which engage in the check cashing industry or
23
     payday advance, whatever you want to call them.
24
     Α
                EMTP, LLC; HFMI, LLC; KKI, LLC -- that's
     all.
25
```

```
1
     Q
                And with regard to those three, what
     specific business activities do they engage in?
 2
 3
                Payday loans.
     Α
 4
                Are they all Brick And Mortar businesses?
                Yes.
 5
     Α
                In what geographical zone do they conduct
 6
 7
     business?
                Chattanooga.
 8
     Α
 9
                Under what names do they do business?
10
     Α
                The EMTP is Easy Money. The HFMI is
11
     Mom and Pop. KKI is Kwik Kash, spelled with K's.
12
                Do any of those entities operate a payday
13
     advance store location outside the Chattanooga area?
14
     Α
                No.
                What about into Georgia, I quess, because
15
     that could be considered the Chattanooga area.
16
17
     any of these entities have a store or facility in
18
     Georgia?
19
                No.
     Α
20
                How many stores or facilities do these
     three have combined?
21
22
                Six.
23
                And are you the --
     0
24
                No, wait -- five.
     Α
25
                All right. Is there a sixth store that
     Q
```

```
is under a different name?
 1
 2
     Α
                 No.
                 Why were you thinking there was a sixth
 3
 4
     store?
                 Well, HFMI has a store in Georgia, too,
 5
     Α
     but we don't do payday loans there.
 6
 7
                 Okay. Who are the owners of each of
     those three entities?
                 I am.
 9
     Α
10
                 Are you the sole owner of all three?
11
     Α
                 Yes.
12
                 Are you the chief manager for each of
     those three?
13
14
     Α
                Yes.
15
                 Do you also go as president of each of
     those three?
16
17
     Α
                No, just chief manager.
18
                Are there any other members of those
     Q
     LLC's?
19
20
     Α
                I don't know.
21
                Do you know if they're board-managed or
22
     member-managed?
23
                What would the difference be?
     Α
                MR. ALLEN: Well, obviously you don't
24
25
            If you don't know, don't --
```

```
1
                 THE WITNESS: I don't know.
 2
     BY MR. DUGGINS:
                 Is there a board for any of these three
 3
 4
     entities?
 5
                No.
     Α
 6
                 Was Scott Wilson involved in setting up
 7
     these three entities?
     Α
                No.
 8
 9
                 Did you have an attorney assist you in
     setting up these entities?
10
11
     Α
                 Yes.
                Who was that?
12
     Q
13
                Jerre Mosley.
                Did Pearl, at one point, have any
14
     0
     involvement in these entities?
15
                 I don't recall.
16
     Α
17
                Do you have any other business or
18
     involvement in any other business which engages in
19
     any type of payday advance type of business?
20
     Α
                No.
21
                 Perhaps I'm recalling wrong or
2.2
     misunderstood earlier, but I thought earlier in your
23
     testimony you indicated that there were a large
     number of businesses that you have been engaged in,
24
     payday loan type business.
25
```

```
1
     Α
                 Well, if I said that, then I
     misunderstood your question.
 2
                And I, frankly, maybe misunderstood or
 3
 4
     was recalling wrong. So I'm certainly not making
 5
     that as a representation.
 6
     Α
                 Okay.
 7
                 I could have easily misunderstood that.
     0
 8
                 What other -- and now I am moving -- I'm
 9
     not asking for specific identification, but in
     general, what other business activities are you
10
     involved in?
11
12
                Title pawns and car sales.
     Α
13
                In what states?
     0
14
     Α
                Tennessee and Georgia.
15
     0
                Any other state?
                No.
16
     Α
17
                Any other business activities, in
     general, that you're involved in?
18
                Real estate.
19
     Α
20
                Anything else?
     0
21
     Α
                No.
22
                Under what names are you conducting
23
     business in the title pawns and car sales area?
24
                MR. ALLEN: I'm going to -- at this point
25
     in time, I think the deposition has gone well beyond
```

```
the scope of post-judgment discovery deposition.
 1
 2
                There's not a judgment against Mr. Brown
     personally. I think it's bordering on harassment at
 3
 4
     this point in time, and I'm going to instruct him
     not to answer.
 5
                 If the Court orders him to do so, we will
 6
 7
     certainly make him available at the appropriate
     time.
 9
                MR. DUGGINS: But you are instructing him
10
     not to answer?
11
                MR. ALLEN: I am.
12
                MR. DUGGINS: All right. We'll go ahead
13
     and stop there for today then. Thank you.
14
                FURTHER THIS DEPONENT SAITH NOT.
15
                       (Signature waived.)
16
17
18
19
20
21
22
23
24
25
```

1 REPORTER'S CERTIFICATE 2 STATE OF TENNESSEE 3 COUNTY OF HAMILTON 4 5 I, Debbie L. Huntoon, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in 6 the foregoing deposition was duly sworn by me; 7 That the testimony of said witness was taken by me in machine shorthand and thereafter 8 reduced to typewriting, that the said deposition is 9 a true record of testimony given by said witness; 1.0 That I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that 11 I am not a relative or employee of any attorney or 12 counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action: 13 14 That the said deposition has in no manner been changed or altered since same was given by said 15 witness, and that the same has remained in my possession up to the time of delivery. 16 In witness whereof, I have hereunto set my hand this ______ day of _____ March_ 17 18 19 20 Court Reporter Public in and for 21 of Tennessee at La Commission expires: 22 23 24 25

EXHIBIT "A"

LICENSING AGREEMENT

THIS IS A COMPUTER SOFTWARE LICENSE AND DATA BASE UPDATE AGREEMENT between ELECTROWEB MEDIA, Inc., having a principal place of business at 206 Warthen Street, Lafayette, Georgia 30728 ("Licensor"), duly organized under the laws of the State of Georgia; in good standing with the State of Georgia; authorized to enter into this agreement; not subject to any claims or pending litigation regarding the copyright or ownership of the software, and which company is possessor and holder of all applicable copyrights, and My Cash Now Services, Inc. and Carey Brown, personally and individually, having a principal place of business at (To be inserted by parties at later date during 2001)

to as "Licensee") ("Agreement"). This Agreement shall be on the terms and conditions set forth herein and as set forth in the definitions section also referred to as Detailed Licensing Terms applicable to Software Documentation and Database (attached hereto), which together shall constitute the entire agreement of the parties.

- 1.0 Licensee and effective date.
- 1.1 The authorized licensee is:

My Cash Now Services, Inc.

and

Carey Brown, personally and individually, or acting on behalf of My Cash Now Services, Inc.

- 1.2 The effective date of this Agreement is the date on which the last party to execute this Agreement executes this Agreement.
- 2.0 Installation and Setup fee. Licensee agrees to pay Licensor a one-time installation and setup fee for the services provided to Licensee in setting up the Program and database for the Licensed Territory (as defined herein) which includes 100 hours interpreted to mean 21 days of service not to exceed 5 hours per day, excluding time spent waiting on third parties, particularly Qdebit, and others, and for the advice and assistance on equipment and business methods which Licensor provides in written and oral form. The total fee for such services shall be FIFTEEN THOUSAND DOLLARS (\$15,000) and is payable on delivery of the Software and Documentation, and initial database for the specified Licensing Territory.



3.0 Service Fee.

- As continuing compensation for the License granted hereunder, and for the continuing 3.1 obligation of Licensor to provide maintenance of the database, excluding enhancements (as defined herein) to the Software and Documentation, as required, Licensee shall pay to Licensor for each calendar month during the term hereof, a royalty fee, a minimum of \$100,000 in the first year, which fee shall be paid on or before the 20th day of each month, and shall be at least an amount equal to twenty percent (20%) of Licensee's Monthly Net Billings up to and including \$500,000 and then for the remaining period of that calendar year fifteen percent (15%) of Monthly Net Billings over \$500,001 payable as described in this paragraph 3.1 The term "Net Billings" means Licensee's total Gross Billings on transactions less (1) sales or other taxes charged on the service provided (but not any taxes based on Licensee's income); (2) refunds to customers; and (3) bad debt realized from unpaid loans. No other actual expenses incurred by Licensee including, but not limited to, deductions, set-offs, bad debt not related to unpaid loans or credits whatsoever will be deducted from the Gross Billings amount. The term "Gross Billings" means all income received by Licensee from the use of the Software and Documentation in the operation of the business from every source and however denominated. However, Gross Billings does not include unrelated business income, such as, interest on investments or dividends on securities used to hold surplus cash. Enhancements, as defined in Paragraphs 1(I) and 8 of the Detailed Licensing Terms attached hereto and incorporated herein by reference, shall be provided at \$150 per hour. Subject to the terms of the Exclusivity provision contained in Paragraph 8.0 herein, Licensee agrees that it will pay a minimum guarantee of \$100,000 in the first year on net billing revenues as calculated above. If, after nine (9) months, fees do not reach the \$100,000 mark, Licensee will pay the outstanding balance over the course of the remaining three (3) months of the contract year. The outstanding balance shall be paid in three (3) equal monthly installments in the then current contract year.
- 3.2 Licensee shall sponsor all transactions through Licensor's systems and servers.
- 3.3 Licensee shall make available to Licensor and its representatives, promptly upon Licensor's request therefor, all of Licensee's records, including without limitation, financial records and financial statements, in order for Licensor to accurately determine the amount owing by Licensee hereunder. Licensor shall have the unlimited right to access Licensee's computer system by telecommunications or, during normal business hours by direct access, for the purpose of monitoring usage and for program and database maintenance, however, such access will not unreasonably interfere with the operation of the system. The Licensor shall keep these financial records and information confidential except to the extent that disclosure is necessary to resolve any dispute between the parties

or to comply with the requirements of taxing or other governmental authorities.

- 4.0 **Licensing Territory.** As used herein, the term "Licensing Territory" shall mean Tennessee and Georgia.
- 5.0 Term and Termination.

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- 5.1 This Agreement shall run for five (5) calendar years, commencing on April 15, 2001. As long as the Agreement is not terminated by either party by reason of the default of the other party during the first five year term, the Agreement shall renew automatically for a second five (5) year term. After the expiration of the second five (5) year term, the Agreement shall renew automatically from year to year unless one party shall give the other party written notice of non-renewal at least six (6) months before the automatic renewal date of the Agreement.
- 5.2 Recognizing that Licensee may elect to utilize this License through a partnership or subsidiary corporation in which Licensee is the controlling partner or the majority shareholder, Licensor hereby grants to Licensee (but not the Licensee's assignee) the limited right to assign this Agreement with its rights to use the Software and Documentation licensed hereunder to any business entity of which Licensee is and continues to be a controlling partner or majority shareholder ("Assignee"), for operations within the Licensing Territory and subject to limitations as set forth herein or that run contrary to the agreement established herein.
- 5.2.1 If at any point Licensee ceases to be controlling partner or majority shareholder of the Assignee, then Licensor may, but need not, require the termination of any assignment. If Licensor requires the termination of the assignment under this provision, said assignment shall by itself terminate with no further action on the part of Licensor, and the license shall be deemed reassigned to Licensee.
- 5.2.2 Licensee shall continue to be liable for all sums due from the Assignee and no failure on the part of Assignee to make payments due to Licensor shall relieve Licensee from its individual obligation to make said payments. The bankruptcy or insolvency of the Assignee or of the Licensee itself shall be cause for immediate termination of this License, and should Licensor be unable to terminate License because of the provisions of the United States Bankruptcy Code and Laws, then the trustee or other party in possession of the Software and Documentation shall be obligated to protect the trade secret status of the said information by executing a trade secret agreement or returning any source code and internal documentation which it may possess to Licensor immediately upon request. The Assignee holding this License under any assignment shall have no authority whatsoever to further assign or to sub-license this License or any Software and Documentation and on termination or liquidation of the Assignee, the

- assignment shall automatically terminate and all the rights granted in this license shall be reinvested in Licensor.
- Assuming no event of termination has occurred, during the tenth (10th) year, and each 5.2.3 year thereafter, a party not intending to renew the License for the eleventh (11th) or a successive year shall give at least six (6) months written notice to the other party. Should Licensor decide not to continue to license the Software and Documentation and to update the database after the tenth year for any reason other than a default by Licensee, the Licensee shall be entitled to continue the license at the royalty described herein unless otherwise agreed to in writing by officers of Licensor and Licensee and to maintain the Software and Documentation and the database itself under the terms of this Agreement. If Licensee provides its own maintenance under this provision of the Agreement, royalty to be paid for all subsequent years shall be that required hereunder, less the actual cost of maintaining the Software and Documentation and the database incurred by Licensee. However, in no case shall the monthly royalty fee be less seventy-five (75%) of the royalty fee that would otherwise be payable if Licensor was still providing full maintenance services including all the other terms of the License for years beyond the tenth year. Licensee shall indemnify Licensor from all claims that result from any copyright or other infringements of third party rights or from any errors or malfunctions that occur after Licensee has elected to provide its own Software and Documentation maintenance and database update services.
- 5.2.4 Assuming no event of termination has occurred, after the end of the tenth (10th) year of the Agreement, Licensee shall have the option to make a lump sum payment in place of all future royalty obligations. The lump sum required shall be fifty percent (50%) of total royalties and fees paid by Licensee under this Agreement during the five (5) years preceding Licensee's election to make the lump sum payment. If Licensee elects this option, Licensee shall be required to provide all future maintenance for the Software and Documentation and the database itself under the terms of the Maintenance Agreement. The entire lump sum shall be due and payable to Licensor at the time that the election is made.
- Notwithstanding the foregoing provisions, Licensor may terminate this Agreement as of the thirtieth (30th) day after written notice of default to Licensee, if the default is not cured by that date. Regardless of the basis for termination, the Installation and Setup Fee shall be non-refundable in its entirety, and the Service Fee shall be payable as scheduled, for all revenues accrued or accruable on Licensee's books through the actual termination date.
- Neither party to this Agreement shall be liable by reason of termination of this Agreement to the other for compensation, reimbursement, or damages on account of any loss of prospective profits on anticipated sales or on account of expenditures, investments, leases, or other commitments relating to the business or goodwill of either party,

notwithstanding any law to the contrary.

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- 5.5 Licensor has made provision for Licensee and its permitted assigns to have access to the software source code and the required database software in the event Licensor or his succession are not able to provide the software and database update services required by this Agreement. This access has been provided for under the Maintenance Agreement, referred to above.
- 6.0 Items to Be Delivered. The following items, and no others, shall be deliverable by Licensor, as part of the initial setup and services, on or before the scheduled delivery date of within five (5) business days after Licensee purchases and receives delivery of the appropriate Server.
- A. Licensed programs (Software), Documentation, and appropriate, empty database for the Licensing Territory, which can then be configured for Licensee's equipment and all to be current as of the effective date of this Agreement, or more recently, if available. The Software licensed according to the detailed License attached is known as ELECTROWEB LOAN, in substantially the form described in the Operational Description in the Documentation provided to Licensee, as the said Software may be changed by Licensor from time to time.
- B. Listing of suggested equipment and procedures for installation of the Software and equipment.
 - (Refer to Appendix A previously provided to Licensee by Licensor)
- C. Suggested business plan and method of operations, including suggested customer contract and other form for use in the business, based on the Software and Documentation and the database.

Included in Software and Documentation set-up.

Licensee understands that the obligation to order, purchase, and install the necessary equipment is that of the Licensee and its third-party suppliers. The Software and the database cannot be installed or tested until all required equipment is on hand and in complete working order. Licensor shall have no liability for late or malfunctioning installations caused by late or non-working equipment. Licensor is not engaged in providing or repairing equipment, and has no responsibility to Licensee for any of it.

7.0 **Taxes and Government Licenses.** Licensee agrees to pay, upon demand, any and all sales, use, or other similar tax which may be assessed on Licensor by any governmental agency on any aspect of the transaction contemplated hereby. Licensee shall be solely responsible for procuring and maintaining any license or franchise required to operate the business in which the

8.0 Exclusivity of License. Licensee is granted a license of exclusive use, for one year, in the Licensed Territory as defined herein. This license for exclusive use is a yearly license renewable annually at the election of the Licensee and should Licensee elect to cancel the license, he must notify Licensor, in writing, at least thirty (30) days prior to the end of the current contract year. This license for exclusive use is granted expressly upon Licensee's agreement to pay at least \$100,000 based on the formulae and calculations established herein and with specific reference to Paragraph 3.1 herein. In the event of Licensee's default hereunder, for payments outlined under this Agreement, Licensor shall be entitled to suspend the exclusive license and any other obligation outlined herein until such time as Licensee cures the default outlined herein.

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- 9.0 Indemnity. Licensee and Licensor, and their Assignees, if any, mutually agree that they, jointly and severally, if more than one individual or entity, shall indemnify and hold harmless, each other from any and all liability and claims against each other by anyone, which arise out of or in connection with the use of the Software and the database contained therein in the operation of Licensee's business. The indemnity shall include all costs and damages which either party is required to pay by reason of litigation or claims against either party for such reason including court costs and legal fees.
- 10.0 **Ownership**. Licensor represents that it is the holder and owner of the copyright of the software source code which is the subject of this agreement and that no other entity or individual holds any ownership or copyright interests in the subject software source code referenced herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below:

Dated: 3/9/2001

V.

ELECTROWEB MEDIA, Inc.

By: <u>(nou)</u> X Jason Gilstrap

Dated: 3 9 2001

My Cash Now Services, Inc.

Carey Brown, President

and

Carey Brown

Carey Brown

personally and individually

DETAILED LICENSING TERMS APPLICABLE TO SOFTWARE, DOCUMENTATION AND DATABASE

Licensor's grant to Licensee of the right to use and possess the copy of the licensed materials described on the cover page of this License shall be subject to the following additional terms and conditions:

1. Definitions of Terms Used.

- A. Licensor means **ELECTROWEB MEDIA**, **INC.** having its principal place of business in 206 Warthen Street, Lafayette, Georgia, 30728 the author and owner of the copyright on the Licensed Software.
- B. Licensee means the individual or entity licensing the copy of the Software described in Paragraph 4 of the Licensing Agreement. Only those persons in Licensee's organization having a need to use the Software in the normal course of business or employment are authorized to use the Software in the operation of the business of Licensee in the Licensing Territory and under the terms of this Agreement.
- C. Licensed Territory is the specific limited geographical area described on the cover page of this Agreement. Licensee is only licensed to use this Software to render services in that territory defined, specifically as the place where decisions regarding accepting or rejecting loans are made. Use of the Software or the rendering of services using the Software in any other territory is prohibited and is a violation of this Agreement.
- D. Software is the set of copyrighted, object code computer programs and databases licensed hereunder, and to be provided by Licensor, from time to time. The Software is an unpublished work, copyrighted by Licensor under the United States Copyright laws.
- E. Documentation means any Software manual and any written or printed technical material provided by Licensor with the Software to explain the operation of the Software and aid in its use.
- F. License means this License Agreement and the rights and obligations which it creates under the United States copy right laws and other applicable state or federal law.

- G. Derivative means any computer software program which may be developed containing any part of the Software, regardless of the form of the resulting code, the media it is carried on, or its intended use.
- H. Trade Secret means the program structure, logic, data structures, design processes, procedures, formulae, and algorithms contained in the ordered set of instructions which together constitute the Software that may be disclosed by either the Software or the Documentation. Trade Secret does not include information which is publicly known through no fault of the Licensee or Licensee's employees, contractors, agents, nor does it include information which is lawfully received by Licensee from a third party not bound in a confidential relationship to Licensor, nor information disclosed by Licensor to a third party without obligation of confidentiality.
- I. Enhancements mean feature or a combination of features not existing in the Software as it currently exists and operates or in the Software and Documentation then current. These feature(s) are requested by Licensee and are to be used solely for Licensee's business needs. Any other definition of enhancement shall be mutually agreed upon by Licensor and Licensee.

2. Grant of License and Licensee's Agreements.

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- 2.1 In continuation of Licensee's payment of the initial set-up and continuing service fees stated on the cover page of this License, and of Licensee's agreement to abide by the terms and conditions of this License, Licensor grants Licensee an exclusive and nontransferable right to use and display the specific version of the Software listed on the cover page, only in the Licensing Territory listed, and to render services to customers using the Software and Documentation within the Licensing Territory during the term of this Agreement and any renewals thereof. Licensor retains the right to terminate this License, at any time, should Licensee violate any of its provisions. Licensor reserves all rights not expressly granted to Licensee.
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- 2.4 Licensee agrees to return the original and all existing copies of the Software and Documentation to Licensor within five (5) days after the termination date set forth in the written notice of Licensor's termination of this License for any authorized reason, whether a breach or expiration under the Agreement.
- 2.5 To the extent provided for and allowed by the terms of paragraph 5.2 in the section entitled "Term and Termination" in front part of this Agreement, Licensor consents to the assignment of this License and any existing or future customer service agreements Licensee may enter into under this License.
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- 4. Possession and Copying of Software. Licensee agrees that the Software will only be displayed or read into or used on computers required to render services within the Licensing Territory. Licensee agrees to make no more than two (2) copies of the Software for archival or backup purposes only, all of which copies (together with the original) shall be kept in the possession or direct control of Licensee and within the Licensing Territory. Licensee agrees to place a label on the outside of each backup copy showing the program name, version number, and the Licensor's copyright and trademark notices, in the same form as they appear on the original licensed copy.
- 5. Transfer or Reproduction of Software.

- 5.1 Licensee is NOT licensed to rent, lease, transfer, network, reproduce, display, or distribute this Software, except as specifically provided in Paragraph 2.4 of this License Agreement. Licensee acknowledges that unauthorized reproduction of copies of the Software may constitute a serious crime; such actions may also result in a suit for damages, injunctive relief, and attorney fees.
- 5.2 Except as provided in Paragraph 2.4 of the second part of this Agreement entitled

"Detailed Licensing Terms" and as provided for by the terms of Paragraph 5.2 in the first part of this Agreement entitled "Term and Termination," Licensee may not transfer any copy of the Software and Documentation to another person or entity outside Licensee's immediate organization, on either a permanent or a temporary basis without the express written consent of Licensor. If Licensee attempts an unauthorized transfer, this License shall terminate immediately on notice from Licensor.

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- 5.3 This License shall terminate immediately on notice from Licensor in the event of a sale or other transfer of Licensee's service business without the express written consent of Licensor. In addition, this License shall terminate immediately on notice from Licensor in the event of a sale or other transfer of stock, partnership, or other interests in Licensee, that results in Licensee's original shareholders or their families owning, in aggregate, less than fifty-one percent (51%) of the voting stock of the Licensor or any permitted transferee without the express written consent of Licensor. Any required consents shall not be unreasonably withheld or delayed.
- 5.4 If a transfer is made without a required approval, Licensee shall return the Software and Documentation to Licensor, including all copies, within five (5) days of receiving notice of termination from Licensor. In the event of an authorized transfer of the service business, the transferee shall sign a new license for the Software and Documentation directly with Licensor on Licensor's then current terms and conditions. There will be no change in the licensing terms, except that the transferee shall pay Licensor a transfer and retaining fee of \$5,000.00 due upon approval by Licensor. Licensor retains the right to terminate this License and to take legal action if any of these conditions are violated.
- 6. **Derivatives, Adaptations, and Modifications to the Software.** Licensee is prohibited from making any modifications to the Software and Documentation and from creating any derivative of the Software and documentation. However, Licensee may edit specified files in the database according to that allowed by the source code. If any other changes or adaptations are desired or required by the source code, Licensee may request assistance from Licensor; however, Licensor shall have no obligation to provide customizing services, other than those required for initial installation and for revised databases and program function updates (defined as adjustments to program in light of increased transactions) required from time to time. Any such services provided bear an additional charge to be determined, based upon reasonable criteria, by Licensor.
- 7. Limited Warranty and Disclaimer of Warranty. LICENSOR HAS NO CONTROL OVER THE CONDITIONS UNDER WHICH LICENSEE USES THE SOFTWARE. THEREFORE, LICENSOR DOES NOT AND CANNOT WARRANT THE RESULTS THAT MAY BE OBTAINED BY ITS USE. HOWEVER, LICENSOR PROVIDES THE FOLLOWING LIMITED PERFORMANCE WARRANTIES:

- 7.1 Licensor warrants that the magnetic media which the Software and Documentation is recorded on and the documentation provided with it are free from defects in materials and workmanship under normal use. Licensor warrants that the Software itself will perform substantially in accordance with the specifications set forth in the documentation provided with the Software.
- 7.2 Should the software not perform after the periods of installation and testing described herein, notwithstanding any other provision to the contrary, seventy-five percent (75%) of the License fee is refundable. "Perform," as used herein is defined, specifically, as: (1) the ability to take applications over the internet; (2) afford My Cash Now Services, Inc., the ability to approve or disapprove loan applications; and (3) be able to transfer all funds necessary to complete the transaction between customers, those seeking loans over the internet, and My Cash Now Services, Inc.
- 7.3 The above warranties and refund provision are made for a period of sixty (60) days from the date each item of Software and Documentation licensed hereunder is installed with Licensee.
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- 7.5 Licensor will either replace or repair any Software that does not perform in accordance with the specifications set forth in the Documentation with a corrected copy of the Software or corrective code. In the case of an error in the documentation, Licensor will correct errors in the Documentation without charge by providing addenda or substituted pages.
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- 7.8 NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FORA PARTICULAR PURPOSE SHALL APPLY TO THE MEDIA, THE DOCUMENTATION OR THE SOFTWARE PROGRAM.
- 7.9 LICENSOR SHALL NOT IN ANY CASE BE LIABLE FOR SPECIAL INCIDENTAL CONSEQUENTIAL INDIRECT OR OTHER SIMILAR DAMAGES ARISING FROM BREACH OF WARRANTY. BREACH OF CONTRACT, NEGLIGENCE, OR ANY OTHER LEGAL THEORY EVEN IF LICENSOR OR ITS AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
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- 8. Software Maintenance. For the duration of this License, Licensor will maintain the Software and Documentation to operate in the Licensing Territory specified in the Licensing Agreement, technical bulletins and updated user guides from time to time and supply Licensee with any improvements or modifications to the Software and Documentation which are not, at Licensor's determination, deemed to be or charged for as enhancements, and which are made generally available to all Licensor's licensees.

9. General Conditions.

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- 9.1 The validity and performance of this License shall be governed by the law of the State of Tennessee, except as to copyright and trademark matters which are covered by United States laws and international treaties. This License Agreement is deemed entered into at Chattanooga, Tennessee.
- 9.2 The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce any such provisions.
- 9.3 The expiration or termination of this License shall not affect provisions of this License which by their terms and meaning are of a continuing nature such as the provisions relating to the use of disclosure of trade secrets.

9.4 This license sets forth the entire understanding and agreement between Licensor and Licensee as to the subject matter hereof and merges all prior advertising, discussions, proposals, purchase orders, agreements, communications, and representations between them, whether written or oral. None of the parties shall be bound by any conditions, definitions, warranties, or representations with respect to any of the terms and conditions hereof other than as expressly provided in this License. This License may only be modified by a written agreement made subsequent to the date of this License and signed by an officer of Licensor and Licensee.

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- 9.5 If any provision of this License Agreement shall be held by a court of competent jurisdiction to be contrary to law, the remaining provisions of this Agreement shall remain in full force and effect.
- 9.6 Headings included in this Agreement are for convenience only and are not to be used to interpret the agreement between the parties.
- 9.7 This License shall be deemed effective from the date Licensee receives the Software and Documentation, and shall be valid only so long as Licensee uses or possesses the software and Documentation, unless canceled by licensor for a violation of its terms.
- 9.8 Recognizing the unusual nature of software and trade secrets, Licensee acknowledges Licensor's right to immediate injunctive relief in case of any breach of this Agreement by Licensee, in addition to any other remedy in damages.
- 9.9 Each and all of the provisions of this Agreement shall be binding upon and shall' inure to the benefit of the parties hereto and their respective successors and assigns.