

FGC Distressed Asset Investment #1

Effective Date 08/04/2010

888.391.1525 Ext 115

Goal – To acquire Distressed Assets that consist of Demand Deposit Accounts (DDA) and Defaulted Payday Advance (PDA) Accounts.

Objective – In the unique world of account collections, lenders and collection companies consider the larger account balances as the ones to work. For lenders the risk is greater if they don't collect on the large balance accounts and to most collection companies the rewards appear to be greater.

Our findings show that most people with credit and bill paying issues will pay the small debts first as they feel like they are making head way. Therefore, we only purchase accounts that are small balance debts (in most cases under \$700.00) that have had no more than one attempt at collection.

Based on past performance by Rick Carter, Vice President of Distressed Asset Department, these collection rates have been from 8% to 21% of the account balances purchased, which can result in an annual return from 21% to 76%+ based on investment capital.

\$5,000,000 Maximum Capital

Minimum Investment \$100,000

Accredited Investor Requirement – 30 Exemptions

Funds will be invested primarily in the following areas:

- United States

Terms:

- Minimum Term 12 Months
- Profit splits are to be 65% to investors once a batch is closed through a Limited Liability Company
- You are offered a minimum return of 8%
- Investments are not pooled
- No Management Fee
- Debt Investment



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Other Information:

- ❖ IRA/401K Qualified – Through Self Directed Retirement Account (Pensco / Entrust)
- ❖ Possible tax rate to be taxed at Capital Gains Rate for properties held more than one year. (Please seek the advice from your tax accountant)
- ❖ We currently have purchased \$1,151,519 that is being managed by FGC. This is over 32,289 accounts and valued at \$19,543,891
- ❖ We use third party collections, this keeps our expenses and overhead to a minimum

This is for illustration purposes only. These numbers are based on past experience but no way guarantee future results.

\$4,625,000

Average Account:	\$608.33
Number of accounts	132,871
Value of Accounts:	\$74,596,774
Estimated Collection Rate:	19.0%
Estimated amount to be collected:	\$14,173,387

Results:

Gross Revenue:	\$14,173,387
Collection Cost (43%)	\$ 6,094,556
Expenses:	<u>\$ 105,000</u>
Net Collection Revenue:	\$ 7,973,831
Resale of accounts:	<u>\$ 2,719,052</u>
Gross Net Revenue:	<u>\$10,692,883</u>



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Capital:		\$ 5,000,000
Minimum Rate of Note (based on \$5,000,000):		\$ 400,000*
Estimated Return (net profit):		\$ 5,292,883
Estimated payout (65.0%):		\$ 3,440,374**
Fixed Return Payout:	8.00%	
Estimated Profit Share Return:	68.8% (per 12 month cycle)**	

* This counts as an expense to the fund after collections, before splitting profit.

** Please note that this projected return is just an estimate.

**Break Down of Return

Interest Earned	\$ 400,000
Potential Share ***	<u>\$3,440,374</u>
Total Return	\$3,840,374

*** These may qualify as capital gains if paid after 12 months of investment, please check with your tax advisor.



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