UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 20-CV-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS GROUP, INC. d/b/a PAR FUNDING, *et al.*

Defendants.
_____/

RECEIVER'S REPLY TO RESPONSES FROM CAPITAL SOURCE 2000, INC. AND SHANNON WESTHEAD TO MOTION TO (1) APPROVE PROPOSED PLAN OF DISTRIBUTION AND (2) AUTHORIZE FIRST INTERIM DISTRIBUTION

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver ("Receiver") of the Receivership Entities, by and through his undersigned counsel, files this reply to the responses from Capital Source 2000, Inc. [ECF No. 2028] (the "CS2000 Response") and Shannon Westhead [ECF No. 2031] (the "Westhead Response") to his Motion to (1) Approve Proposed Plan of Distribution and (2) to Authorize First Interim Distribution [ECF No. 2014] (the "Distribution Motion"), and states:

I. Introduction

Capital Source 2000, Inc. ("CS2000") and Shannon Westhead ("Westhead") oppose the Receiver's distribution plan on the basis that they should not be characterized as "insiders." CS2000 operated as a sister company to Complete Business Solutions Group, Inc. ("CBSG"). It partnered with CBSG in "syndicated" deals, through which CS2000 raised investor funds that CBSG used to fund portions of the advances it provided to merchants. If the merchants repaid CBSG on those particular deals, CS2000 would also receive repayment. Of course, as this Court

has determined, CBSG's operations constituted a Ponzi scheme, and many of these merchants were never able to pay back their MCA balances. Westhead, on the other hand, was a manager of Pisces Income Fund, LLC ("Pisces"), an agent fund that operated under the ABFP umbrella. Westhead was responsible for convincing potential investors—many of which were retirees on fixed incomes—to invest their retirement savings with Pisces, which then pooled those funds for investment into CBSG's Ponzi scheme.

Joseph Cole Barleta (one of the principals and owners of CS2000) ("Cole") and Westhead have both been sued by the Securities and Exchange Commission for their involvement in violating federal securities law in connection with Par Funding's Ponzi scheme, and Cole is currently awaiting trial on criminal charges related to his involvement in the management of Par Funding. Regardless of how those proceedings resolve, it is undeniable that CS2000 and Westhead were each responsible for recruiting additional investors, whose funds were ultimately invested into CBSG's fraudulent scheme. This fact, in and of itself, is sufficient to support a determination that CS2000 and Westhead are insiders and, therefore, their claims fall within Class 8.

II. Memorandum of Law

A. CS2000's motion to intervene should be denied.

In its Response, CS2000 asks this Court for permission to intervene as a party in this action pursuant to Federal Rule of Civil Procedure 24. (CS2000 Response at 6-7). As its purported justification, CS2000 argues that it must be permitted to intervene so that it may obtain from the Court "a determination as to the merits of its claim." (*Id*. at 7). This argument ignores the Court's prior rulings from other parties similarly seeking to protect their interests in the claims they have submitted in this receivership.

In its Order Setting Briefing Schedule for Distribution Plan, the Court clearly stated that "[a]ll claimants with outstanding objections to the Receiver's Distribution Motion shall file a response to the Motion . . . on or before September 9, 2024." (*See* ECF No. 2015 at ¶ 1). Of course, CS2000 availed itself of this right to file a response to the Distribution Motion on September 9, 2024. (*See* ECF No. 2028). It is that very objection to which the Receiver is currently filing this reply. Because the Court has already permitted claimants, like CS2000, to file responses to the Distribution Motion, it is unclear why CS2000 believes it is necessary to intervene in this case. The Court will not rule on the Distribution Motion until after it considers the arguments that CS2000 and other claimants have presented in their oppositions to the Distribution Motion.

Indeed, CS2000's intervention arguments are no different than those the Chehebars and Albert Vagnozzi previously advanced. (*See* ECF Nos. 1842, 1954). The Chehebars and Albert Vagnozzi both argued, like CS2000 now argues, that they needed to intervene in this action for the purpose of protecting interests related to claims asserted against the assets of the Receivership Estate. The Court denied both motions, finding that these claimants "may adequately protect their interest[s] by litigating [their claims] within the context of the Receiver's claims adjudication process as overseen and reviewed by the Court." (*See* ECF No. 1937; *see also* ECF No. 1984 (holding that intervention was inappropriate because claimants "have been given the opportunity to protect their interest through the Receivership's claims handling and distribution processes")).

CS2000's interest in its claim is no different. Like all claimants in this receivership, CS2000 has already been permitted to advance any arguments it wishes the Court to consider prior to ruling on the Distribution Motion. And, in fact, CS2000 has already availed itself of this right, and has presented its argument and supporting evidence about why it believes that CS2000's claim

should be treated differently than the Receiver's proposed classification of the claim in his Distribution Motion. Accordingly, there is no justification for CS2000's request to intervene.

B. CS2000 is properly characterized as an insider.

1. The mere fact that CS2000 has not been sued or criminally charged is irrelevant to an insider determination.

In its response, CS2000 argues that it should not be deemed an insider with a Class 8 Claim because it "was never a defendant in this case," and there are no allegations "anywhere in the United States of America regarding its conduct." (CS2000 Response at 1). Given the close relationship between CS2000 and CBSG as partners in raising funds and providing advances to CBSG's merchants, CS2000 very well could have been sued alongside CBSG and Cole. The fact it has not been sued, or its principals indicted for their actions in operating this company, is not determinative of whether CS2000 should be characterized as an insider.

Indeed, CS2000 operated under the very same investment scheme underpinning the SEC's claims against CBSG. For example, in 2015, CS2000 prepared promissory notes under which investors would invest their funds directly in CS2000. (Exhibit 1, Cole E-mail dated Nov. 7, 2015). Cole prepared these promissory notes and sought Joseph LaForte's approval of the documents to ensure that "the language is acceptable." (*Id.*).

As described in the SEC's Complaint in this case, CBSG changed from a direct investment scheme to an "agent fund" model in 2018, due to an investigation from the Pennsylvania Securities Regulators regarding the company's violation of the securities laws. [ECF No. 1 at ¶¶ 62-65]. In 2018, CS2000 followed course and set up its own agent fund, CS2K, LLC, which it used to pool investor funds for investment into CS2000 and, by extension, CBSG's merchant cash advance business. (Exhibit 2, Bromley E-mail dated Aug. 5, 2018). Not surprisingly, in the private placement memorandum it utilized for this fund, CS2000 highlighted the experience of one of the

two officers, William Bromley, but did not discuss at all the background of Cole, Joseph LaForte, or CBSG—despite the fact that CBSG would be operating the merchant cash advance operations of this business. (*Id.*; *see also* ECF No. 2028-2 (agreement between CS2000 and CBSG under which CBSG agreed to provide all resources—including identifying potential merchants, underwriting the MCA deals, and collecting on the advances—to operate the merchant cash advance business for CS2000)).

Thus, it is clear that CS2000 engaged in the very same investment activity that led the SEC to file its enforcement action against CBSG and its principals. Moreover, this Court previously expanded the Receivership over CS2000, based on the Receiver's evidence that commingled investor funds, "which could be the subject of disgorgement," were traced into CS2000. [ECF No. 436]. In its response to the Distribution Motion, CS2000 boasts that the SEC agreed to the release of CS2000 from the Receiver's control, and has not sought to collect from CS2000 any of the judgments the Court has entered in this action. (CS2000 Response at 1-2). This, again, has no impact or bearing on whether CS2000 was involved in CBSG's operations "at a 'more intimate level' than the typical investor," justifying its characterization as an insider. *See SEC v. Champion-Cain*, 19-CV-1628-LAB-AHG, 2023 WL 2215955, at *6 (S.D. Cal. Feb. 24, 2023).

2. CS2000's criticism of the Receiver is baseless and, in any event, irrelevant to the determination that CS2000 was an insider.

CS200 spends a substantial portion of its response complaining about the Receiver. (CS2000 Response at 4-6). For example, CS2000 criticizes the Receiver for not attending a deposition the SEC conducted of Cole, as the corporate representative of CS2000. The Receiver's decision to preserve receivership resources and not attend this deposition is irrelevant to the insider analysis. But, in any event, this was a post-judgment deposition the SEC was pursuing for the sole purpose of enforcing its judgment against Cole (which he has not paid, even in part, nearly two

years after the Court entered it). (ECF No. 1734-1 at 13:17 – 14:2). How this decision has any bearing on the determination that CS2000 is an insider is beyond comprehension.

In its response, CS2000 also discusses what it perceives to be a personal animus the Receiver harbors against CS2000 and Cole. Again, this is nonsense and irrelevant to the insider analysis. To be clear, the Receiver has been required to spend an inordinate amount of time responding to frivolous motions and appeals from CS2000 and Cole. CS2000 and Cole filed numerous motions asking this Court to reconsider its prior rulings in this case (*see* ECF No. 1582 ("As the Court has told this Defendant numerous times after numerous frivolous motions for reconsideration, 'parties cannot file motions for reconsideration that ask the Court to rethink what the Court already thought through rightly or wrongly.'")) and five appeals to the United States Court of Appeals for the Eleventh Circuit (Case Nos. 22-11694, 22-13811, 23-11914,[1] 23-11927, and 24-10054). The Receiver has been required to expend substantial time and receivership resources responding to these filings. And, despite creating all this additional work, CS2000 and Cole have not prevailed in a single one of these efforts to challenge this Court's rulings.

CS2000 also criticizes the Receiver for carrying out his court-appointed duties of investigating Cole and his assets to determine whether Cole had absconded with any commingled investor funds that should be brought into the Receivership Estate and returned to victim-investors through a future distribution. (CS2000 Response at 5). What CS2000 fails to recount, however, is that Cole thumbed his nose at the Receiver's authority and this Court's orders. This resulted not only in a finding of contempt against Cole, but also a fee award as a sanction against Cole (which

[1] Cole even filed a motion for reconsideration of one of the Eleventh Circuit's orders in this case, which was also denied. Case No. 23-11914, Doc. 25.

he never paid) for requiring the Receiver to spend valuable receivership resources in ensuring Cole's compliance with this Court's Orders. (*See* ECF No. 1586).

The Receiver did not dedicate this time and effort investigating CS2000 and Cole because, as CS2000 surmises, he "has it out for" them. (CS2000 Response at 5). Rather, it is because the Receiver is carrying out his duties as required by this Court's Amended Order Appointing Receiver [ECF No. 141], and CS2000 and Cole have unnecessarily multiplied the litigation, ignored this Court's Orders, and created additional work. None of this, however, is relevant to whether CS2000 should be characterized as an insider.

3. CS2000 is not situated similarly to other investors in CBSG.

Finally, Cole argues that the Receiver's proposed insider determination is unfair because it will solely impact the investors in CS2000, and not its owners/managers, Cole and Bromley. This argument also misses the mark. CS2000 and its investors are not situated similarly to the other victim-investors that submitted claims in this receivership. Under the Receiver's proposed Distribution Plan, claimants with Allowed Claims against CBSG are separated into eight different classes. CS2000 suggests that, absent an insider determination, it should be classified in Class 3 or 4. (CS2000 Response at 9).[2] Class 3 claimants are defined as secured investors in CBSG under the Exchange Offering with priority claims, and Class 4 claimants are defined as "other defrauded investors." (Distribution Motion at 13-14). CS2000 would not fall into either of those categories; rather, absent an insider determination, CS2000 would be classified under Class 6, which includes vendors and trade creditors seeking to collect on pre-receivership obligations. The fact that CS2000 has its own investors does not change this analysis.

[2] In the Conclusion section of its response, CS2000 suggests that it should "be moved to Class 2 or 3, depending on what the evidence shows." (CS2000 Response at 10). The Receiver assumes that this is a mistake, given that Class 2 is for "Government Tax Liabilities of the Estate." (Distribution Motion at 12).

All Class 3 claimants agreed to the terms of the "Exchange Offering" with CBSG in 2020. Under the Exchange Offering, these investors agreed to a restructured promissory note, under which the interest rates for their notes were slashed and the term for principal repayment was extended to seven years. In return, CBSG granted these investors a priority security interest in CBSG's assets. CS2000 was not a party to an Exchange Note. In fact, CS2000 was not an investor in CBSG, never received a promissory note from CBSG, and did not agree to any restructured repayment terms from CBSG in 2020.

Class 4 claimants, on the other hand, include other investors who invested their money with CBSG, but did not obtain a security agreement that is supported by a properly-filed and valid UCC-1 financing statement. As CS2000 acknowledges in its response, CS2000 did not "invest" in CBSG, but rather partnered with CBSG on syndicated MCA deals. (CS2000 Response at 3). Under this partnership arrangement, which the parties memorialized in an "MCA Receivables Operating Agreement" (ECF No. 2028-2), CBSG provided funds to CBSG, which CBSG would then use to fund portions of "syndicated" MCA agreements to CBSG's merchants. If CBSG's merchants paid back the funds they owed on those merchant cash advances, CS2000 would be entitled to a portion of the purported "profits" on those deals. (CS2000 Response at 3).[3]

Thus, CS2000 does not fit within the description of either a Class 3 or Class 4 claimant. In fact, CS2000—as a partner MCA company—sits in a unique position, and is unlike any other claimant. If anything, absent an insider determination, CS2000 would fall within Class 6, which

[3] To that end, CS2000 claims the Receiver determined that CS2000 had a "right to payment" of $8,130,039.00. (CS2000 Response at 3). This is a mischaracterization. That figure was the Receiver's determination of the maximum allowed claim CS2000 might have against CBSG. The Receiver has never suggested that CS2000 has any "right" to any portion of the assets within the Receivership Estate that the Receiver has recovered.

includes "businesses that have not been paid for goods, services, and credit they provided to the Receivership Entities prior to the appointment of the Receiver." (Distribution Motion at 14).

As described in the Distribution Motion, given the current and anticipated future recoveries of the Receivership Estate, the "Receiver believes that no Distributions will be made to Class 6 Claimants." (*Id.*). Thus, for all practical purposes, even if the Court were to determine that CS2000 is not properly characterized as an "insider" (to be clear, CS2000 was an insider, for the reasons described in the Distribution Motion), CS2000 would nevertheless find itself in the same position as a Class 8 Claimant—without a recovery in the Receiver's proposed Distribution Plan. As a result, CS2000's plea that its investors should not be prejudiced based on the acts of Cole and the company should not have any impact on the Court's determination that CS2000 is an insider.

C. Westhead is properly characterized as an insider.

In her response, Westhead argues that she should not be characterized as an insider because: (1) the SEC's lawsuit against her is still pending and she "is vigorously contesting" liability for committing the securities violations the SEC has alleged in that case; (2) she had no knowledge that "CBSG was anything other than an above-board company;" (3) she did not raise investor funds for CBSG; and (4) she is seeking to recoup her own investment, rather than commissions she was entitled to for recruiting other investors into the CBSG Ponzi scheme. (Westhead Response at 2-3). Each of these arguments fail.

Westhead's refusal to accept responsibility for her role in violating the securities laws, as well as her proclaimed ignorance of the misrepresentations she was making to investors about CBSG, are irrelevant to this analysis. Of course, a finding in the SEC's enforcement action against Westhead that she was aware of and integrally involved in Dean Vagnozzi's, ABFP's, and CBSG's defrauding of investors would support a finding that she was an insider. *See SEC v. Byers*, 637 F.

Supp. 2d 166, 184 (S.D. N.Y. 2009) (approving distribution plan that excluded "those involved in the fraudulent scheme" and describing the plan as "eminently reasonable and [ ] supported by caselaw"). But, as described in the other caselaw the Receiver cited in the Distribution Motion, actual knowledge that an investment scheme was fraudulent is not necessary for an insider determination. *See SEC v. Merrill Scott & Associates, Ltd.*, 2:02 CV 39, 2006 WL 3813320, at *12 (D. Utah Dec. 26, 2006) (excluding claim from investor who asserted that he "believed that the services [the company in receivership] offered were legitimate and that he would never solicit business on behalf of an illegitimate business"); *SEC v. Champion-Cain*, 19-CV-1628-LAB-AHG, 2023 WL 2215955, at *6 (S.D. Cal. Feb. 24, 2023) ("A claimant can be excluded from receivership distributions as an 'insider' when they are involved with a scheme at a 'more intimate level' than the typical investor, even when the insider had no knowledge the scheme was fraudulent.").

Additionally, Westhead attempts to draw a distinction based on the fact that she was raising investor funds in her own fund, Pisces, rather than for direct investments into CBSG, and that her compensation came from Pisces, not directly from CBSG. (Westhead Response at 4). These are distinctions without a difference. Even though her agent fund was one level removed from CBSG, Westhead was clearly parading the CBSG name in her efforts to recruit investors.

On September 12, 2019, Westhead sent an email with an overview of the MCA business. In this email, she attached a PowerPoint presentation titled "Par Funding Corporate Overview," and described CBSG as the "MCA Company we work with." (Exh. 3, Westhead E-Mail Dated Sep. 12, 2019). On October 23, 2019, in an effort to solicit an investor, Westhead described various investments and suggested that "if you had to pick one to start with it would be the one that is centered around the Merchant Cash Advance industry." (Exh. 4, Westhead E-Mail Dated Oct. 23, 2019). In promoting the investment into CBSG, Westhead boasted: "Over the past 3

years, over 500 people have invested over $100 million dollars with us in this asset class and no one has ever lost a penny." (*Id.*).

On November 26, 2019, Westhead clarified for a potential investor that "CBSG" stood for "[o]ur MCA ***partner*** Complete Business Solutions Group." (Exh. 5, Westhead E-Mail Dated Nov. 26, 2019) (emphasis added). On March 17, 2020, Westhead represented to an investor that "[o]ur Merchant Cash Advance (MCA) partner has delivered for over 600 [of] our clients for 4 years now. We've generated 10-14% annual returns, interest paid like clockwork every month and 100% of your original investment retuned 1 year later." (Exh. 6, Westhead E-Mail Dated Mar. 17, 2020). Thus, despite current Westhead's efforts to distance herself from CBSG, she used the company's name freely when trying to profit personally in her efforts to convince investors to join her fund.

Finally, the Court should reject Westhead's argument that she is not an insider because her claim is "based on her status as an investor, not a marketer or sales agent of the fund who is collecting commissions." (Westhead Response at 6). The fact that Westhead is seeking to recoup her own investment, rather than commission payments, is irrelevant to the insider argument. The relevant inquiry that governs this insider determination is whether Westhead was involved in recruiting investors, and not the nature of the claim she is seeking to recover in this receivership. For example, in *S.E.C. v. Basic Energy & Affiliated Res., Inc.*, the Sixth Circuit affirmed a distribution plan in which the receiver significantly reduced the distributions to be paid out to investors who also received commissions for recruiting additional investors into the fraudulent investment scheme. 273 F.3d 657, 660 (6th Cir. 2001).

Like Westhead, these investors were seeking to recover their own investments in the company, rather than unpaid commissions they might have been owed. For investors that received less than $1,000 in commissions, their claims for recovery of ***their own investment*** were reduced

by fifty percent of the net investment amount. *Id*. And the claims for investors who received more than $1,000 in commissions were reduced by ninety percent. *Id*. at 661.[4] Thus, like the investors in *Basic Energy*, Westhead's claims should be treated differently than those of the defrauded investors because she was an insider responsible for recruiting other investors, regardless of the fact that she is now seeking to recover her own investment, rather than any additional commission payments she might otherwise have claimed as a result of serving as a sales agent.

V. Conclusion

For the foregoing reasons, the Court should reject the arguments from CS2000 and Westhead, determine that CS2000 and Westhead are insiders with Class 8 Claims, and otherwise approve the Receiver's proposed Distribution Plan.

Dated: September 23, 2024

Respectfully Submitted,

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[4] Additionally, a claimant's net investment in the *Basic Energy* case was calculated "by subtracting any commission payments, interest payments, return of principal payments, or similar payments made by [the receivership entity] to that account from the aggregate investment." *Basic Energy & Affiliated Res., Inc.*, 273 F.3d at 661. Here, rather than subtracting commissions and other compensation, and reducing the net investment calculation by a percentage, the Receiver has proposed to relegate insiders' claims to a lower class, which would be paid only after the claims of other investors. This proposed treatment is entirely appropriate, given the "broad powers and wide discretion" a district court possesses in crafting a distribution plan in an equity receivership proceeding. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992).

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 23, 2024, I electronically filed the foregoing document with the clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA

From: Joe Cole <joecole@parfunding.com>
Sent: Saturday, November 07, 2015 6:51 PM EST
To: joemack REDACTED >
Subject: REDACTED Security Agreement / Note
Attachment(s): "CS2000 Security Agreement - REDACTED 110615.pdf","CS000 Promissory Note - REDACTED 110615.pdf"

Please see the attached working copy of the security agreement and note for the $500,000.00 investment from REDACTED

The agreement has been written out from Capital Source 2000 to REDACTED with Bill and Devon as signees, assuming Bill is in the loop on this deal.

I have added definitions for the 90 business days and set the interest rate at a fixed 8.725% ($43,625.00) for the term of the investment to avoid any APR calculation ambiguities.

Let me know if the language is acceptable and I will forward to Angel and Devon, copying you and Bill, accordingly.

Joe Cole
PAR FUNDING.
141 N 2nd St
Philadelphia, PA 19106
Office 1: 215.613.4126
Office 2: 215.922.2636 x106
Cell: REDACTED

NON-NEGOTIABLE TERM PROMISSORY NOTE

$500,000.00 Dated as of November 9, 2015

FOR VALUE RECEIVED, CAPITAL SOURCE 2000 INC., a Delaware corporation ("Maker"), with an address of 200 W. Elm Street, Suite 1223, Conshohocken, PA 19428, promises to pay, without rights of set-off, to the order of REDACTED, AND NOMINEE OF ENTITY of their heirs, successors or assigns (hereinafter called "Payee") with an address 40 West 57th Street, New York, NY 10019 or such other place as Payee may designate to Maker in writing the principal sum of Five Hundred Thousand Dollars ($500,000.00) lawful money of the United States of America, together with interest on the outstanding balance thereof, as provided herein.

1. Interest shall accrue on the outstanding principal amount hereunder, commencing with respect to the extension of principal by Payee to Maker under each Prior Agreement as of the date of such Prior Agreement, at the rate of 8.725% (total accrued interest of $43,625.00) reflecting all interest earned for a period of ninety (90) business days, whereas each business day is defined as a non-banking holiday weekday when bank transactions may post. All interest shall be calculated based upon the actual number of days elapsed.

2. REPAYMENT.

(a) The Principal Amount and accrued interest shall be paid in full on or before March 18, 2017.

(b) A TOTAL COMBINED PRINCIPAL AND INTEREST DISTRIBUTION OF $543,625.00 MADE PAYABLE TO “Payee” and Nominee of Entity or their heirs, successors or assigns)

3. To secure the obligations of Maker under this Note, Maker has entered into a Security Agreement with Payee, dated as of the date hereof (the **"Security Agreement").**

4. Each of the following shall constitute an **"Event of Default"** hereunder:

(a) (i) Maker fails to make any required payment of principal, accrued interest or any other amount under this Note on or before the date on which it shall fall due hereunder, or (ii) Maker breaches or violates any of the other representations, warranties, terms, provisions or covenants of this Note, the Security Agreement, or any future promissory note, loan agreement, security agreement, pledge agreement, guaranty or other agreement or instrument representing indebtedness or financial obligation of Debtor to Secured Party (hereinafter collectively referred to as the **"Loan Documents");**

(b) a final judgment or judgments in any court or arbitration proceedings are entered against Maker after the date hereof aggregating greater than $500,000.00;

(c) any material adverse change occurs with respect to the business, assets or financial condition of Maker, as determined in the sole discretion of Payee;

(d) (i) Maker files a voluntary petition in bankruptcy or a voluntary petition or any answer seeking reorganization, arrangement, readjustment of Maker's debts or for any other relief under the Federal bankruptcy code, or under any other existing or future federal or state insolvency act or law, (ii) the application by Maker for, or the appointment by consent or acquiescence of, a receiver or trustee of Maker or for all or a substantial part of Maker's property, or (iii) the making by Maker of an assignment for the benefit of creditors; or

(e) (i) the filing of any involuntary petition against Maker in bankruptcy or seeking reorganization, arrangement, or readjustment of Maker's debts or for any other relief under the Federal bankruptcy code, or under any other existing or future federal or state insolvency act or law, or (ii) the involuntary appointment of a receiver or trustee of Maker or for all or a substantial part of Maker's property, and a continuance of any such events for a period of thirty (30) days undismissed, unbonded or undischarged.

5. Upon the occurrence of any Event of Default under paragraph 5(a), (b),(c), Payee may, at Payee's option, declare the unpaid principal balance of, all accrued and unpaid interest on, and all other sums payable with regard to this Note to be immediately due and payable, and demand payment therefor, and may exercise any of Payee's rights and remedies for collection of this Note whether set forth herein or otherwise available under law.

6. Upon the occurrence of an Event of Default under paragraph 5(d) or (e), the unpaid principal balance of, all accrued, unpaid interest on, and all other sums payable with regard to, this Note shall automatically and immediately become due and payable, without any further action on the part of Payee.

7. Upon the occurrence and continuance of an Event of Default hereunder and the acceleration of all amounts due and payable hereunder as provided herein, Payee may also recover all costs of suit and other expenses in connection therewith, including reasonable attorneys' fees and costs, for collection of the total amount then due by Maker to Payee under this Note.

8. The remedies of Payee as provided herein and under applicable law shall be cumulative and concurrent, and may be pursued singly, successively, or together against Maker at the sole discretion of the Payee, and such remedies shall not be exhausted by any exercise thereof but may be exercised as often as occasion therefor shall occur. Any failure of Payee to exercise any right hereunder at any time shall not be construed as a waiver of the right to exercise the same or any other right at any other time.

9. Maker waives presentment for payment, notice of dishonor and nonpayment, notice of protest, and protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, and Maker agrees that Maker's liability shall be unconditional without regard to the liability of any other party and shall not be in

any manner affected by any indulgence, extension of time, renewal, waiver or modification granted or consented to by Payee; and Maker consents to any and all extensions of time, renewals, waivers, or modifications that may be granted by Payee with respect to the payment or other provisions of this Note.

10. This Note may be assigned or pledged by Payee, without restriction. This Note may not be assigned by Maker without the prior written consent of Payee, which may be withheld for no reason or any reason whatsoever. The words "Payee" and "Maker" whenever occurring herein shall be deemed and construed to include the respective successors and assigns of Payee and the respective successors and permitted assigns of Maker. This instrument shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of laws.

11. In no event shall charges constituting interest exceed the rate permitted under any applicable law or regulation. If any provision of this Note is determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining provisions hereof, other than those to which it is held invalid or unenforceable, and this Note will be construed and enforced as if such invalid or unenforceable provisions had never been inserted.

IN WITNESS WHEREOF, Maker has executed this Note on the date and year first above written, WITH THE INTENT TO BE LEGALLY BOUND HEREBY.

CAPITAL SOURCE 2000 INC.

By_____

Name: William Bromley

Title: President

Acknowledged and Agreed by Payee:

REDACTED

_____

Name: REDACTED

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (**"Security Agreement"**) is made as of November 9, 2015, by CAPITAL SOURCE 2000 INC., a Delaware corporation **("Debtor"),** with an address of 200 W. Elm Street, Suite 1223, Conshohocken, PA 19428, and REDACTED with an address of 40 West 57th Street, New York, NY 10019 or such other place as Payee may designate to Maker in writing.

WHEREAS, in order to secure loans made by Secured Party to Debtor and to induce Secured Party to revise the terms of such loans, Debtor wishes to grant a security interest in substantially all of its assets, including, without limitation, its inventory, accounts receivable and general intangibles, to Secured Party, all as more fully set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual promises and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Definitions. As used herein the following terms have the meanings indicated:

(a) The term **"Collateral"** means all tangible and intangible personal property of Debtor, wherever located and whether now owned or hereafter acquired, including but not limited to, all accounts, contracts rights, general intangibles, chattel paper, machinery, equipment, goods, inventory, fixtures, investment property, letter of credit rights, supporting obligations, books and records, deposit accounts, bank accounts, documents and instruments, together with all proceeds thereof. Any term used in the Pennsylvania Uniform Commercial Code (as amended from time to time, the "UCC") and not defined in this Security Agreement shall have the meaning given to the term in the UCC. In addition, the term "proceeds" shall have the meaning given to it in the UCC and shall additionally include but not be limited to, whatever is realized upon the use, sale, exchange, license, or other utilization of or any disposition of the Collateral, rights arising out of the Collateral and collections and distributions on the Collateral, whether cash or non-cash, and all proceeds of the foregoing.

(b) The term **"Obligations"** means all indebtedness, obligations and liabilities of any kind of Debtor to Secured Party now existing or hereafter arising, and whether direct or indirect, acquired outright, conditional or as a collateral security from another, absolute or contingent, joint or several, secured or unsecured, due or not due, arising before or after the filing of a petition by or against Debtor under the United States Bankruptcy Code or any applicable federal, state or foreign bankruptcy or other similar law, contractual or tortious, liquidated or unliquidated or arising by operation of law or otherwise, including without limitation all liabilities of Debtor to Secured Party under (i) the Amended and Restated Non-Negotiable Line of Credit Note dated as of the date hereof in the principal amount of $500,000.00 payable by Debtor in favor of Secured Party (the **"Existing Note"),** (ii) this Security Agreement and (iii) any future promissory note, loan agreement, security agreement, pledge agreement, guaranty or other agreement or instrument representing indebtedness or financial obligation of Debtor to Secured Party (collectively, **"Future Loan Documents").**

(c) The term **"Loan Documents"** means the Existing Note, this Security Agreement, any Future Loan Documents, and all other agreements, documents, instruments and certificates collateral to any of the foregoing, as the same may be amended, restated, modified or supplemented.

2. Grant of Security Interest. The parties acknowledge that the Existing Note being executed by Debtor on the date hereof amends and restates the provisions of certain letter agreements pursuant to which the loan principal represented by the Existing Note was originally extended by Secured Party to Debtor. In consideration of the loan made by Secured Party to Debtor pursuant to the Existing Note and the revision to the prior payment terms applicable to the loan principal thereof represented by the Existing Note, Debtor hereby pledges, transfers and assigns to Secured Party, and grants to Secured Party and agrees that Secured Party shall have a general continuing lien upon and first priority security interest in, all of the Collateral.

3. Representations. Warranties and Covenants. Debtor represents, warrants and covenants to Secured Party as follows with respect to itself:

(a) Debtor will not dispose of the Collateral or any interest therein, except in the normal course of its trade or business, without Secured Party's consent.

(b) Debtor authorizes the filing of any financing statement and will execute alone or with Secured Party any other document, or will procure any other document, necessary to protect the security interest under this Security Agreement against the interests of third persons.

(c) The information in any financial, credit or accounting statement furnished in connection with this Security Agreement or the other Loan Documents is or will be correct and complete.

(d) Debtor has taken all necessary action to authorize it to execute and deliver this Security Agreement and the other Loan Documents to which it is a party. This Security Agreement and each of the other Loan Documents to which Debtor is a party has been duly executed and delivered by duly authorized officers of the Debtor and constitutes a legal, valid and binding obligation of Debtor, enforceable in accordance with its terms. The execution and delivery of this Security Agreement, the other Loan Documents and any other document or documents accompanying this Security Agreement to which Debtor is a party will not (i) require any consent or approval of the stockholders of Debtor, (ii) violate any applicable law, (iii) conflict with, result in a breach of or constitute a default under the certificate of certificate of incorporation, bylaws or other organizational documents of Debtor (as applicable), or any indenture, contract, agreement or other instrument to which Debtor is a party or by which any of its properties may be bound or (iv) result in or require the creation or imposition of any lien upon, or with respect to, any property now or to be hereafter acquired by the Debtor, other than as created or imposed in favor of the Secured Party hereunder.

(e) The security interest granted by Debtor to Secured Party herein is a valid and perfected security interest in the Collateral and is enforceable according to its terms.

(f) Except as required by applicable law or regulation, Debtor covenants mat it will keep confidential and not disclose to any third party the identity of Secured Party or the terms of any of the transactions contemplated by the Existing Note, this Security Agreement or any of the other Loan Documents. Upon the consummation of the transactions contemplated by any such document, Debtor covenants that it shall return to Secured Party all originals and copies thereof received or obtained by it, without retaining any copies, in connection with such transactions.

4. Default. The occurrence of any one or more of the following events will constitute an **"Event of Default"** under this Security Agreement:

(a) Debtor fails to pay on or before the date due any amount payable on any of the Obligations, there occurs any Event of Default under the Existing Note or Debtor fails to observe or perform any covenant or agreement made in any of the Loan Documents to which it is a party.

(b) Debtor becomes insolvent, makes an assignment for the benefit of creditors or calls a meeting of creditors, or any petition is filed by or against Debtor under any provision of any bankruptcy or other law alleging that Debtor is insolvent or unable to pay its debts as they mature.

(c) Any judgment against Debtor shall be entered, or any attachment or garnishment against any property of Debtor is issued, in an amount in excess of $500,000.00, or if the total of all judgment(s), attachment(s) and/or garnishment(s) against Debtor or any of Debtor's property at any time hereafter exceeds $500,000.00.

(d) Debtor is a party to a merger, consolidation or sale of greater than fifty percent (50%) of its assets as of the date of such sale, or is dissolved or reorganized.

(e) Any representation, warranty or information furnished to Secured Party by Debtor in connection with any of the Obligations, or in connection with this Security Agreement or any other Loan Document, including any warranty made by Debtor through the submission of any schedule or statement, certificate or other document pursuant to or in connection with any Loan Document, is incorrect in any respect.

(f) Debtor makes or gives notice of any intention to make a bulk sale.

(g) Debtor fails to promptly furnish such financial and other information as Secured Party may reasonably request.

5. Remedies on Default. Upon the occurrence of any Event of Default, Secured Party will have the following remedies:

(a) Unless Secured Party elects otherwise, the entire unpaid amount of such of the Obligations as are not then otherwise due and payable will become immediately due and payable without notice to or demand on Debtor or any other obligor or guarantor.

(b) Secured Party may, at its option, exercise from time to time any and all rights and remedies available to it under the Pennsylvania Uniform Commercial Code or

otherwise, including the right to assemble, receipt for, adjust, modify, repair, refurnish or refurbish (but without any obligation to do so) or foreclose or otherwise realize upon any of the Collateral and to dispose of any of the Collateral at one or more public or private sales or other proceedings, and Debtor agrees that Secured Party or its nominee may become the purchaser at any such sale or sales. Debtor agrees that ten (10) days will be reasonable prior notice of the date of any public sale or other disposition of all or any part of the Collateral, or of the date on or after which any private sale or other disposition of the same may be made.

6. Covenant Against Further Encumbrances. Debtor will not permit anything to be done that might in any way impair the value of any of the Collateral or any of the security intended to be afforded by this Security Agreement. Debtor shall not pledge, assign or otherwise further encumber, or permit any liens or security interests (other than those in favor of Secured Party) to attach to any of the Collateral, nor permit any of the Collateral to be levied upon under any legal process, except with the express written consent of Secured Party. Upon any breach of the foregoing covenant against further encumbrances, Secured Party may, at its sole election but without obligation to do so, and without limiting Secured Party's other remedies (including without limitation declaring a default), discharge the encumbrance for the account of and without notice to Debtor, and all expenses incurred by Secured Party in so doing shall be added to the Obligations and shall be payable by Debtor upon demand.

7. Remedies Cumulative. All rights and remedies of Secured Party under this or any other agreement between Debtor and Secured Party and under applicable law shall be deemed concurrent and cumulative and not alternative, and Secured Party may proceed with any number of remedies at the same time or at different times until all Obligations are fully satisfied. Debtor shall be liable to pay to Secured Party on demand any and all expenses, including reasonable attorneys' fees and legal expenses which may have been incurred by Secured Party related to:

(a) the enforcement of Secured Party's rights under this Security Agreement or any of the other Loan Documents; or

(b) the custody, preservation, protection, use, operation, preparation for sale or sale of any Collateral, the incurring of all of which are hereby authorized to the extent Secured Party deems the same advisable.

8. Modification. No modification or waiver of any provision(s) herein will be effective unless the same is in writing signed by the party against whom its enforcement is sought.

9. Notices. All notices, demands and other communications which are required to be given to or made by any party to the others in connection with this Security Agreement or in connection with the Existing Notes will be in writing and will be deemed to have been given when hand delivered or posted by certified or registered mail, or via overnight courier, to the address of each party set forth in the first paragraph of this Security Agreement. If notice is personally delivered, the individual accepting such notice, if requested, will sign a duplicate of the notice to evidence receipt thereof.

10. Successors and Assigns. This Security Agreement and all of the terms and conditions hereof will be binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns but will confer no rights on third persons.

11. Governing Law. This Security Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to conflicts of laws principles.

IN WITNESS WHEREOF, the Undersigned have executed this Security Agreement as of the date above first written.

CAPITAL SOURCE 2000 INC.

By_____

Name: William Bromley

Title: President

Acknowledged and Agreed by Payee:

REDACTED

_____

Name: REDACTED

From: Bill <REDACTED>
Sent: Sunday, August 05, 2018 9:09 PM EDT
To: Joe Cole <joecole@capitalsource2000.com>
CC: James Klenk <james@parfunding.com>
Subject: Re: CS 2000 Investors - 08/01/18

Yes Joe money expected in this week will be the first money coming in through the PPM. The account is at Meridian in the name of CS2K, LLC.
I would expect to wire funds to you for cumulative new investor funds around 8/20 to 8/25 but will provide details as the funds come in.

Bill

William Bromley
610-REDACTED
REDACTEDgmail.com
Wbromley@capitalsource2000.com

On Aug 5, 2018, at 6:56 PM, Joe Cole <joecole@capitalsource2000.com> wrote:

> Bill,
>
> Please see the updated investor list for this month attached.
>
> As discussed, I will reconcile and wire arrears for Lisa Gile on her next distribution.
>
> Let me know if you have any discrepancies with your records and if you're good to start taking any new investors directly through the new PPM.
>
> Thanks.
>
> --
> **Joe Cole**
> **CFO**
> **Capital Source 2000 Inc.**
> Office: (215) 613-4126
> Cell: (REDACTED
> Email: joecole@capitalsource2000.com
>
> <CS 2000 Investors - 080118.pdf>

Copy No. _____

Confidential Private Offering Memorandum

CS2K, LLC

Secured Promissory Notes

Aggregate Principal Amount of up to $25,000,000

Minimum Principal Amount of $100,000
Maximum Principal Amount of $25,000,000

The Secured Promissory Notes (the "Notes") of CS2K, LLC (the "Company") offered hereby have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state in reliance upon exemptions under the Securities Act and those state laws. By execution of the Subscription Agreement attached hereto as Exhibit "A" and the acquisition of Notes from the Company, each subscriber represents that he, she or it is acquiring such Notes for investment and without a view to distribution, and that the subscriber will not sell or otherwise dispose of the Notes without registration or other compliance with the above acts and the rules and regulations issued thereunder.

THE NOTES OFFERED HEREBY ARE HIGHLY SPECULATIVE, AND AN INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. THE COMPANY IS OFFERING THE NOTES SOLELY TO ACCREDITED INVESTORS THAT SATISFY CERTAIN SUITABILITY STANDARDS, INCLUDING THE ABILITY TO AFFORD A COMPLETE LOSS OF THEIR INVESTMENT. SEE "RISK FACTORS" BEGINNING ON PAGE 5.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THESE LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE REGULATORY AUTHORITY NOR HAS THE SEC OR ANY STATE REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL IN FORM AND SUBSTANCE ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

The Notes may be purchased only by persons who are accredited investors that meet certain suitability standards set forth in the Subscription Agreement.

The date of this Memorandum is August 1, 2018

THE COMPANY, PURSUANT TO THIS CONFIDENTIAL OFFERING MEMORANDUM ("MEMORANDUM"), IS OFFERING FOR SALE PROMISSORY NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO $25,000,000, WITH A MINIMUM PRINCIPAL AMOUNT OF $100,000. THE MANAGER INTENDS TO ACCEPT SUBSCRIPTIONS ON A ROLLING BASIS AS HE RECEIVES THEM FROM INVESTORS HE DEEMS, IN HIS SOLE DISCRETION, TO BE ACCREDITED INVESTORS WHO HAVE MET THE SUBSCRIPTION REQUIREMENTS OF THIS OFFERING.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF ACCREDITED INVESTORS SOLELY IN CONNECTION WITH THE PURCHASE OF THE NOTES AS DESCRIBED HEREIN. THE USE OF THIS MEMORANDUM FOR ANY OTHER PURPOSE IS NOT AUTHORIZED. THIS MEMORANDUM MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, NOR MAY ITS CONTENTS BE DISCLOSED TO, OR RELIED UPON BY, ANY PERSON OTHER THAN THE INVESTORS TO WHOM IT IS SUBMITTED, EXCEPT AS MAY BE REQUIRED BY LAW OR BY ANY REGULATORY AUTHORITY HAVING APPROPRIATE JURISDICTION. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS (WHETHER ORAL OR WRITTEN) IN CONNECTION WITH THIS OFFERING EXCEPT SUCH INFORMATION AS IS CONTAINED IN THIS MEMORANDUM AND IN THE EXHIBITS HERETO AND DOCUMENTS SUMMARIZED HEREIN. ONLY INFORMATION OR REPRESENTATIONS CONTAINED HEREIN MAY BE RELIED UPON AS HAVING BEEN AUTHORIZED. PURCHASERS OF THE NOTES DESCRIBED HEREIN SHOULD NOT RELY ON INFORMATION NOT CONTAINED IN THIS MEMORANDUM.

THE SECURITIES OFFERED HEREBY WILL BE SOLD SUBJECT TO THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT (THE "SUBSCRIPTION AGREEMENT"), ATTACHED HERETO AS EXHIBIT "A," CONTAINING CERTAIN REPRESENTATIONS, WARRANTIES, COVENANTS, TERMS AND CONDITIONS. ANY INVESTMENT IN THE NOTES OFFERED HEREBY SHOULD BE MADE ONLY AFTER A COMPLETE AND THOROUGH REVIEW OF THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. IT IS SPECULATIVE AND SUITABLE ONLY FOR PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES AND HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT. FURTHER, THIS INVESTMENT SHOULD ONLY BE MADE BY THOSE WHO UNDERSTAND OR HAVE BEEN ADVISED WITH RESPECT TO THE TAX CONSEQUENCES OF AND RISK FACTORS ASSOCIATED WITH THE INVESTMENT AND WHO ARE ABLE TO BEAR THE SUBSTANTIAL ECONOMIC RISK OF THE

INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. SEE "INVESTOR SUITABILITY STANDARDS" AND "SUMMARY OF OPERATING AGREEMENT."

IN CONNECTION WITH THE OFFERING AND SALE OF THE NOTES, THE COMPANY RESERVES THE RIGHT, IN ITS DISCRETION, TO REJECT ANY SUBSCRIPTION BY SUBSCRIBERS. THIS MEMORANDUM IS NOT AN OFFER TO SELL TO OR A SOLICITATION OF AN OFFER TO BUY FROM, NOR SHALL ANY SECURITIES BE OFFERED OR SOLD TO, ANY PERSON IN A JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, PURCHASE OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF SUCH JURISDICTION.

> FOR PENNSYLVANIA INVESTORS. IT IS THE POSITION OF THE PENNSYLVANIA SECURITIES COMMISSION THAT INDEMNIFICATION IN CONNECTION WITH A VIOLATION OF THE SECURITIES LAW IS AGAINST PUBLIC POLICY AND VOID.

* * * * *

EACH PROSPECTIVE INVESTOR IS HEREBY OFFERED THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE COMPANY OR PERSONS ACTING ON BEHALF OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND THE ANTICIPATED INVESTMENTS OF THE COMPANY, AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION. INQUIRIES AND REQUESTS FOR ADDITIONAL INFORMATION SHOULD BE DIRECTED TO THE COMPANY'S MANAGER AS FOLLOWS:

William H. Bromley, Manager
CS2K, LLC
200 W. Elm Street
Suite 1223
Conshohocken, PA 19428
Phone: (610) REDACTED
e-mail: REDACTED@gmail.com

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EXHIBITS

SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum. Certain statements may relate to future events or the future performance of the Company, which involve known and unknown risks and other uncertainties or factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under the heading "Risk Factors."

The Company

The Company is a limited liability company organized under the Delaware Limited Liability Company Act (the "LLC Act") to acquire promissory notes and other similar debt instruments offered and sold by companies which provide "Merchant Cash Advance" financing and to engage in any lawful activities for which limited liability companies may be organized under the LLC Act. The Company will purchase these notes from Merchant Cash Advance companies that are known to the Manager, primarily Capital Source 2000 Inc., a Merchant Cash Advance company owned and operated by the Manager, and possibly from other Merchant Cash Advance companies that the Manager meets as part of its business development activities. A Merchant Cash Advance is a form of short term financing provided to operating businesses. While the specific terms of the financings may vary from company to company or transaction to transaction, usually, a "Merchant Cash Advance" transaction is a form of commercial financing whereby the financing company purchases a portion of the future accounts receivables of a business in exchange for an immediate payment of money. In order to complete these transactions, these Merchant Cash Advance companies require capital. The Company intends to provide this capital to these financing companies by providing short term loans.

In addition, these Merchant Cash Advance companies such as Capital Source 2000, Inc., may enter into relationships with banks whereby they purchase loans originated by the banks and service the loans. This will allow the Merchant Cash Advance companies to diversify their holdings while taking a lower regulatory risk and engaging a more widespread customer base.

The Company may also make direct investments into other private real estate funds that focus on purchasing performing and non-performing residential real estate mortgage notes at a discount with the goal of liquidating these notes in a manner that realizes a gain on the sale of each mortgage note.

The Manager

The Manager has sole responsibility for the management and control of the Company and all aspects of its investments. No Member shall take part in, or interfere in any manner with the management, conduct or control of the Company and shall not have any right or authority to act for or bind the Company. The Manager shall be elected solely by the Members voting alone as a class. There is one Manager or such other number as may be determined from time to time by

the Members. The Members may remove any Manager at any time with or without cause. The present Manager is William H. Bromley. Accordingly, purchasers of the Notes have no right to elect the Manager and shall have no right to participate in the management of the Company.

The Members

William H. Bromley and Lynne Bromley are the holders of all of the Membership Interests. William H. Bromley, the Manager of the Company, is responsible for the management of the Company. William H. Bromley is an officer of the Company and assists in the performance of various roles for the Company with regards to operations, investor relations, development and finance.

The purchasers of Notes in this Offering are lending money to the Company and are not purchasing membership interests in the Company. Holders of the Notes (the "Note Holders") will have no right to participate in the management of the Company. The Note Holders shall be entitled to receive a fixed rate of interest, the precise rate payable to any Note Holder to be determined by the Manager. Initially these rates will range from 10-16% per annum, depending, initially, on the amount and term (or agreed upon duration) of the associated Note, with accrued interest payable monthly. The principal amount of the Note will be repaid to the Note Holder upon maturity of the Note. The Company has the option to repay the principal amount of any Note and any accrued interest thereon at any time without prepayment penalty. The principal amount of each Note and any unpaid accrued interest thereon is due and payable upon the date which is 90 days after the date on which a Note Holder delivers written notice to the Company demanding payment of such amounts, provided that, a Note Holder may not deliver such written notice prior to the maturity date set forth in the Note Holder's Note (the "Maturity Date"). Other than payment of accrued interest or loan repayments, the Note Holders shall not be entitled to receive any allocation of the Company's revenues or expenses or distribution of any additional cash from the Company. Any profits earned by the Company shall be allocated solely to the Members and any additional cash available for distribution, if distributed, shall only be distributed to the Members. Losses incurred by the Company shall also be allocated solely to the Members. In the event that the Company defaults on any of its payment obligations to any of the Note Holders and such payment default is not cured within 90 days (an "Event of Default"), then any Note Holder can exercise his rights under his Security Agreement, provided that, such rights provide only a security interest in the assets of the Company that is shared with all other Note Holders on a pro rata basis.

The Company will use the net proceeds of this Offering to acquire promissory notes and other similar debt instruments offered and sold by companies which provide Merchant Cash Advance financing, to make investments in private real estate funds and to fund its working capital needs.

Promissory Notes	Principal Amount: Promissory notes in the aggregate principal amount of up to $25,000,000 will be offered solely to accredited investors (the "Notes"). The minimum loan accepted by the Company is $100,000.

Interest Rate and Maturity Date: The Notes will bear interest at the following rate per annum, payable quarterly in arrears.

TERM	1 YEAR* Option	2 YEARS Standard	3 YEARS Option
PRINCIPAL AMOUNT OF NOTE PURCHASED ($100,000 MINIMUM)			
$100,000 - $249,000	10%	12%	12%
$250,000 - $499,000	12%	14%	14%
$500,000 – 749,000	13%	15%	15%
$750,000 and over	14%	16%	16%

*The one-year option will be made available very infrequently at the Manager's sole discretion to allow new investors to commit funds on a short-term basis.

The principal amount of each Note and all accrued but unpaid interest thereon shall be due and payable on that date which is ninety days after the date on which an investor delivers written notice to the Company demanding payment of such amounts, provided that, an investor may not deliver such written notice prior to the Maturity Date set forth in the Investor's Note.

Security: The Company's payment obligations under the Notes will be secured by a collective security interest in the assets of the Company. Accordingly, a Note Holder will have a shared lien on all assets of the Company, but will not receive individual rights to any collateral to secure the performance of the Company's obligations under the Notes.

Prepayment: The Company may prepay the Notes in whole or in part at any time without premium or penalty.

Minimum Subscription	The minimum subscription that the Company will accept from any investor in this Offering is $100,000, provided that the Manager may, in his sole discretion, accept smaller subscriptions.
Use of Proceeds	The net proceeds of the Offering will be used to fund general working capital needs of the Company and to purchase promissory notes and other debt instruments from companies that provide Merchant Cash Advance financing services. See "Use of Proceeds" on page 17.
Risk Factors	PURCHASE OF THESE NOTES IS HIGHLY SPECULATIVE

	AND INVOLVES A HIGH DEGREE OF RISK. INVESTORS SHOULD BE ABLE TO WITHSTAND THE TOTAL LOSS OF THEIR ENTIRE INVESTMENT IN THE NOTES. THERE CAN BE NO ASSURANCE THAT THE COMPANY'S OBJECTIVES CAN BE ACHIEVED. PROSPECTIVE PURCHASERS SHOULD CAREFULLY REVIEW THE INFORMATION SET FORTH UNDER "RISK FACTORS" BEGINNING ON PAGE 5 AS WELL AS OTHER INFORMATION CONTAINED IN THIS MEMORANDUM.
Restrictions on Transfer	Sales or other transfers of the Notes may only be made in compliance with federal and state securities laws. There presently is not, and the Company does not anticipate the development of, any market for the resale of the Notes.
Suitability Standards	An investment in the Notes offered by this Subscription Agreement is suitable only for accredited investors who have business and financial experience such that they are capable of evaluating the merits and risks of purchasing a Note. The Notes only may be purchased by persons who meet the suitability standards set forth in the Subscription Agreement attached as Exhibit "A" hereto and the Accredited Investor Representation Letter attached as Exhibit "B" hereto.
Subscription Agreement	The purchase of the Notes will be made pursuant to a Subscription Agreement and Accredited Investor Representation Letter that will contain, among other things, customary representations and warranties by the Company, certain covenants of the Company, investment representations of the purchasers, including representations that may be required by the Securities Act and applicable state "blue sky" laws, and appropriate conditions to closing, including, but not limited to, qualification of the offer and sale of the Notes under applicable state "blue sky," laws. A form of such Subscription Agreement and Accredited Investor Representation Letter are attached as Exhibits "A" and "B" hereto.
Subscription Procedure	In order to subscribe for a Note, a Subscriber must complete, execute and deliver to the Company (1) the Subscription Agreement and the Accredited Investor Representation Letter in the forms attached hereto as Exhibits "A" and "B", (2) the Security Agreement attached hereto as Exhibit "D", (3) a Form W-9 – Request For Taxpayer Identification Number and Certification attached hereto as Exhibit "E" and (4) a certified check made payable to CS2K, LLC or a wire transfer to the account set forth in the Subscription Agreement in the amount of the purchase price of the Note.

RISK FACTORS

The Notes offered hereby are highly speculative and prospective investors should be aware that the purchase of a Note offered hereby involves a high degree of risk. Prospective investors should carefully consider the following risk factors, in addition to the other information set forth in this Memorandum in connection with an investment in the Notes offered hereby. The following risk factors are not meant to be an exhaustive listing of all risks associated with an investment in the Company. Each prospective investor should consult his or her own professional advisers and should not construe the contents of this Memorandum or other information furnished by the Company as investment, legal or tax advice.

As there are significant restrictions on transferability of the Notes, you will not be able to sell your Note when you want to.

There is no public or private market for the Notes offered hereby and there can be no assurance that a market will develop at any point in the future. There are currently no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in the Company's Notes. It is extremely unlikely that an active trading market in the Company's Notes will ever develop, and there can be no assurance that if such a market develops, that it will be sustained. Accordingly, purchasers of the Notes will not be able to resell the Notes offered hereby when they want to. The Notes are being offered pursuant to an exemption from registration set forth in Regulation D under the Securities Act and are restricted securities for the purposes of federal and state securities laws. The Notes cannot be sold unless subsequently registered under such laws or unless, in the opinion of counsel to the Company's satisfaction, an exemption from registration is available. Consequently, any holder of the Notes may be unable to liquidate his or her investment even in the event of an emergency or though his or her personal, financial circumstances would dictate such a liquidation, and the Notes may not be acceptable as collateral for loans.

The Note Holders have shared rights to the assets of the Company upon any default by the Company on its obligations under the Notes.

No individual Note Holder will have any rights to specific assets of the Company upon any default by the Company on its obligations under the Notes. Accordingly, if the Company defaults on the Notes, the holders of the Notes will have collateral or rights to the assets that they must share with all other Note Holders on a *pari passu* basis determined by the total unpaid principal amount of their Note divided by the total unpaid principal amount of all outstanding Notes. Accordingly, no Note Holder may individually direct the sale of assets and use the proceeds to satisfy the outstanding principal balance of their Notes and any accrued interest thereon.

The Note Holders will have no right to participate in the management of the Company.

The holders of the Notes have no right to participate in the management of the Company. The management of the investments and affairs of the Company is vested exclusively in the Members and a holder of the Notes will have no right to participate in many decisions which

may materially affect the value of his, her or its investment. As the Notes do not constitute Membership Interests, subscribers to this Offering will not have any of these management rights. Accordingly, a subscriber should not purchase Notes unless he, she or it is willing to entrust all aspects of the management of the Company to the Members.

Other than payment of interest and principal, the holders of the Notes shall not be entitled to receive any additional allocation of the Company's revenues or expenses or distribution of any additional cash from the Company.

The holders of the Notes shall only be entitled to receive payment of their accrued interest when due and payment of the principal amount of their Note on its maturity date. The holders of the Notes are not entitled to receive any additional distributions of cash or allocations of revenues or expenses from the Company.

The Company is a development stage company and has an extremely limited operating history.

The Company was formed in June 2018 and has a very limited operating history. There can be no assurance that the Company will be able to successfully implement its business plan or generate revenues or net income in the future. The Company is subject to all the risks inherent in early development stage companies. In addition, the Members of the Company have limited experience lending money to Merchant Cash Advance financing companies. Accordingly, a purchaser in this Offering has a relatively limited history of existence and operating history on which to base his/her/its investment decision.

The Company has limited funds and very limited ability to obtain bank financing.

The Company is a start-up venture that presently has extremely limited funds. The Company is seeking to raise up to $25,000,000 to finance its operations. There is no assurance that such amount of financing will be sufficient for the Company's purposes, or that, if the Company needs additional funds, debt or equity financing will be available on favorable terms or at all. The Company has no existing bank lines of credit and has not established any definitive sources for additional financing. Failure to obtain such additional financing on acceptable terms when need could restrict the Company's ability to implement its investment plan.

The Company does not have any contractual arrangements with Merchant Cash Advance companies or operating businesses that guarantee a steady supply of borrowers of its funds. Accordingly, the Company may have difficulty locating a sufficient volume of loans that it deems qualified to extend in order to earn enough funds to enable it to pay the interest and principal payments to the Note Holders as they come due.

The Company does not have any contractual arrangements with Merchant Cash Advance companies or operating companies that guarantee a steady supply of loans to extend. In the event that the Company is unable to locate a sufficient volume of notes or loans that it deems qualified for purchase from wholesalers, originators, servicers or other sources, then it may be unable to pay the interest payments as they come due to the Note Holders or pay the principal

amount of the Notes on their respective maturity dates. This will make locating sufficient assets to implement its business plan even more difficult for the Company.

There can be no assurance that the Company will have sufficient funds to make interest payments to the Note Holders or to pay the principal amount of their Notes after the maturity dates.

The expenses of the Company may exceed its revenues, thereby resulting in no cash available for payments to the Note Holders. Accordingly, there can be no assurance that the operations of the Company will be profitable or that the Company will have sufficient cash flow to make interest payments to the Note Holders or to pay the principal amount of their Notes on or after the maturity date.

The Company could face significant competition in implementing its investment plan.

Investing in Merchant Cash Advance companies and extending loans to operating companies can be highly competitive. While it serves a niche market, if this industry becomes more popular, then the Company's present and potential competitors may be significantly larger and may have, or may be able to obtain, greater financial resources than the Company. Consequently, there can be no assurance that the Company will not encounter increased competition that could limit its ability to implement its investment plan. Such increased competition could restrict the Company's ability to extend loans at a high enough interest rate, which could materially adversely affect the Company's operating results and reduce the amount of cash that the Company has to satisfy its obligations to the Note Holders as they come due.

The Manager may alter the use of proceeds in this offering without notice to or approval of the Members.

The Use of Proceeds Table included in this Memorandum on page 17 reflects the Company's anticipated use of proceeds if we are able to sell Notes in the aggregate principal amount of $12,000,000 or $25,000,000. From time to time, the Company will evaluate the uses of cash to determine whether the current application should be changed. The Manager may alter the use of proceeds in this Offering without notice to or approval of the holders of the Notes. As a result, there is no assurance that the Manager will follow the Use of Proceeds table, which may materially change. Accordingly, the Manager will have significant discretion in applying the net proceeds of this Offering. The failure of the Manager to apply such funds effectively could have a material adverse effect on the Company's investments, prospects, financial condition, and results of operations.

The Company has the right to prepay the Notes.

The Company has the right, in its sole discretion, to prepay the principal amount of a Note plus any accrued interest thereon at any time without any prepayment premium or penalty. Accordingly, a Note Holder can be forced to receive repayment of his or her Note prior to the Maturity Date, which means that they will not be entitled to receive the full amount of interest that they would otherwise be entitled to receive if the Note was held through the Maturity Date.

It is likely that our loan portfolios will be highly concentrated in a very small number of Merchant Cash Advance Financing companies.

We have no ability to predict the concentration of our loan purchases between Merchant Cash Advance finance companies. While we anticipate using a substantial portion of the net proceeds of this Offering to extend loans to one or more Merchant Cash Advance finance companies, including, primarily, Capital Source 2000 Inc., there can be no assurance that we will be able to locate this number of Merchant Cash Advance finance companies that we deem to be a worthy credit risk. Accordingly, we may ultimately extend loans to only one Merchant Cash Advance finance company. This concentration of credit presents a material risk in that the effects of any default by the Company's borrowers has a more significant impact on its assets with a lower number of borrowers. If the Company only extends loans to a small number of Merchant Cash Advance finance companies and makes investments in a small number of private real estate funds, then any default by such borrowers can have a material adverse effect on the Company's ability to repay the loans to the Note Holders.

The illiquid nature of the notes and other debt instruments that we purchase from Merchant Cash Advance finance companies will make it difficult for the Company to sell such notes upon any default by the Merchant Cash Advance finance companies.

If a Merchant Cash Advance finance company defaults on its payment obligations pursuant to a note owned by the Company, then the Company will try to sell such notes or other instruments. The general illiquid nature of such notes and debt instruments will make it extremely difficult for the Company to complete the sale of such notes and debt instruments at a price close to the principal amount of such notes and debt instruments, if at all. These factors increase the risk that the Company will not recover the principal amount of its notes upon a default by the Merchant Cash Advance finance company.

Worsening economic conditions may result in decreased demand for business credit and cause default rates to increase.

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets, historically have created a difficult environment for companies in the lending industry. Many factors, including factors that are beyond the Company's control, may have a detrimental impact on companies providing Merchant Cash Advance financing. These factors include general economic conditions, unemployment levels, energy costs and interest rates, as well as events such as natural disasters, acts of war, terrorism and catastrophes.

Most companies which seek and obtain Merchant Cash Advance financing are small businesses. Small businesses have historically been, and may in the future remain, more likely to be affected or more severely affected than large enterprises by adverse economic conditions. These conditions may result in a decline in the demand for Merchant Cash Advance financing or higher default rates.

Merchant Cash Advance financing involves the purchase of future accounts receivable and if the seller of the accounts receivable (the Merchant Cash Advance recipient) goes out of business or declares bankruptcy, then the purchaser of the accounts receivable (the Merchant Cash Advance financing company) may lose its entire investment. If worsening economic conditions result in business closures in significant numbers, Merchant Cash Advance financing companies may lose money and not have funds sufficient to repay their debts. This scenario could have a negative effect on the Company in that the Merchant Cash Advance finance companies would then be unable to repay their loans to the Company. There can be no assurance that economic conditions will remain favorable or that demand for Merchant Cash Advance financing or default rates will remain at current levels.

If the information provided by the Merchant Cash Advance recipient is incorrect or fraudulent, its qualification to receive Merchant Cash Advance financing and the operating results of the Merchant Cash Advance financing company may be harmed.

The decision whether to provide Merchant Cash Advance financing to a particular business is based partly on information provided by the applicant. To the extent that applicants provide information in a manner that cannot be verified, the Merchant Cash Advance financing company may not accurately understand the associated risk with entering into a transaction with such applicant and may pay too much to acquire certain accounts receivable.

Fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impact operating results, brand and reputation and require Merchant Cash Advance financing companies to take steps to reduce fraud risk, which could increase their costs and could affect their ability to repay their promissory notes.

Underwriting and risk management efforts may not be effective.

In order to be profitable, Merchant Cash Advance financing companies must effectively identify, manage, monitor and mitigate risks, such as operational risk, industry risk, liquidity risk, and other market-related risk. To the extent the models and methods used to assess the ability of the Merchant Cash Advance recipient to continue to operate a profitable business and generate sufficient revenue to compensate the Merchant Cash Advance financing company are flawed, incorrect or not executed property, such Merchant Cash Advance financing company may sustain losses greater than anticipated and, in such event, may not generate profits sufficient to repay the MCA Debt Obligations.

Merchant Cash Advance Companies are presently unregulated. Regulations could adversely affect their business.

Currently, as this activity involves business-to-business purchases of assets as opposed to the extension of loans, Merchant Cash Advance financing is not regulated by federal or state laws. Enactment of laws or regulations applicable to Merchant Cash Advance financing could adversely affect financing companies' ability to operate in the manner in which they currently conduct business and/or make it more difficult or costly to originate financing transactions by

subjecting them to additional licensing, registration and other regulatory requirements in the future. For example, if Merchant Cash Advance financing transactions were determined for any reason to be commercial loans, financing companies would be subject to many additional requirements including limitations on the amount charged, and their fee structures and repayment arrangements could be challenged by regulators or Merchant Financing Advance recipients, all of which could have a material adverse effect on their business and financial condition and their ability to repay their promissory notes.

Banks with whom the Merchant Cash Advance companies acquire originated loans may terminate their business relationship with the Merchant Cash Advance Company.

While the contractual relationship with a bank is expected to be for multiple years, there may be reasons why the bank might prematurely terminate its relationship with a Merchant Cash Advance Company. For example, the bank product may not conform to regulatory compliance standards, the volume of originations may be less than the parties agreed to, and there could be a significant decline in the bank's regulatory rating.

Acquiring bank originated loans may create additional regulatory risks.

If the applicable regulatory agencies rule or otherwise determine that retaining 95% to 100% of a bank originated loan is not a loan participation but a loan sale, then the yield on that loan could be reduced to comply with other state usury laws.

Our success will be largely dependent upon our Manager and officers.

Our success will be largely dependent upon the continued involvement of the Manager and officers of the Company, particularly William H. Bromley, our Manager and Chief Executive Officer. The loss of the services of these individuals could have a material adverse effect on the implementation of the Company's business plan. If the Company loses the services of the Manager or one or more officers or key employees, it would need to devote substantial resources to finding replacements, and until replacements were found, it would be operating without the skills or leadership of such personnel, any of which could have a significant adverse effect on the Company's business. Although they each own Membership Interests, it is possible that one or more of the officers will terminate their relationship with the Company. Although Mr. Bromley has very limited experience managing a portfolio of Merchant Cash Advance loans, his understanding of this business will be crucial to the Company's success. In addition, the Company does not presently maintain insurance on the officers' lives. Although the Company believes that it would be able to locate a suitable replacement for Mr. Bromley or any of its officers, it may not be able to do so.

The Manager and Members will have potential conflicts of interest with regards to other investments which they own and manage.

The Manager is required to devote only so much of his time to managing the investments of the Company as he, in his sole judgment, determines to be reasonably necessary, and neither he nor any of the other Members are restricted from engaging in other activities, even if they are

competitive with the Company. William H. Bromley has been appointed as the Manager of the Company by the Members. Mr. Bromley and the other Members are or may become principals in other companies that participate in the purchasing of note investments and may establish or purchase additional companies that will participate in the purchasing of note investments or other related aspects of real estate investing. For example, the Manager and the current Members own and operate Capital Source 2000, Inc., a company that focuses on completing merchant cash advances to operating companies and will likely be the primary recipient of loans provided by the Company from the net proceeds of this Offering. Furthermore, these individuals intend to form similar companies in the future. Accordingly, the Company will be subject to various conflicts of interest arising out of these activities. Such conflicts may involve arrangements between the Company and the Manager or the other Members, or entities controlled by them, which are established by the Manager and may not be the result of arm's length negotiations.

There is a limitation on the personal liability of the Manager and the Members of the Company and these individuals are eligible for receiving indemnification from the Company for expenses or losses that they incur while providing services on behalf of the Company.

The Operating Agreement provides that the Manager and the other Members will not be liable to the Company or the other Members for any act, omission or decision performed or omitted by him, provided such act, omission or decision was in good faith and without intent to defraud the Company and did not constitute a breach of any provision of the Operating Agreement. In addition, the Operating Agreement provides for indemnification by the Company of the Manager and Members against liability resulting from any of such acts or omissions, except for those involving the Manager's or Member's willful misconduct or recklessness. As a result, purchasers of the Notes may have a more limited right of action against members of the Manager or Members than they would have absent such provisions.

There are federal income tax risks to an investment in the Interests.

The federal income tax consequences of an investment in the Company constitute a risk to potential investors. Each potential investor should carefully consider the risks regarding an investment in the Company discussed under "Income Tax Aspects." The tax consequences of an investment in the Notes may differ based on particular circumstances affecting individual investors, and it is recommended that each investor consult his or her tax adviser before investing in the Company.

Investment by Benefit Plans Have Risks Unique to Such Plans.

In considering the acquisition of Notes to be held as a portion of the assets of an "employee benefit plan" within the meaning of Section 3(3) of ERISA ("a Benefit Plan" or "Plan"), a Plan fiduciary, taking into account the facts and circumstances of such trust, should consider, among other things: (a) the effect of the "Plan Asset Regulations" (Labor Regulation Section 2510.3-101) including potential "prohibited transactions" under the Code and ERISA; (b) whether the investment satisfies the "exclusive purpose," "prudence," and "diversification" requirements of Sections 404(a)(l)(A),(B) and (C) of ERISA; (c) whether the investment is a permissible investment under the documents and instruments governing the plan as provided in

Section 404 (a)(l)(D) of ERISA; (d) the Plan may not be able to distribute Notes to participants or beneficiaries in pay status because the Notes are generally not transferable; and (e) the fact that no market will exist in which the fiduciary can sell or otherwise dispose of the Notes and the Fund has no history of operations. The prudence of a particular investment must be determined by the responsible fiduciary with respect to each employee benefit plan, taking into account the facts and circumstances of the investment.

ERISA Risks to Benefit Plan Investors.

Any Investor that invests funds belonging to a qualified retirement plan or IRA should carefully review the tax risks provisions of this Memorandum as well as consult with their own tax advisors. The contents hereof are not to be construed as tax, legal, or investment advice.

PROSPECTIVE BENEFIT PLAN INVESTORS ARE URGED TO CONSULT THEIR ERISA ADVISORS WITH RESPECT TO ERISA AND RELATED TAX MATTERS, AS WELL AS OTHER MATTERS AFFECTING THE BENEFIT PLAN'S INVESTMENT IN THE FUND. MOREOVER, MANY OF THE TAX ASPECTS OF THE OFFERING DISCUSSED HEREIN ARE APPLICABLE TO BENEFIT PLAN INVESTORS WHICH SHOULD ALSO BE DISCUSSED WITH QUALIFIED TAX COUNSEL BEFORE INVESTING IN THE FUND.

BUSINESS

The Company is a Delaware limited liability company organized under the Act to extend loans in exchange for promissory notes and other similar debt instruments offered and sold by one or more companies which provide "Merchant Cash Advance" financing (the "MCA Debt Obligations") in the United States having maturity dates of four to nine months and paying interest to the Company at a rate equal to, or greater than, eighteen percent (18%) per year. Merchant Cash Advance financing is a form of commercial financing whereby the financing company provides working capital or expansion capital to the borrower secured by a portion of a businesses' future accounts receivable in exchange for an immediate payment of money. The Company may also invest in private real estate funds that acquire distressed residential real estate mortgage notes. The Company may also engage in any lawful activity for which limited liability companies may be organized under the Act.

Merchant Cash Advance Financing.

The term "Merchant Cash Advance" generally refers to a form of short term financing provided to operating businesses. While the specific terms of the financings may vary from company to company or transaction to transaction, usually, a "Merchant Cash Advance" transaction is a form of commercial financing whereby the financing company purchases a portion of a businesses' future accounts receivables in exchange for an immediate payment of money -- the so-called "Advance". Merchant Cash Advances, technically, are not loans but rather the sale of revenues which the operating company expects to generate in the future.

A "Merchant Cash Advance" financing transaction has several basic business or

commercial terms: (1) the amount of the Advance to be made by the financing company, (2) the amount to be paid back to the finance company which is usually referred to as the "buy rate" or "factor rate", (3) the holdback, which is the amount of daily revenue retained or a predetermined fixed payment amount which is paid to the finance company and (4) the term or duration of the advance.

The amount which is paid back to a financing company depends upon the Buy Rate. Buy Rates vary depending upon market conditions as well as each financing companies' underwriting and pricing policies but are often between 130% and 150% of the advance (or 1.3 to 1.5 times the amount of the advance). To determine how much a Merchant Cash Advance recipient is required to repay, the amount of the advance is multiplied by the Buy Rate. For example, if the Merchant Cash Advance recipient sold $100,000 of its future accounts receivable at a Buy Rate of 1.3 for a term of twelve months, then the total amount to be paid to the financing company would be $130,000.

Holdback rates depend upon the volume of business generated by the Merchant Cash Advance recipient. The financing company receives the amount of the Advance multiplied by the Buy Rate by taking a portion of the business's revenue, usually in the form of receivables owed to the company and which may be daily credit card receipts. The remainder is retained by the Merchant Cash Advance recipient. Typical holdback rates range from 5% to 15% of daily receipts, though this amount may vary widely based upon the nature of the business and the risk of payment as determined by the financing company. For example, if the Merchant Cash Advance recipient generated $10,000 per day in payments and the holdback or payment rate was 10%, the Merchant Cash Advance financing company would charge or “holdback” $1,000 for that day. The amount of the holdback is applied to the total amount payable to the Merchant Cash Advance financing company - that is, the Advance multiplied by the Buy Rate.

Merchant Cash Advances Are Not Loans.

Although business loans and Merchant Cash Advances look quite similar and serve the same purpose, Merchant Cash Advances are not loans but rather the right to acquire a future asset of the operating company - namely, its future revenues. Loans are transfers of funds with the obligation to repay the loan amount together with interest. There are several critical differences between business loans and Merchant Cash Advance financing transactions.

Instead of being priced in terms of an interest rate like traditional loans, Merchant Cash Advances are priced using "Buy Rates" or "Factor Rates". Unlike traditional, interest-bearing loans, Buy Rates are not annualized. Merchant Cash Advance transactions continue until the financing company receives the full amount owed, that is, the return of the Advance amount multiplied by the Buy Rate or Factor Amount. Since there are no fixed payments of principal and interest, the duration of a Merchant Cash Advance transaction is indeterminate and depends on the Merchant Cash Advance recipient's sales both in terms of quantity and time. However, financing companies are able to exert some control over the

transaction's length by adjusting the percentage of revenues. Financing companies review the Merchant Cash Advance recipient's average monthly revenues and adjust the holdback percentages to estimate the time period necessary to repay the Advance and the Buy Rate.

Lastly, unlike loan recipients, Merchant Cash Advance recipients may not be absolutely liable for repaying the financing company because Merchant Cash Advances do not carry an absolute obligation or an unconditional promise to repay. Legally, the financing company has purchased the right to receive the future receivables. As a purchaser, the financing company assumes the risk that it will receive all or a portion of the amount that they are entitled to and that the accounts purchased will not become worthless. Indeed, after the sale occurs, the Merchant Cash Advance recipient's principal duty is to immediately deliver the contracted portions of its sales to the financing company as the sales occur.

Because they may not be obliged to make payments once they are out of business, some Merchant Cash Advance recipients will close their businesses and reopen under another name. Other businesses attempt to escape by using another credit card processor -- one the Merchant Cash Advance provider cannot collect from or by depositing sales into a hidden account. Financing companies protect their interests by requiring that the Merchant Cash Advance recipient agree not to accept multiple Merchant Cash Advances from different financing companies (a practice sometimes referred to as stacking) and/or by requiring that the owner of the business give his or her personal guarantee. The owner, however, is not guaranteeing that the business will repay all or some of the Merchant Cash Advance but rather only that the business will not breach the contractual obligations. The Merchant Cash Advance company may keep a lien or continuing right to collect future receivables until they are paid in full.

As Merchant Cash Advances may lack absolute obligations to repay the finance company, fixed payment schedules, interest rates, and maturity dates, courts are not likely to hold in favor of classifying the transaction as a loan, thereby subjecting the transaction to lending laws and regulations, such as usury laws which would limit the amount Merchant Cash Advance financing companies could charge or earn on a given transaction.

The Rise of Merchant Cash Advances.

Since the recession of 2008, the number of commercial loans of $1,000,000 or less has been declining nationally each year and remains below pre-recession levels. Commercial banks have withdrawn from lending to small businesses for a variety of reasons. Additionally, small community banks, which once issued a sizable portion of the nation's small business loans, are either closing down or consolidating due to the increased costs of regulatory compliance. Accordingly, while the demand for small business loans has not decreased, the availability of these loans has decreased.

Structural barriers that make it difficult for banks to lend to small businesses have also played a part in prompting the banks to leave the small business loan market. For lenders and borrowers alike, the search costs in small business lending tend to be high. Even more troublesome for small business owners, the transactions costs of a $100,000 loan are

comparable to those of a $1,000,000 loan but will earn the bank less profit. This is because small business loans typically have a greater risk of default. Small businesses tend to be more sensitive to economic turbulence than their larger counterparts, and banks have an onerous time underwriting these loans and assessing the creditworthiness of smaller businesses due to a lack of information. In particular, small businesses tend to lack detailed balance sheets, do not make their information public, maintain inadequate income statements, and file tax returns that include limited disclosures.

Larger commercial banks have generally withdrawn from the small business loan market. In an attempt to curtail the number of time-consuming loan applications from small businesses, some banks -- larger ones in particular -- have entirely eliminated or drastically reduced loans below a certain threshold, whereas others simply refuse to lend to businesses that generate less than $2,000,000 in annual revenue. The withdrawal of banks from this sector creates a problem for small businesses because those that get a loan, even a subprime one, are far more likely to survive than those that do not. The high demand for small business loans coupled with the banks' exit from the market has created a void that needs to be filled.

These companies need sources of capital for use in providing Merchant Cash Advances to operating companies. The Company anticipates using a substantial portion of the net proceeds of this offering to extend loans to Merchant Cash Advance companies, particularly Capital Source 2000, Inc., its affiliate.

As a result of its banking experience and strong network, the management of Capital Source 2000, Inc., an affiliate of the Company that will likely borrow a substantial portion of the net proceeds of this Offering from the Company, has identified several banks that have offered to originate small business loans and upon closing sell those loans back to Capital Source 2000, Inc. within two to five days of closing. As a result, the net proceeds of this Offering may be secured by these bank-originated small business loans in the same way they will be secured by the Merchant Cash Advances.

Capital Source 2000, Inc. will identify prospective customers for the bank loans through their current loan origination channels. The customer information would be reviewed for the best financing option to meet the customer’s needs. In the situation where a bank loan best suits the customer’s needs, the loan will be completely underwritten and approved. Once approved, the loan will be transferred to a bank partner where the loan will be documented on bank loan documents, reviewed for compliance, closed and funds disbursed to the customer. These originated bank loans are expected to be written at yields comparable to merchant cash advances. Within two to five business days after closing, the Merchant Cash Advance origination company will buy back, using net proceeds from this Offering, and place on their balance sheet either 95% or up to 100% of the loan. This loan will be a bank loan participated to the Merchant Cash Advance company, which will service and collect payments on the loan.

The benefits of this loan origination strategy include the following:

- Bank loans have significantly less regulatory risk than Merchant Cash Advances. While Merchant Cash Advances have been found in multiple court cases to not be considered loans (and therefore not regulated by the FDIC, Federal Reserve or state banking authorities), bank business loans are a staple of the banking industry and are a standard asset of all banks. Therefore, as a hedge against changing bank regulations, originating bank loans in this manner eliminates that regulatory risk.
- Bank loans are more flexible in term, structure, collateral and interest accrual and rate than Merchant Cash Advances. Consequently, bank loans present a more flexible financing option for many customers.
- The bank loan product will provide the opportunity to attract a different customer base than the current Merchant Cash Advance product. This also may allow the company to retain quality customers that might migrate out of Merchant Cash Advance to another financing product.
- The funding for bank loans may be available from other banks that do not have access to this type of high yielding asset. If this is the case, the net proceeds of this Offering may be leveraged when combined with additional lower cost bank funding.

In addition to providing financing to Merchant Cash Advance companies, the Company may invest in private real estate funds that purchase performing and non-performing residential real estate mortgage notes at a discount with the goal of liquidating these notes in a manner that realizes a gain on the sale of each mortgage note. These funds tend to purchase performing and non-performing mortgage notes in the secondary mortgage market from independent wholesalers, servicers and direct originators of these mortgage notes. For non-performing notes, they then work to modify them and return them to re-performing status, which means on time payments for at least six months, and then seek to realize revenue via an exit strategy for the note or hold them to collect the remaining payments on the note. The typical exit strategies will include a workout with the homeowner, a refinancing and continued servicing of the note, a re-sale of the note to a third party or foreclosure and re-sale of the property underlying the note. For performing notes, these funds tend to either hold the notes to generate cash flow or search for ways to exit the notes. The typical exit strategies will include a modification and continued servicing of the note, a re-sale of the note to a third party or a satisfaction of the mortgage balance by the borrower.

The Company does not presently have any employees other than the Manager. For the foreseeable future, the Company anticipates that its Manager and officer will perform all work in connection with the implementation of the Company's business plan.

PROPERTIES

The Company does not presently occupy any office space and does not anticipate acquiring office space in the future as it has outsourced most functions to third parties.

LITIGATION

The Company is not presently involved in any legal proceedings. From time to time, the Company may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Many of these proceedings will settle and result in a modification of the underlying loan to the Merchant Cash Advance company. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm the Company's business. The Company is currently not aware of any such legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

USE OF PROCEEDS

The Company intends to use all of the proceeds of the Offering for the following purposes: (1) to fund all expenses related to the completion of this Offering, including without limitation due diligence, legal fees and expenses and other costs and expenses; (2) to fund operating expenses of the Company such as the purchase of insurance, office rent, utilities, purchase and leasing of office equipment, guaranteed payments to the Members and miscellaneous operating expenses such as utilities and office supplies; and (3) extension of loans to Merchant Cash Advance Companies. Management's estimate of these uses of proceeds, assuming completion of $12,000,000 of the Offering and completion of the entire Offering, is as follows:

	Amount Raised	
	$12,000,000	**25,000,000**
Offering Expenses and Formation Costs	$ **20,000**	**20,000**
Payment of Accrued Interest on the Notes	$ **1,000,000**	**2,000,000**
Extension of Loans to Merchant Cash Advance Companies	$ **10,800,000**	**22,700,000**
General Administrative: Insurance, Office Supplies, Dues, Travel.	$ **100,000**	**150,000**
Professional fees for Accounting and Legal Services	$ **80,000**	**130,000**
	$12,000,000	**$25,000,000**

MANAGEMENT

The Manager

The Manager has the sole right to manage the business of the Company and to make any decisions with respect thereto. The Manager shall be elected solely by the Members of the Company. Accordingly, the Note Holders shall have no right to elect the Manager or vote for his removal and shall have no right to manage the Company. The number of Managers shall be one, or such other number as may be determined from time to time by the Members. The Members may remove any Manager at any time with or without cause. William H. Bromley is currently the Manager.

Officers

The Manager has the power to appoint officers to assist him in managing the daily operations of the Company. These officers shall serve at the direction of the Manager and can be removed with or without cause. The current officers and their relevant business experience is as follows:

William H. Bromley serves as our Chief Executive Officer and is responsible for locating future business opportunities, managing our accounting function, developing staff training, and locating, analyzing and documenting transactions with Merchant Cash Advance finance companies. Mr. Bromley is a financial industry entrepreneur with over 35 years of experience in founding, developing and growing financial service companies in the Middle Atlantic Region.

During his banking career he built two successful community banks. First Sterling was started from scratch after raising $7 million of private investor capital. After 12 years and three prior sales it was acquired by Bank of America. Mr. Bromley then led a group of investors raising $10 million to acquire Eagle National Bank, a troubled community bank in the Philadelphia area. Under Mr. Bromley's leadership, Eagle's assets grew to more than $300 million and this bank was eventually sold to East Stroudsburg Savings, allowing the purchaser to enter the Philadelphia banking market.

During the last four years, Mr. Bromley has developed a new financial services company- Capital Source 2000 Inc., a nationwide fintech lender to small businesses in the Merchant Cash Advance industry. This company finances a market niche that banks generally cannot serve but one that can be one of the most profitable opportunities today. The company lends to small businesses with strong cash flow, looking for expansion capital and that typically do not have real estate collateral- a requirement of almost all banks – especially for small businesses. The company started in late 2015 funded, initially with the partners' capital. Since that time, the company has grown to over $17 million in assets funded by over $13 million of high yield private investor secured notes. The company is currently growing at over 75% per year. The Company will likely lend a substantial portion of the net proceeds of this offering to Capital Source 2000 Inc.

Born and educated in the Philadelphia area, Mr. Bromley attended Ursinus College where he graduated with a BA in Economics as a member of the Omicron Delta Epsilon Honor Society. He also attended the Wharton School of Business at the University of Pennsylvania where he earned an MBA in Marketing with a minor in Information Systems.

RELATED PARTY TRANSACTIONS

William H. Bromley, the Manager of the Company, owns and operates Capital Source 2000 Inc., a nationwide fintech lender to small businesses in the Merchant Cash Advance industry. The Company intends to invest or lend a significant portion of the net proceeds of this Offering to Capital Source 2000, Inc. Accordingly, this transaction will create a conflict of interest and, while the Company will seek arms' length terms in its transactions with Capital

Source 2000, Inc. that include an interest rate that is greater than the amount of interest that the Company is required to pay to the Class B Members, there can be no assurance that the Company will be able to obtain such terms.

TERMS OF THE OFFERING

Pursuant to this Memorandum, the Company is offering Notes in the aggregate principal amount of up to $25,000,000. The Company has set a minimum subscription by a subscriber of $100,000 and will accept lesser subscriptions in the Manager's sole discretion. The Company intends to offer and sell the Notes to investors pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), provided in Rule 506 of Regulation D promulgated thereunder.

Each investor in this offering will receive a Note in a principal amount equal to the amount invested. The Note will accrue interest and have a Maturity Date that will vary based on the amount invested, as follows:

TERM	**1 YEAR***	**2 YEARS**	**3 YEARS**
	Option	**Standard**	**Option**
PRINCIPAL AMOUNT OF NOTE PURCHASED ($100,000 MINIMUM)			
$100,000 - $249,000	10%	12%	12%
$250,000 - $499,000	12%	14%	14%
$500,000 – 749,000	13%	15%	15%
$750,000 and over	14%	16%	16%

*The one-year option will be made available very infrequently at the Manager's sole discretion to allow new investors to commit funds on a short-term basis.

Each investor will also execute a Security Agreement that will give it a shared interest with all other investors in the collateral of the Company. This means that, upon any default in the Company's obligations to make any payments under the Notes that are not cured by the Company, the investors can execute their rights under the Security Agreements and are entitled to share in the collateral on a *pari pasu* basis, with each investor entitled to a percentage to the collateral calculated by dividing the principal amount of its promissory note by the aggregate principal amount of all promissory notes sold in this offering.

The security interest of the investors in the Company's collateral will be perfected by filing a UCC-1 Financing Statement against the Company's assets. The Company intends to use a substantial portion of the net proceeds of this Offering to make loans to Merchant Cash Advance finance companies, particularly Capital Source 2000, Inc. The Company will execute a Security Agreement with each such Merchant Cash Advance finance company granting it a security interest in the assets of the Merchant Cash Advance finance company to secure the performance by the borrower of all obligations owed to the Company under the loan documents.

Investor Qualifications.

Accredited Investor Status and Financial Suitability. In order to assure the Company of his or her financial suitability to purchase a Note, a prospective investor will be required to make certain representations and warranties in the Subscription Agreement (attached as Exhibit "A") and Accredited Investor Representation Letter (attached as Exhibit "B"), including that he or she is capable of bearing the economic risk of the investment, including the total loss of the investment.

Knowledge and Experience. In addition to requiring the satisfaction of the financial suitability standards, each prospective investor will be required to represent in the Subscription Agreement that he or she has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Notes.

Investment Representations. The registration exemptions upon which the Company is relying for the offer and sale of the Notes requires that the Company obtain from subscribers certain representations regarding the acquisition and resale of the Notes. Accordingly, each purchaser will be required to represent in the Subscription Agreement that he or she is purchasing a Note for his or her account only and not with a view to the resale or other disposition thereof or of any interest therein except in accordance with all applicable securities law requirements.

Subscription Agreement.

Each prospective purchaser of a Note will be required to execute the Subscription Agreement. The Subscription Agreement contains numerous representations, warranties and covenants by the purchaser and indemnity obligations of the purchaser in the event that the representations, warranties and covenants are breached. Upon the acceptance by the Company of the Subscription Agreement with respect to each purchaser, the Company will issue a secured promissory note in the form attached as Exhibit "C" to each purchaser.

Restrictions on Transfer.

The Notes have not been registered under the Securities Act or the securities laws of any state. The Notes are being offered and sold in reliance upon certain exemptions from the registration requirements of such laws, which depend, in part, on the intent of the purchasers not to make a distribution of the Notes. As a result, there are restrictions imposed by applicable securities laws upon the distribution and transfer of the Notes. The Company has no obligation, and does not intend, to register the Notes under the Securities Act or under any state securities laws or to take any action which would make available to a purchaser an exemption from the registration requirements of any such laws.

PLAN OF DISTRIBUTION FOR NOTES

The Notes are being offered on behalf of the Company through its Manager and officers. No broker or dealer will be employed and no sales commission or compensation will be paid in connection with the offer or sale of the Notes.

After reviewing this Memorandum, prospective investors who have questions or wish additional information are invited to contact William H. Bromley at (610) 291-7722 or arrange an appointment with representatives of the Company to answer questions or provide information.

Procedure for Subscribing for Units.

A prospective investor who, after carefully reviewing this Memorandum and accompanying Exhibits, wishes to subscribe for Notes should complete, sign and date a copy of the Subscription Agreement and Accredited Investor Representation Letter attached as Exhibits "A" and "B", a copy of the Security Agreement attached as Exhibit "D", a Form W-9 Request for Taxpayer Identification Number and Certification attached as Exhibit "E" and deliver the executed documents and payment for the subscribed Note by check made payable to CS2K, LLC to the Company at: 200 W. Elm Street, Suite 1223, Conshohocken, PA 19428, Attention: William H. Bromley or by wire transfer to the Company's account listed in the Subscription Agreement.

INCOME TAX ASPECTS

The following is a brief summary of some of the federal income tax consequences associated with the purchase of a Note. This summary applies only to individuals who hold their investment in the Company as a capital asset. Other investors could be subject to different rules and should consult their own tax advisers. The rules pertaining to federal income taxation are constantly under review by the Internal Revenue Service ("IRS"), the Treasury Department, Congress and the courts. This Income Tax Aspects section is based upon the law as it exists on the date of this Memorandum, and such tax consequences may be affected by future legislation, regulations, administrative rulings or court decisions. Please note that major tax reform was approved by the United States Congress in the Tax Cuts and Jobs Act ("TCJA" or "New Tax Act") on December 22, 2017, some of which will affect the Company and is detailed herein. As with all new tax legislation, the IRS, through the issuance of regulations and rulings, is working on implementing this major tax legislation that affects both individuals and businesses. No prediction can be made as to the direction this implementation could take, or of the likelihood of passage of any other new tax legislation or other provisions either directly or indirectly affecting the Company or any Member of the Company. Where the New Tax Act affects the Members of the Company, this will be pointed out in this Memorandum. Please note the Company has not sought a ruling from the IRS or any other Federal, state or local agency with respect to any of the tax issues affecting the Company, nor has it obtained an opinion of counsel with respect to any tax issues. YOU SHOULD INDEPENDENTLY CONSULT WITH YOUR TAX COUNSEL REGARDING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

In addition to the federal income tax considerations discussed below, ownership of Units may subject a Note Holder to state, local, estate, inheritance or intangibles taxes that may be imposed by various jurisdictions. Except as specifically indicated below, the following discussion does not address the various tax implications of an investment in the Company by any corporations, partnerships, tax-exempt entities, trusts, and other non-individual taxpayers.

The Company will make a number of decisions with respect to the tax treatment of particular transactions on the Company's tax return. There can be no assurance that all of the positions taken by the Company will be accepted by the IRS. Such non-acceptance could adversely affect the Note Holders.

The following summary does not purport to deal with federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules, and is not intended as a substitute for careful tax planning. ACCORDINGLY, IT IS RECOMMENDED THAT EACH INVESTOR INDEPENDENTLY CONSULT HIS OR HER PERSONAL TAX COUNSEL BEFORE INVESTING IN THE COMPANY.

IN CONSIDERING THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY, A PROSPECTIVE INVESTOR SHOULD KEEP IN MIND THAT THE COMPANY IS NOT INTENDED TO BE A SO-CALLED "TAX SHELTER." AS THE NOTES ARE INDEBTEDNESS OF THE COMPANY, THE OPERATIONS OF THE COMPANY ARE NOT EXPECTED TO GENERATE ANY TAX DEDUCTIONS FOR ALLOCATION TO THE MEMBERS.

Partnership Classification

With certain limited exceptions, an unincorporated business entity formed on or after January 1, 1997 which has two (2) or more partners will be classified as a partnership for federal income tax purposes unless it makes an election to be treated as an association. The Company will have at least two (2) partners (Members). Therefore, the Company should be treated as a partnership for federal income tax purposes and thus will be a pass-through entity. See "Pass Through of Income", below. However, if such classification were not respected and the Company was taxed as a corporation, the Company would have to pay tax on the Company's income, reducing the amount of cash available to repay the Notes and the Members would not be able to deduct their share of any of the Company's losses should they occur. In addition, Members would be taxed again at the time such Members receive distributions from the Company. Such a classification would adversely affect the after-tax return of the Members, especially if the classification were to occur retroactively. Furthermore, a change in the Company's tax status would be treated as a sale or exchange of each Member's Interest by the IRS, which could give rise to additional tax liabilities.

Taxable Year

The Company will have a calendar year tax year. The tax year of the Company is important because each Member's share of the Company's deductions, tax credits, if any, income and other items of tax significance must be taken into account on such Member's personal federal income tax return for his, her or its tax year ending within or with which the Company's tax year ends. The initial tax year of the partnership will begin on or around June

20, 2018, the date of formation of the Company, and will end on December 31, 2018.

Pass Through of Income

As a pass-through entity, the Company itself will not be subject to federal income tax. Instead, each Member will be required to report on his, her or its own income tax return his, her or its share of the Company's taxable income or loss.

Substantially all of the Company's taxable income or loss for the foreseeable future will consist of interest income and revenue generated via completion of a successful exit strategy for notes (i.e., the sale of the Company's investment in such notes). Interest and capital gains are reported separately from trade or business income of the Company and retain the same tax characteristics when reported on each Member's individual tax return. Principles discussed in more detail below limit or preclude the use of tax losses allocable to a Member until, in the case of trade or business losses deemed to be passive losses, such time as such exit strategy has occurred. See "Limitations on Availability of Losses."

The amount of a Member's share of taxable income for a year will not ordinarily be identical to the amount of his or her share of cash distributions. Accordingly, in a particular year, a Member may be allocated taxable income without receiving a distribution of cash. Cash received by a Member from the Company generally will not cause recognition of taxable income by a Member but will reduce the Member's basis in his or her Interests. However, a distribution of cash in excess of a Member's adjusted basis in his or her Interests immediately prior to the distribution will result in the recognition of taxable income to the extent of such excess. Any such taxable income generally will be treated as capital gain.

In addition, we anticipate that all taxable income allocated to Members and gain from sales of interests in the Company or distributions in excess of tax basis, will be "net investment income" which may be subject to an additional 3.8% federal tax, in addition to ordinary income or capital gains tax. *See* "Net Investment Income Tax"

Tax Treatment of Company Investments

In General. The Company expects to act as a trader or investor, and not as a dealer, with respect to its securities transactions. A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation.

Generally, the gains and losses realized by a trader or investor on the sale of securities are capital gains and losses. Thus, the Company expects that its gains and losses from its securities transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Company maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. Finally, the Company may realize ordinary income from accruals of interest

The maximum ordinary income tax rate for individuals is 37 percent and the maximum individual income tax rate for long-term capital gains is 20 percent. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000. For corporate taxpayers, there is no separate capital gains rate. However, the New Tax Act reduced the maximum income tax rate from 35 percent to 21 percent. Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

Interest Income

Note Holders will be entitled to receive payments of interest equal to the unpaid principal amount of their Note multiplied the annual rate of interest included in the Note. Payments of interest received by Note Holders shall be treated as income for income tax purposes and this income will generally be treated as ordinary income and taxed at ordinary income tax rates. As Note Holders are not Members of the Company, they will not be entitled to receive any payments from the Company other than their accrued interest and return of principal on the Maturity Date of the Note. As a result, a Note Holder should not earn any income other than the payment of interest accrued on the principal amount of his or her Note.

Net Investment Income Tax

To the extent the Company (and thus a Member) has income from investments, the individual may be subject to net investment income tax. Effective Jan. 1, 2013, individual taxpayers became liable for a 3.8 percent Net Investment Income Tax on the lesser of their net investment income, or the amount by which their modified adjusted gross income exceeds the statutory threshold amount based on their filing status.

The statutory threshold amounts are:

- Married filing jointly — $250,000,
- Married filing separately — $125,000,
- Single or head of household — $200,000, or
- Qualifying widow(er) with a child — $250,000.

In general, net investment income includes, but is not limited to: interest, dividends, capital gains, rental and royalty income, and non-qualified annuities. Net investment income generally does not include wages, unemployment compensation, Social Security Benefits, alimony, and most self-employment income. Additionally, net investment income does not include any gain or income excluded from gross income for regular income tax purposes. To the extent any gain or income is excluded from gross income for regular income tax purposes, it is not subject to the Net Investment Income Tax.

If an individual owes the net investment income tax, the individual must file Form 8960. Form 8960 Instructions provide details on how to figure the amount of investment income

subject to the tax.

Limitations on Availability of Losses

Tax Basis Rules

Although the Company is not intended to provide material tax benefits to the Members, if the Company incurs a net taxable loss in any year, a Member will only be able to deduct a portion of the taxable loss on his or her individual tax return to the extent (a) such loss may properly be allocated to such Member (as discussed above), (b) such Member has a sufficient tax basis to deduct such loss, (c) such Member has a sufficient amount "at risk" with respect to the Company, and (d) such loss is not suspended under the passive activity rules. The "at risk" and "passive activity" rules are discussed in more detail below.

A Member's tax basis for his or her Interests generally will be equal to the amount of cash and the adjusted basis of other property contributed by him, her or it to the Company, increased by the Member's share of any Company liabilities and by taxable income allocated to the Member, and decreased by the amount of losses allocated to him, her or it and cash distributed to him, her or it. Subject to the limitations discussed below, each Member may deduct on his, her or its federal income tax return his, her or its share of the Company's taxable losses, if any, to the extent that he, she or it has basis in his, her or its Interests. Any tax loss in excess of a Member's tax basis may be carried over indefinitely and may be deducted in future years to the extent that the Member's basis has increased above zero.

At-Risk Rules

A Member who is an individual, an S Corporation, or a closely-held C Corporation (*i.e.*, in which five or fewer shareholders directly or indirectly own more than 50% of the stock) must be "at risk" with respect to its investment in the Company in order to deduct the losses and deductions generated by the Company. A Member generally will be considered "at risk" to the extent of the cash and adjusted basis of other property contributed to the Company, as well as any borrowed amounts contributed to the Company with respect to which such Member has personal liability for payment from his or her own assets.

Passive Activity Rules

The passive activity rules are designed to prevent taxpayers from using losses from "passive" activities to offset income from certain other sources, including "active" business income. Whether a particular Member's share of the income or loss of the Company will be characterized as "passive" may depend on his or her personal circumstances. To the extent a Member's interest in the Company is treated as an interest in a passive activity, that Member's allocable share of losses from the Company would only be deductible against the Members' passive income from other investments and would not be deductible against such Member's income from other non-passive sources, including salary income, income from an active trade or business and income from a portfolio of individual assets. Losses suspended under the passive activity rules may be carried forward indefinitely and used to offset passive income earned in

future years or deducted when such Member disposes of his or her interest in the Company. It is not expected that an investment in the Company by a Note Holder will be subject to the passive activity loss limitations.

Investment Expense Deduction.

To the extent any of the expenses of the Company allocated to the Members are determined to be (and are separately stated as) investment expenses, such expenses will not be deductible to Members that are not C corporations. Such expenses were previously deductible as miscellaneous itemized deductions. However, the New Tax Act disallowed all miscellaneous itemized deductions.

Investment Interest Expense Deduction

The amount of investment interest expense that can be deducted in a given year by a Member is capped at his, her or its net taxable investment income for the year. Any leftover investment interest expense gets carried forward to the next year and potentially can be used to reduce taxes in the future. Investment income includes ordinary dividends and interest income but does not include investment income taxed at the lower capital gains tax rates, like qualified dividends or municipal bond interest which is not taxed.

Organization and Offering Expenses

The Company will incur expenses in connection with its organization and this Offering. The Code requires that certain of these organization expenses be capitalized. The Company intends to elect to amortize over one hundred and eighty months as much of these expenditures as qualify as "organizational expenses" as defined in the Code. Offering expenses, including attorneys' fees allocable to the preparation of this Memorandum, and any expenses incurred in connection with the Offering of Interests to the Members, will be capitalized permanently, and no deduction will be obtained by the Company with respect to such expenses. The IRS may challenge the amount of expenses that the Company treats as "organizational expenses," and/or attempt to recharacterize other payments as non-deductible offering or syndication expenses.

Alternative Minimum Tax (AMT)

The New Tax Act completely repealed the corporate AMT. As such, Members that are taxed as corporations (other than S corporations) will not be concerned with the impact of an investment in the Company on AMT.

Non-corporate taxpayers are subject to an alternative minimum tax to the extent the tentative minimum tax ("TMT") exceeds the regular income tax otherwise payable. The rate of tax imposed on alternative minimum taxable income ("AMTI") in computing TMT is 26% and 28%. AMTI consists of the taxpayer's taxable income, as adjusted under Sections 56 and 58 of the Code, plus the taxpayer's items of tax preference, reduced by the applicable exemption amount for such taxpayer, which exemption amount is phased out for taxpayers above a certain income level (i.e., phase out thresholds). The Company will not be subject to the alternative

minimum tax, but each Member is required to take into account on that Member's own tax return his or her share of the Company's tax preference items and adjustments in order to compute alternative minimum taxable income. Since the impact of this tax depends on each Member's particular situation, Members are urged to consult their own tax advisors as to the applicability of the alternative minimum tax with respect to an investment in the Company.

The New Tax Act increases the exemption amount threshold to $109,400 for married taxpayers filing a joint return (half this amount for married taxpayers filing a separate return), and $70,300 for all other taxpayers (other than estates and trusts) for tax years beginning after December 31, 2017 and beginning before January 1, 2026. It also increases the phase-out threshold to $1,000,000 for married taxpayers filing a joint return, and $500,000 for all other taxpayers (other than estates and trusts) beginning after December 31, 2017 and beginning before January 1, 2026.

THE AMOUNT OF ANY ALTERNATIVE MINIMUM TAX DEPENDS UPON THE TOTAL INCOME LIABILITY OF THE TAXPAYER. EACH MEMBER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR TO DETERMINE THE EFFECT OF THE ALTERNATIVE MINIMUM TAX ON HIS OR HER INVESTMENT IN THE COMPANY.

Company Tax Audits

There is a possibility that, either in the normal course or pursuant to its audit guidelines, the IRS will audit the information returns filed by the Company. An audit could result in the disallowance of certain deductions taken by the investors. In addition, an audit of the Company could lead to an audit of an investor's personal tax return with respect to non-Company items.

The expense of any audit of the Company by the IRS (and by any other taxing authority) will be borne by the Company and not by the Members. All costs of any audit of any Member's return, including any subsequent administrative or court proceedings, will be borne by the Member individually. If a tax deficiency is determined with respect to the return of a Member for any year, the Member will be liable for interest on such deficiency from the due date of the return at the rate set by the IRS on a quarterly basis in accordance with Section 6621 of the Code and may be subject to penalties for underreporting of income and failure to pay tax.

The Code imposes detailed procedures for the auditing of partnerships for federal income tax purposes. These provisions require that the proper tax treatment of partnership items of income, gain, loss, deduction, preference item, and credit must be determined at the partnership level in unified administrative and judicial partnership proceedings rather than in separate proceedings conducted by each partner.

For tax years that began on or before December 31, 2017, the Company was required to designate an owner of an interest in the Company as the "tax matters partner." When a final administrative adjustment was made by the IRS as a result of the audit, the IRS was required to send notice of such adjustment to this tax matters partner. Notice to the other Members of such an adjustment was required to be mailed by the Company within sixty (60) days after the mailing of the notice to the tax matters partner. Because these adjustments were required to occur at the

individual level, each Member of an LLC taxed as a partnership (such as the Company) was required to amend their own personal returns and pay the tax, interest and potential penalties, but could also contest the adjustment to their individual or entity returns, as applicable.

For tax years beginning after December 31, 2017, a centralized partnership audit regime is in effect that requires the Company to designate a person, whether or not an owner of an interest in the Company, as the "partnership representative." (referred to herein as the "**Company Tax Representative**") to take the place of the Tax Matters Partner. Although the Company Tax Representative will have more powers with respect to the Company audit matters and potentially less accountability to the Members of the Company than the Tax Matters Partner did under the former audit regimen, the Company's Operating Agreement requires the Manager to keep the Members informed of all matters affecting their Interests. The biggest change implemented by this new audit regime is that that any adjustment to items of income, gain, loss, deduction, or credit of a partnership (i.e., the Company) for a partnership tax year (and any partner's (i.e., a Member's) distributive share thereof) shall be determined, and any tax attributable thereto shall be assessed and collected, at the partnership level. In addition, the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to any such item or share shall also be determined at the partnership level. The prior audit regime had these adjustments occurring at the individual level, which meant that each Member of an LLC taxed as a partnership (such as the Company) would have to have amended their own personal returns. Because of the new regime, although the Manager will keep Members reasonably apprised of all audit matters, no Member will have the ability to personally contest an adjustment to his or her tax return. Additionally, all amounts collected by the IRS from the Company under the new regime likely would have to be paid prior to distributions to the Members, thus possibly delaying, or in some cases eliminating, distributions that otherwise would have been made to Members. Because of these significant procedural changes (which may have substantive tax consequences on Members), each Member is urged to consult with his or her personal tax advisor.

State and Local Taxes

In addition to the federal income tax aspects described above, Note Holders should consider potential state and local tax consequences of an investment in the Company. Each potential Note Holder is advised to consult with his or her own tax advisor to determine if the state or locality in which he or she is a resident imposes a tax upon his or her share of the income or loss of the Company. To the extent that a non-resident investor pays tax to a state or locality by virtue of operations within that state or locality, the investor may be entitled to a deduction or credit against tax owed to the investor's state or locality of residence with respect to the same income and should consult with his or her tax advisor in this regard. The Company may be required to withhold state taxes from payments to the Note Holders in some instances.

INVESTOR SUITABILITY STANDARDS

The purchase of a Note in the Offering involves a high degree of risk and is not a suitable investment for all potential investors. See "Risk Factors." The offer and sale of the Notes is exempt from registration under the Securities Act and applicable state securities laws pursuant to

exemptions therein. Accordingly, the Notes are being offered by the Company to persons who meet the suitability standards set forth below and in the Subscription Agreement. The purchase of a Note is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in an investment of this type. In order to satisfy the suitability standards, each prospective purchaser will be required to represent to the Company, among other things, that he or she meets each of the following requirements: (a) he, she or it is an accredited investor as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, and he, she or it has the requisite knowledge or has relied upon the advice of his or her own professional adviser with regard to the financial, business, tax and other considerations involved in making such an investment, and (b) he, she or it is acquiring the Note for investment only and not with a view to resale or distribution thereof. Sales of Notes will be made only to persons who the Company has reasonable grounds to believe immediately prior to sale, and upon making reasonable inquiry, by reason of their business or financial experience, have the capacity to protect their own interest in connection with the Offering. The Company has the unconditional right to reject any subscription.

IF THE COMPANY IS INCORRECT IN ITS ASSUMPTION AS TO THE CIRCUMSTANCES OF A PARTICULAR PROSPECTIVE INVESTOR, THEN THE DELIVERY OF THIS MEMORANDUM TO THAT PROSPECTIVE INVESTOR SHALL NOT BE DEEMED TO BE AN OFFER, AND THIS MEMORANDUM SHALL BE RETURNED TO THE COMPANY IMMEDIATELY.

THE SUITABILITY STANDARDS DISCUSSED ABOVE REPRESENT MINIMUM SUITABILITY STANDARDS FOR PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER AN INVESTMENT IN THE COMPANY IS APPROPRIATE IN THAT INVESTOR'S PARTICULAR CIRCUMSTANCES.

ADDITIONAL INFORMATION

The summaries of, and references to, various documents in this Memorandum do not purport to be complete and, in each instance, reference should be made to the copy of such document which is either an Exhibit to this Memorandum or which will be made available to potential investors and their professional advisers on request. During the course of the Offering, the Company will answer questions from prospective investors and their professional advisers concerning the Company and the terms and conditions of the Offering and will, on request, make available to such persons, any additional information, to the extent the Company possesses such information and it can be provided without substantial expense, which is necessary to verify the accuracy of the information contained in this Memorandum or otherwise furnished by the Company or which a prospective investor or his or her professional advisers desire in evaluating the merits and risks of an investment in the Notes.

Prospective investors should retain their own professional advisers to review and evaluate the economic, tax and other consequences of ownership of the Notes and are not to construe the contents of this Memorandum or any other information furnished by the Company, as investment, legal, accounting or tax advice.

EXHIBIT A

SUBSCRIPTION AGREEMENT

EXHIBIT B

ACCREDITED INVESTOR REPRESENTATION LETTER

<AUTODATE>

EXHIBIT C

FORM OF SECURED PROMISSORY NOTE

EXHIBIT D

FORM OF SECURITY AGREEMENT

EXHIBIT E

FORM W-9
REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATE

From: Shannon Westhead
Sent: Thursday, September 12, 2019 1:42 PM EDT
To: [redacted] >
Subject: MCA
Attachment(s): "Parfunding Corporate Overview.pdf"

Watch this first:
Merchant Cash Advance (Aug. 2019):
https://vimeo.com/354266742/be579a70d8

Read the Powerpoint (MCA Company we work with) this gives the whole strategy.

Key words to know/ look up if you don't know:
Receivables
Factoring
Default/bad debt
Underwriting
Portfolio diversification

Questions to ask:
Average size of advance?
Insurance on loans/ defaults?
Average funding term?
What is current default rate?

Competitors:
Cornerstone funding
Swift Financial
Kabbage
On deck capital

Shannon Westhead
234 Mall Blvd, Suite 270
King Of Prussia, PA 19406
O: (484) 425-7393
C: [redacted]
F: (610) 910-3920

How did we do?

Click to rate your experience with A Better Financial Plan

PAR FUNDING

CORPORATE OVERVIEW

WHO WE ARE

Par Funding is a direct provider of merchant cash advances.

Par Funding was founded in 2012.

We provide cash management solutions to help companies grow.

We have provided more than $400M in business funding since inception.

We service a niche market currently overlooked by conventional financing.

INDUSTRY OVERVIEW

Traditional small business lending has decreased dramatically since the collapse of the U.S. banking industry in 2008.

The number of small business advances peaked at 14 billion in 2007 and declined to less than 5 billion in 2010.[1]

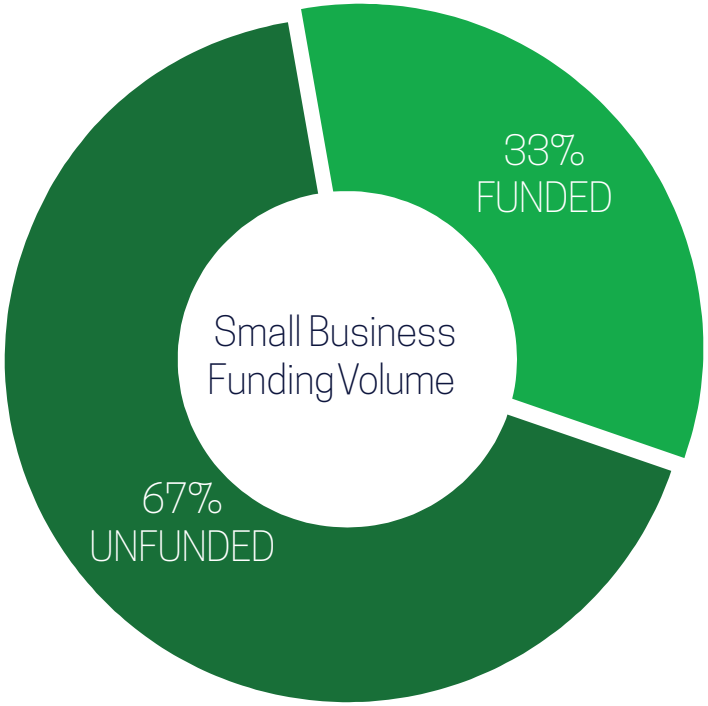
While the TARP program sanctioned more than $30 billion to banks to provide small business advances, however, only about $4 billion was actually loaned.[2]

A recent survey conducted by Pepperdine University revealed that 67% of those who applied for a traditional business loan were unsuccessful.

Source: 1. Sourced from Federal Financial Institutions Examination Council data.
2. Sourced from U.S. Small Business Administration

INDUSTRY OVERVIEW

Why do billions of dollars in Small Business loan applications go unfunded each year?



Many banks have legacy portfolios of non-performing loans and higher reserve requirements making them reluctant to lend money in this category.

Additionally, traditional lending institutions have employed stricter underwriting guidelines further limiting the amount of small business funding.

INDUSTRY OVERVIEW

What is the alternative for many of these businesses left under serviced in a post-banking crises U.S.?

Merchant Cash Advance Programs

- MCA's provide a viable alternative to banks.[1]
- MCA's enable businesses to leverage cash flow when needed to uplift their business.[1]
- MCA payback systems based on a percentage of business receipts is a major advantage to the small business borrower.[1]

Source: 1. U.S. Small Business Administration

WHY PAR FUNDING?

Par Funding is uniquely positioned to capitalize in this multi-billion segment of small business funding through MCA's.

Our MCA's provide high rates of return and continuous daily cash flow beginning the day after initial funding.

Through our customer acquisition methods, we have a generated a diversified pool of qualified merchants seeking opportunistic capital.

We have provided over $400 million in MCA's and maintained a below industry bad debt funding.

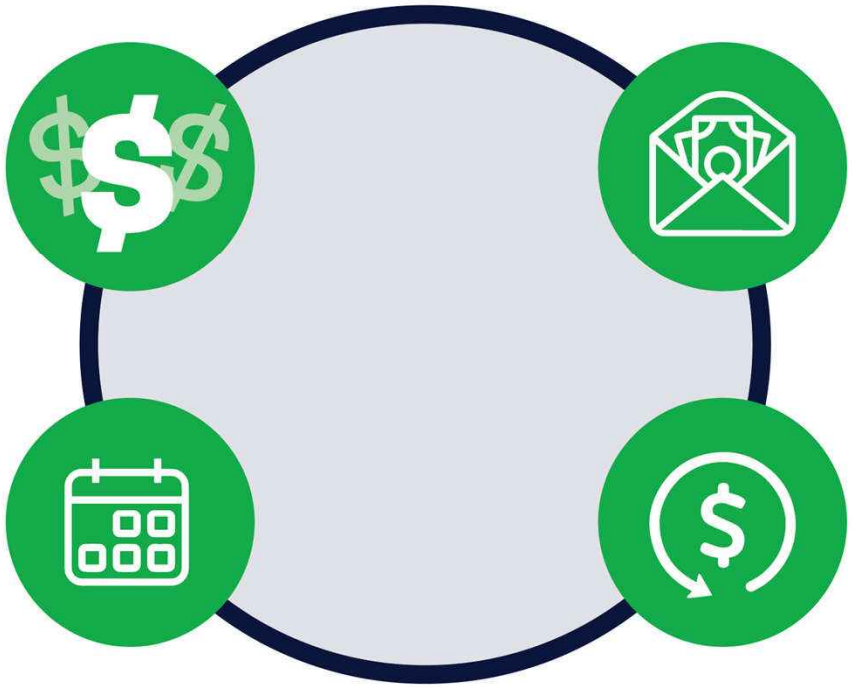
Our staff manages the business relationship from underwriting through repayment to reduce non-performance to the lowest possible levels.

THE PAR FUNDING ADVANTAGE

Once an MCA is approved and funded it begins to generate cash flow the next day.

We provide cash advances that range for $5,000.00 to $500,000.00, withan average funding size of $50,000.00.

Funding terms are typically given for a period of 100 business days, or 5to 6 months, based on 22 business days per month.

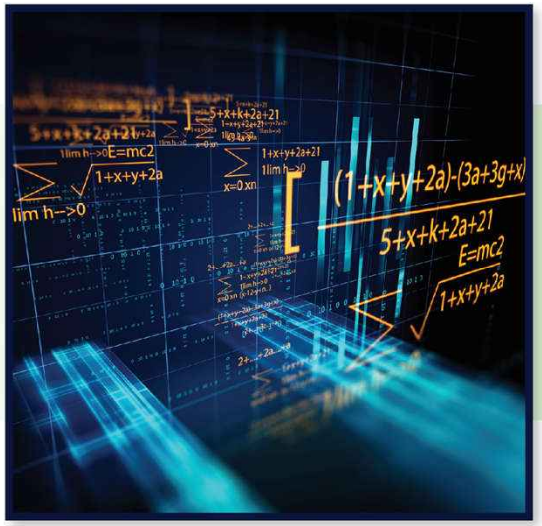


We collect remittances directly via automated clearing house (ACH) debits from client bank accounts.

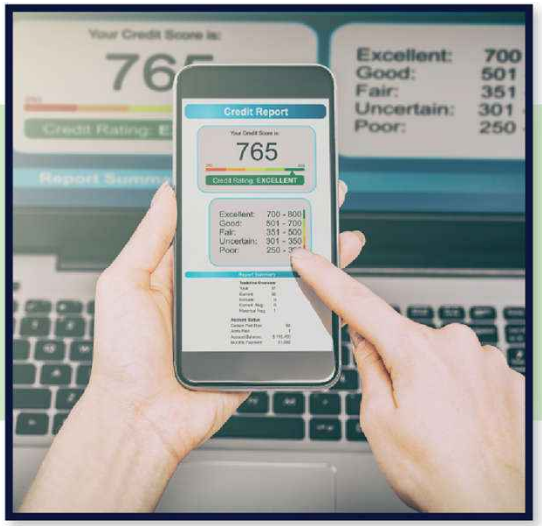
The average payback is based on a factor rate of 1.35 -1.40.

HOW OUR MODEL WORKS

It all starts with underwriting.



Par Funding uses a financial matrix for our underwriting which evaluates clients with an emphasis based on cash flow rather than traditional credit metrics.



We investigate numerous sources in addition to credit scores to screen applicants including:

- MCA Industry databases
- Background checks
- On-Site inspections

We complete the underwriting process to reach a decision in 48-72 hours.

OUR FUNDING PROCESS

- Sales reps contact clients & collect applications / bank statements
- Completed applications are sent to processor
- Underwriting collects & reviews client financials
- Approval is given based on underwriting review
- Funding agreement is sent to client
- Agreement is received from client & funds are sent
- ACH payments from client are collected

USING SOCIAL MEDIA TO EXPAND UNDERWRITING INTELLIGENCE

As much as business and financing have changed, basic tools for identifying default risks remain as they were for some time. Statistical algorithmic modeling technologies work by automating the collection of data relevant to the financial strength of a merchant: revenue, costs, credit history, cash flow, profitability. They work well. But they can't detect all the factors that can make or break a cash advance. Extra steps to achieve meaningful, personal and often intangible qualities of an applicant make all the difference.

Par Funding extends the value of underwriting algorithms using social media, a new force that promises to transform the MCA business.

THERE'S NO SUBSTITUTE FOR PERSONAL ON-SITE MERCHANT INSPECTION

The Par Funding emphasis on thorough underwriting is especially evident in details of our process, such as on-site inspection. Visual confirmation of a business's viability yields the highest levels of confidence in the future viability of merchant partners.

Social media, and the Par Funding force of underwriters skilled to use it, gives us access to an unprecedented range of added data for supporting decisions about credit worthiness. It's a window to the character of an applicant and other more tangible and measurable indices. Through their social networks, we gain insights into merchant spending habits, management philosophy, business vision and goals, education, work history, the profiles of others in the network and their credit indicators. We see the strength of the applicant's professional networks – and get a more in-depth

Our media-savvy underwriters also navigate social networks to see what others – customers, suppliers, competitors, and industry members – say about the applicant's character and day-to-day practices. Reputation can be created, shaped and amplified on social media.

This approach complements algorithms, which are by definition tied to looking at the past. They won't help you find a merchant's vision, ambition and drive for future expansion and growth.

EXCEPTIONAL UNDERWRITING RIGOR: BEYOND UNDERWRITING ALGORITHMS

Par Funding became very good at spotting potential defaults by applying a unique underwriting methodology. The care and discipline invested in approving a cash advance results in an especially selective approach to monetizing our service. That means typically funding no more than two of every 10 prospects we encounter. We learn more about our clients before doing business through a proven, multi-step underwriting process.

We locate and begin productive dialogue with prospects through a nationwide network of sales professionals.

The potential client takes the first step by providing important decision-support information in its funding application. The application gathers the basics: length of time in business, ownership details and planned use of capital. It requires evidence of credit worthiness, such as bank statements and personal credit.

We examine key indicators of business health, including average monthly banks deposits, other sources of funding, recurring overhead and other outstanding payment obligations.

A background check further confirms that the merchant we fund is likely to be reliable and trustworthy.

Personal interviews with the merchant provide the opportunity to build rapport, answer questions and prepare for our credit committee decision.

A credit profile shows credit history, credit worthiness score (FICO), outstanding liens, credit limits, risk scores tax debts and other information available through social media, clear, Thomson Reuters or Experian.

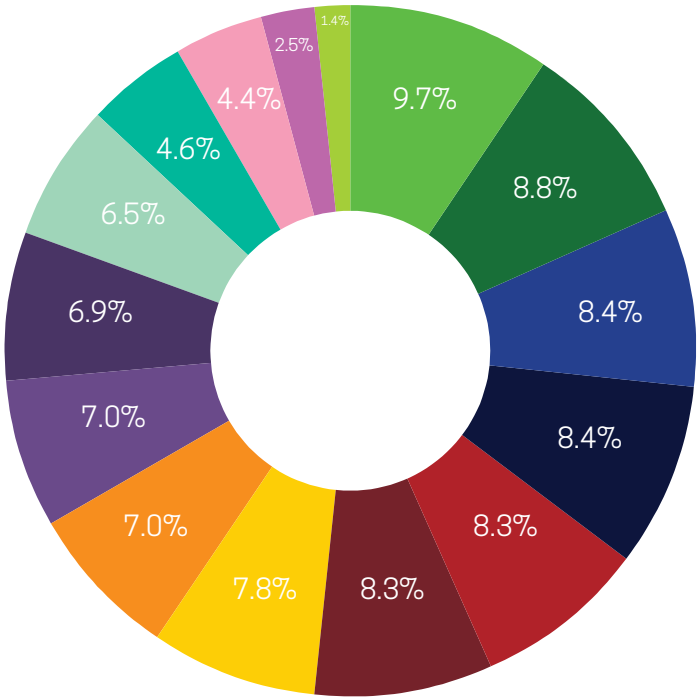
On-site inspections of the merchant's physical places of business provide us positive verification of the legitimacy of the business and accuracy of statements made on the application. The on-site inspection can be a labor-intensive extra step, but it has been proven to enhance the low default rate we experience.

The signed agreement, which includes a personal guarantee from each merchant and the means for fully transparent access to the merchant bank account for the term of the engagement, goes before the credit committee.

Business from applicants that aren't approved can be brokered to other MCA companies with less demanding underwriting standards. This helps to provide our sales professionals with the incentive to continue to pursue all feasible new opportunities.

These are breakthrough underwriting techniques that help spot risks early, identifying promising partners and laying the foundation for long-term, repeat business relationships.

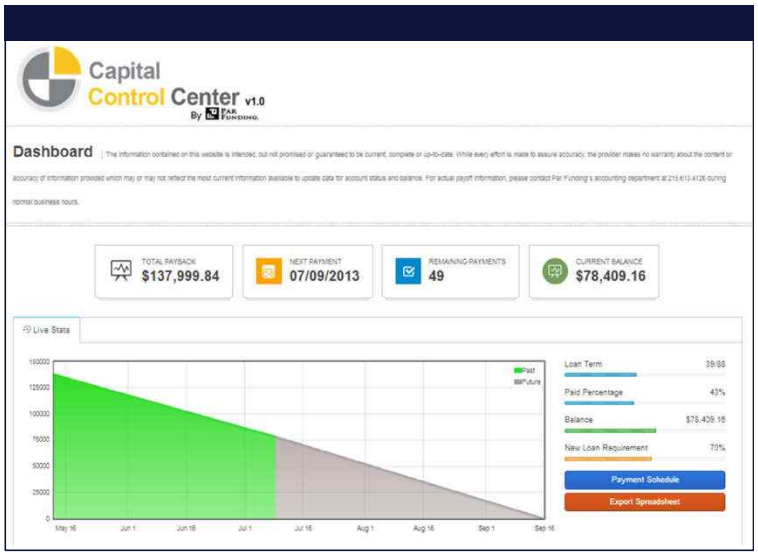
RISK MITIGATION THROUGH DIVERSIFICATION



- Technology – **9.7%**
- Retail – **8.8%**
- Construction – **8.4%**
- Finance – **8.4%**
- Automotive – **8.3%**
- Restaurant – **8.3%**
- Energy – **7.8%**
- Medical – **7.0%**
- Marketing – **7.0%**
- Manufacturing – **6.9%**
- Food Distribution – **6.5%**
- Gym / Salons – **4.6%**
- Home Services – **4.4%**
- Travel – **2.5%**
- Other Industries – **1.4%**

EXCEPTIONAL CLIENT SERVICE LEADS TO BETTER PERFORMANCE

In addition to quick funding decisions we offer additional services to help clients manage their cash.



24 / 7 CUSTOMER SUPPORT

Client web portal for account management and payment tracking

PARFUNDING SAMPLE ADVANCE

FUNDING AMOUNT	**$50,000.00**
FACTOR (PERCENT)	**1.35**
TERM (BUSINESS DAYS)	**100**
PAYBACK TOTAL	**$67,500.00**
ACH PAYMENT INCREMENT FEE PORTION PRINCIPAL PORTION	**$675.00** $175.00 $500.00
REVENUE	**$17,500.00**

- **1-3 day** attainment of cash
- We provide cash advances that range from **$5,000 to $500,000,** with an average funding size of **$50,000**
- Funding terms are typically given for a period of **100 business days,** or **5 to 6 months,** based on a 22 business day cycle per month
- We collect remittances directly via automated clearing house (ACH) debits from client bank accounts
- The average payback is based on a **factor rate of 1.35-1.40**

REVENUE ACCELERATION THROUGH CASH FLOW REINVESTMENT

As our daily cash flow grows so does our rate of return.

	FIRST FUNDING	SECOND FUNDING	THIRD FUNDING
AMOUNT	$30,000.00	$42,000.00	$58,800.00
PAYBACK	$42,000.00	$58,800.00	$82,320.00
TERM	88	88	88
REVENUE	$12,000.00	$28,800.00	$52,320.00

Daily ACH payments collected from clients are pooled together and used to fund new clients to accelerate returns.

Compounding effect more than mitigates percentage of non-performance.

PROJECTED GROWTH WITH $1 MILLION CASH INFUSION

	FIRST FUNDING	SECOND FUNDING	THIRD FUNDING
AMOUNT	$1,000,000	$1,400,000	$1,960,000
PAYBACK @ 1.4	$1,400,000	$1,960,000	$2,744,000
TERM	88	88	88
REVENUE	$400,000	$960,000	$1,744,000

CONTINUING PERSONAL RELATIONSHIPS TO CULTIVATE FUTURE OPPORTUNITIES

Each merchant is assigned a Par Funding liaison to lay the groundwork for building profitable revenue for years to come.

We want our merchants to succeed. We build our success when they do.

From: Shannon Westhead
Sent: Wednesday, October 23, 2019 12:35 PM EDT
To: REDACTED
BCC: CRM- Shannon's Email Tag (5c799faa1787fada5e7b2ee9@users.onepagecrm.com) <5c799faa1787fada5e7b2ee9@users.onepagecrm.com>
Subject: Is 10% your priority?

Hi John,

Please update me with your intent! I do not want to bother you if this investment in not one of you current priorities. Let me know if you want to take the next step, delay this opportunity, or if you no longer want to receive messages.

Although you should put money into each of our investments, if you had to pick one to start with it would be the one that is centered around the Merchant Cash Advance industry… Over the past 3 years, over 500 people have invested over $100 million dollars with us in this asset class and no one has ever lost a penny. We put together a website that allows you to learn about the asset class, hear from investors and meet the attorney that puts all of our funds together. Check it out: www.abfpincomefund.com

1. **Merchant Cash Advance**
   - [10% : $100,000]
   - [12% : $251,000]
   - [14% : $501,000]
   - 1, 2, or, 3 year terms
   - Monthly payout
   - Current Minimum: $100,000

Best,

Shannon Westhead
234 Mall Blvd, Suite 270
King Of Prussia, PA 19406
O: (484) 425-7393
C: REDACTED
F: (610) 910-3920

From: REDACTED
Sent: Tuesday, November 26, 2019 4:43 PM EST
To: Shannon Westhead <shannon@abetterfinancialplan.com>
Subject: RE: CBSG?... MCA?

Shannon,
Yes, I plan to attend...Awaiting the location.
Thanks,
Gary

From: Shannon Westhead <shannon@abetterfinancialplan.com>
Sent: Tuesday, November 26, 2019 4:38 PM
To: REDACTED
Subject: RE: CBSG?... MCA?

Gary,
You're welcome!
We are having the next bank meeting this Monday. Below is the invitation. Let me know if you can make it!
Shannon
~~
BANK INVESTMENT MEETING
DATE: Monday, December 2nd at 6:30 PM.
LOCATION: TBD in King of Prussia PA.
RSVP: anita@abetterfinancialplan.com.

This meeting is designed to have the management team of CBSG present their process of acquiring a bank in Texas to leverage their strong origination platform and expand their capacity to lend to businesses. Anticipated bank share values are projected to increase 2.5x – 4x of current EBITDA valuations over the next 36 months.

This fund will be limited to Accredited Investors Only.

Estimated Timeline:
- John Pauciulo, our attorney, is currently finalizing the PPM.
- Fund should be open and ready to accept investment dollars mid-December.
- Estimated funding period will be a quick turnaround (i.e. < 1 Month)!

From: REDACTED
Sent: Tuesday, November 26, 2019 4:10 PM
To: Shannon Westhead <shannon@abetterfinancialplan.com>
Subject: RE: CBSG?... MCA?

THANKS.

From: Shannon Westhead <shannon@abetterfinancialplan.com>
Sent: Monday, November 25, 2019 3:19 PM
To: REDACTED
Subject: RE: CBSG?... MCA?

Hi Gary,

An email will be sent shortly about the BANK! Stay tuned.

MCA_ Merchant Cash Advance
CBSG_ Our MCA partner Complete Business Solutions Group

Best,
Shannon

From: REDACTED
Sent: Monday, November 25, 2019 1:41 PM
To: Shannon Westhead <shannon@abetterfinancialplan.com>
Cc: Smith, Gary W. <gwsmith@financialguide.com>
Subject: CBSG?... MCA?

Hi Shannon,

Can you please tell me what the above abbreviations mean?

Any word on when I can participate in the Bank?... I did mark the questionnaire at the $1 million meeting as being interested.

Thanks,
Gary
610-REDACTED

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From: Shannon Westhead
Sent: Tuesday, March 17, 2020 3:36 PM EDT
To: REDACTED
BCC: CRM- Shannon's Email Tag (5c799faa1787fada5e7b2ee9@users.onepagecrm.com) <5c799faa1787fada5e7b2ee9@users.onepagecrm.com>
Subject: RE: New Merchant Cash Investor
Attachment(s): "SIGN 7-p1.pdf","SIGN 7-p2.pdf","ABFP Income 7 Subscription.pdf"

Hi Tom, thank you for the introduction. Hope you all are staying safe and healthy!

Bill,

I am looking forward to talking with you further. Our Merchant Cash Advance (MCA) partner has delivered for over 600 over our clients for 4 years now. We've generated 10-14% annual returns, interest paid like clockwork every month and 100% of your original investment retuned 1 year later.

We invest on the 10th and 25th of each month, which requires paperwork to be submitted five days in advance for each note date. *For example*, submitting payment and signatures by this Friday the 20th will get you invested by Wednesday 25th, which results in a first interest payment to occur on Thursday April 30th directly sent to your bank account.

I attached the full subscription agreement for you to review. If preferable, I would like to set up a call so that I can gather your personal information to help you fill out the document. In that case, I would only need you to sign and return the signature pages that are attached "SIGN p. 1 & p. 2"

Rates are below. You can elect to lock in rate for 1, 2, or 3 years.

A. $100,000 – 10%
B. $251,000 - 12%
C. $501,000 – 14%

Wire/ACH Instructions:

Acct Name	ABFP Income Fund 7 LLC
Acct Street	234 Mall Blvd, Suite270
Acct City	King of Prussia
Acct State	PA
Acct Zip	19406
Bank Name	Citizens Bank
Routing/ABA No.	036076150
Acct No.	REDACTED

Hope you are staying safe and healthy!

Best,

Shannon Westhead
Director of Operations
A Better Financial Plan
234 Mall Blvd, Suite 270
King Of Prussia, PA 19406
O: (484) 425-7393
C: REDACTED
F: (610) 910-3920

From: REDACTED
Sent: Sunday, March 15, 2020 3:05 PM
To: Shannon Westhead <shannon@abetterfinancialplan.com>; REDACTED
Subject: New Merchant Cash Investor

Hi . . .

This message is going to REDACTED - my wife's (Terry's) uncle and Shannon Westhead - Director of Operations at A Better Financial Plan

Shannon - Bill is interested in the Merchant Cash Investment with a $100k cash investment. I shared with him the video (https://vimeo.com/354266742/be579a70d8) and explained how it works. He is interested in moving forward. Can you share with him paperwork to make it happen and explain next steps?

Bill - Shannon has worked with Terry and I on our investments and will guide you through the paperwork and any other necessary steps.

If you can copy me on email correspondence (Bill agreed) but I can/will be a silent observer in case I'm needed. If I'm not needed, that's fine as I know you're both in good hands.

Thanks and good luck!

Tom