

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RECEIVED

AUG 08 2003

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ICR SERVICES, INC., a Michigan corporation,

NATIONAL CREDIT EDUCATION AND
REVIEW, a Michigan corporation,

BERNADINO J. PAVONE, JR., individually and
as an officer and director of ICR Services, Inc.,

ABOOD SAMAAN, individually and as an officer
and director of ICR Services, Inc.,

GLORIA TACTAC, individually and as an officer
and director of ICR Services, Inc., and

TODD RENZI, individually and as an officer and
director of National Credit Education and Review,

Defendants.

CIVIL NO.

03C 5532

JUDGE ANDERSEN

MAGISTRATE JUDGE ASHMAN

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its complaint alleges as follows:

1. The Commission brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), to secure temporary, preliminary and permanent injunctive relief, restitution, rescission of contracts, disgorgement, and other equitable

relief for defendants' deceptive acts or practices in connection with the sale and offering for sale of credit repair services in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Credit Repair Organizations Act, 15 U.S.C. §§ 1679 *et seq.*

JURISDICTION AND VENUE

2. This Court has jurisdiction of this matter pursuant to 15 U.S.C. §§ 53(b), 57b, and 1679h(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue in the United States District Court for the Northern District of Illinois is proper under 15 U.S.C. § 53(b), and 28 U.S.C. § 1391(b) and (c).

THE PARTIES

4. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41 *et seq.* The Commission is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The Commission also enforces the Credit Repair Organizations Act. 15 U.S.C. § 1679h(a). The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the Credit Repair Organizations Act, and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b), 57b, and 1679h(b).

5. Defendant ICR Services, Inc. ("ICR"), is a Michigan corporation, with its office and principal place of business located at 38777 W. Six Mile Road, Suite 409, Livonia, Michigan. ICR transacts or has transacted business in the Northern District of Illinois through the advertisement, promotion, offering for sale, or sale of credit repair services to consumers in this District and throughout the United States. ICR transacts or has transacted business under the

assumed names Consumer Advantage, National Credit Repair Service, National Credit Repair, and NCR, among others.

6. Defendant National Credit Education and Review (“NCER”) is a Michigan corporation with its office and principal place of business located at 6200 North Haggerty Road, Canton, Michigan. NCER transacts or has transacted business in the Northern District of Illinois through the advertisement, promotion, offering for sale, or sale of credit repair services to consumers in this District and throughout the United States.

7. Defendant Bernadino J. Pavone, Jr. is President, Director, and a shareholder of ICR. He transacts or has transacted business in the Northern District of Illinois. At all times material to this complaint, acting alone or in concert with others, he formulated, directed, controlled, or participated in the acts and practices of ICR and NCER, including the acts and practices set forth in this complaint.

8. Defendant Abood Samaan is Vice President, Director, and a shareholder of ICR. He transacts or has transacted business in the Northern District of Illinois. At all times material to this complaint, acting alone or in concert with others, he formulated, directed, controlled, or participated in the acts and practices of ICR and NCER, including the acts and practices set forth in this complaint.

9. Defendant Gloria Tactac is Secretary, Treasurer, Director, and a shareholder of ICR. She transacts or has transacted business in the Northern District of Illinois. At all times material to this complaint, acting alone or in concert with others, she formulated, directed, controlled, or participated in the acts and practices of ICR and NCER, including the acts and practices set forth in this complaint.

10. Defendant Todd Renzi is President and a Director of NCER. He transacts or has transacted business in the Northern District of Illinois. Prior to being President and a Director of NCER, Renzi was employed by and was the Chief Information Officer of ICR. At all times material to this complaint, acting alone or in concert with others, Renzi formulated, directed, controlled, or participated in the acts and practices of ICR and NCER, including the acts and practices set forth in this complaint.

COMMERCE

11. At all times relevant to this complaint, defendants have maintained a substantial course of trade in the offering for sale and sale of credit repair services, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS PRACTICES

12. Since at least 1996, defendants have advertised, promoted, offered for sale, and sold credit repair services to consumers throughout the United States, first through ICR and most recently through NCER. In that time, defendants have sold their credit repair services to more than 183,000 consumers, taking in at least \$53,000,000 on those sales.

13. In most instances, defendants sell their credit repair services to consumers through a network of approximately 50,000 independent sales representatives. These sales representatives are recruited and trained by defendants and are authorized to make representations to consumers about defendants' credit repair services. Defendants compensate their sales representatives by paying commissions on each sale.

Defendants' Representations About Their Computer Disk

14. In conjunction with their sales representatives, defendants have advertised and offered services to remove derogatory information from, or improve, consumers' credit histories, credit records, and credit ratings. Sales representatives regularly represent to consumers that defendants are able to consistently remove bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, and other negative information from consumers' credit reports, even where such information is accurate, verifiable, and not obsolete.

15. To support these claims, defendants and their sales representatives regularly show consumers what purport to be "before and after" credit reports of satisfied customers. The vast majority of the "after" credit reports reveal that all or nearly all of the negative entries have been deleted from the customer's credit report.

16. In conjunction with their sales representatives, defendants tell consumers that they are able to remove such negative information from consumers' credit reports by using a one-of-a-kind computer disk or software program (the "computer disk").

17. In numerous instances, defendants and their sales representatives represent to consumers that defendants' computer disk is programmed to recognize any violations of the purported hundreds of laws, rules, and/or regulations that the credit reporting agencies must follow before placing a negative item on a consumer's credit report. Sales representatives explain that once defendants notify a credit reporting agency that an applicable law, rule, or regulation has been violated, the agency must remove the negative item from the consumer's credit report even if the item is accurate, verifiable, and not obsolete.

18. In conjunction with their sales representatives, defendants also regularly represent to consumers that their computer disk is able to communicate directly with the computers of the credit reporting agencies. According to defendants' sales pitch, once the computer disk has identified violations of the applicable laws, rules, and/or regulations, it electronically transmits that information to the credit reporting agencies and requests that the negative item be removed from the consumer's credit report. In numerous instances, defendants' sales representatives emphasize to consumers that defendants do not use dispute letters to communicate disputes to the credit reporting agencies. Rather, the dispute is transmitted electronically by defendants' computer disk.

19. Defendants and their sales representatives also regularly represent that the computer disk is valued at more than \$200,000,000. Furthermore, they frequently tell consumers that the computer disk is insured for at least \$15,000,000 by Lloyd's of London or another insurance company. Finally, defendants sometimes represent to consumers that one of the three major credit reporting agencies once offered to purchase the computer disk for \$10,000,000.

20. The computer disk has never been insured by Lloyd's of London. To the extent that any other insurance company ever insured the disk, the deductible amount on any insurance policy was always equal to the amount of the policy itself. None of the three major credit reporting agencies ever offered to purchase either the computer disk or any entity that owned the computer disk for \$10,000,000 or any other amount. Finally, to the extent the computer disk was ever appraised or valued at more than \$200,000,000, those appraisals were based on inaccurate information and are not valid.

21. Many of the above representations relating to the computer disk are made, among other places, in an article entitled **“THE AMAZING STORY OF THE \$15 MILLION COMPUTER SEARCH PROGRAM,”** which appeared in the Spring 1999 issue of *The ICR Communicator*, the defendants’ official company newsletter. In that article, defendants made the following representations about the computer disk:

The [computer] program is designed to search for inaccuracies in the entry process used by the credit reporting agencies. We find the inaccuracies, then force the credit reporting agencies to remove them. This is all that can be revealed about the way the program works; as Bernadino says, “Even the Colonel never gave out his secret recipe.” It is, however, a testament to how well the program works that one of the major credit reporting agencies once offered \$10 million for it. . . . Needless to say, their offer was declined.

Attached as **Exhibit A** to this complaint is a true and correct copy of the Spring 1999 issue of *The ICR Communicator*. The **“AMAZING STORY”** article appears at pages 4 and 5 of this newsletter.

22. The above representations also appear in a company-produced videotape entitled, **“OPPORTUNITY’S KNOCKING,”** which is distributed to all of defendants’ sales representatives and generally is played at the start of most of defendants’ sales presentations. In that videotape, defendant Bernadino J. Pavone, Jr., states:

And through my research, I found out that the credit reporting agencies are making a lot of mistakes. So, I created a computer search program that’s exclusive to this company that finds the mistakes in the credit report entries and forces the credit reporting agencies to correct or remove them. So, it searches for erroneous information. There’s not a program on earth like this. It’s the only one of its kind and it’s definitely the key to this business.

Attached as **Exhibit B** to this complaint is a true and correct copy of the certified transcript of this “Opportunity’s Knocking” videotape. The quoted passage appears at page 7 of the transcript.

23. Defendants and their sales representatives also have regularly made many of the above representations during group business briefings and training sessions. Defendant Bernadino J. Pavone, Jr., for example, made the following representations to prospective credit repair customers at a 1998 ICR business briefing at the Comfort Inn in Lansing, Michigan:

[W]hat happens with our system is the disk will find a minimum of 10 mistakes in the entry process. . . . We’re talking about Federal guideline mistakes that those companies have to follow, but they don’t. You can’t see them with the human eye, but the disk will find them, deem them inaccurate and give them two choices. Okay, TRW, Transunion, Equifax or Experian, two choices, correct this information or remove it. That’s what the law says. Can they enter it correctly? Absolutely not. Even if they sat there and tried to scientifically enter them properly, the guidelines don’t line up, and that’s what that one genius at NCR Services found out.

Attached as **Exhibit C** to this complaint is a true and correct copy of the certified transcript of Mr. Pavone’s videotaped presentation at the Comfort Inn in Lansing, Michigan. The quoted passage is found on pages 27 and 28 of the transcript.

24. Defendant Pavone also made the following statements to prospective credit repair customers at a November 1998 ICR business briefing in or near Atlanta, Georgia:

Well, there’s only one company that has a[n] exclusive computer search program, that’s [ICR]. . . . TRW which is – is now owned by Experian offered us 10 million dollars for the disk. Not for anything else. . . . We said absolutely not. The response . . . was not for 50 million dollars.

* * *

Well, the way that the disk works is we say this belongs to Brian Johnson, 1.253 million dollar bankruptcy. . . . Now, your bankruptcy, you did it. Your tax liens, you did it. My late payments, they belong to me. Okay. But the disk will find a mistake that George Cole is talking about in the entry process. . . . We find mistakes in the process and this is brilliant. It really is. . . . I hired six programmers throughout the country to put the program together thinking that it's worth \$300,000 or 20 million, sure. Not for sale. Okay.

Attached as **Exhibit D** to this complaint is a true and correct copy of the certified transcript of Mr. Pavone's videotaped presentation in or near Atlanta, Georgia in November 1998. The quoted passages are found on pages 44-45 & 48-49 of the transcript.

25. Leading ICR sales representative and Corporate Advisory Board member Marco Carballo and ICR supervisor of representative support Rodney Schramm made the following representations on February 12, 2000, during a tape-recorded "Business Opportunity Call," a nationwide conference call for prospective credit repair customers:

Bernie developed a computer software system where he hired six of the top computer programmers in the country and designed a flowchart. And basically what this computer system does is it searches for the data entry inaccuracies during the entry process by the three main credit reporting agencies So, how could our company help someone who's got a charge-off, who's got bankruptcies, repossessions that actually belongs to them? Well, it's during the entry process. We're not disputing whether or not they filed that bankruptcy. But the three credit reporting agencies have over 300 laws they must comply with, verification laws, before they enter one piece of derogatory information. And that's what the disk search is for, is all of those data entry inaccuracies.

Attached as **Exhibit E** to this complaint is a true and correct copy of the certified transcript of the February 12, 2000, tape-recorded "Business Opportunity Call." The quoted passage is found on pages 8, 11, and 12 of the transcript.

26. Attached as **Exhibit F** to this complaint is a true and correct copy of the certified transcript of a tape-recorded sales presentation made to undercover FTC investigator Curtistene McCowan on August 30, 2001. In the course of the presentation, defendants' sales representatives described defendants' credit repair process in the following way:

We are enforcers of the Fair Credit Reporting Act. We make sure that Equifax, Experian and TransUnion have accurately placed items on your credit report. Now, Jamal was talking earlier about the definition of accurate. Now, what that means is, according to the Fair Credit Reporting Act, there are 326 guidelines that Equifax, Experian and TransUnion are supposed to follow when they put something onto your credit report. If they do not follow these guidelines – whether or not the debt is yours is not the issue. But if they don't follow these guidelines, in fact, that information is not accurate according to the law. It was not accurately or legally placed onto your credit report. . . .

So, we were talking about following those 326 guidelines. Now, ICR has the proprietary software, and when I say proprietary, I mean it's only available to our company and to our representatives. This software is insured for more than \$250 million, and insured by the Lloyds of London. The founder of this company, Bernie [Pavone] developed this software, and what this software does is, it will do the checks and balances and see which or whether or not laws were violated when items were placed on your credit report.

The quoted passage is found at pages 56-59 of the transcript.

27. Attached as **Exhibit G** to this complaint is a true and correct copy of a "Nightly Meeting Presentation sample for Independent Representatives of ICR Services," which was prepared and distributed to other representatives by leading ICR sales representative Harmik Poghossian. Poghossian urged defendants' sales representatives to follow this sample presentation in marketing defendants' credit repair service to consumers. Among other things, the sample presentation described defendants' credit repair process in the following way:

ICR takes [a customer's] credit report, feeds it in their computer system and the computer program separates the good items from the bad items. It lines up the bad items, goes through them and for each item, it comes up with the applicable rule and regulation that the credit agencies were supposed to follow before they put the item in the credit report. It then communicates the findings with the big three and the three agencies report their findings back to the client in the form of "update reports" you see here (hold up the updated reports). ICR repeats the process until the end result is a clear credit report. There is no mention that something has been deleted. All the bad stuff is just gone, and only the favorable items remain.

(Emphasis in Exhibit G.)

28. In numerous instances, consumers have agreed to purchase defendants' credit repair service believing that defendants own a computer disk that will assist them in legally removing all negative information from their credit reports, even if the information is accurate, verifiable, and not obsolete.

29. Consumers pay between \$200 and \$400 for defendants' credit repair service. Defendants require that this money be paid in advance -- before any credit repair services are performed. The sales representative's commission on each sale is approximately \$150.

30. In some instances, consumers who have purchased and paid for defendants' credit repair service later receive from defendants a set of educational materials addressed generally to personal finances and consumers' credit rights. Many consumers who purchase defendants' credit repair service are unaware that these educational materials also will be provided. Those consumers who are told of the educational materials at the time of their purchase generally are not interested in those materials -- they are interested only in defendants' credit repair service.

Money-Back Guarantee

31. In numerous instances, defendants provide consumers who purchase their credit repair service with a 110% money-back guarantee. In that guarantee, defendants represent that they will refund 110% of what the consumer paid if defendants are unable to improve the consumer's credit profile. Consumers regularly understand that this guarantee entitles them to 110% of their money back if all or specified negative items are not removed from their credit reports.

32. Defendants rarely if ever return to their customers 110% of what the customer paid for defendants' credit repair service. Defendants regularly take the position that a refund is not required if they were able to correct or remove at least one negative item from a consumer's credit report.

33. In some instances, defendants also have refused to provide refunds on the ground that the credit repair service was provided for free along with the purchase of the set of educational materials. Defendants tell consumers that they are not entitled to a refund on a free service. Attached as **Exhibit H** to this complaint is a true and correct copy of the "**ICR CUSTOMER COMPLAINT RESOLUTION PROCESS**," which reflects this policy. Page 2 of Exhibit H indicates that "[t]here is no charge for [the credit repair] service, which means that when you cancel this service, you do not receive a refund, we just stop providing the service."

Defendants' Actual Credit Repair Process

34. Defendants require consumers who purchase their credit repair service to obtain their current credit reports from each of the three major credit reporting agencies. Upon receiving the three credit reports from their customers, defendants proceed to challenge with the

credit reporting agencies all negative entries that appear on any of the three credit reports.

Defendants do so by sending a dispute letter to the credit reporting agency that simply disputes a negative entry without providing any supporting documentation. In numerous instances, defendants do not consult with their customer before challenging negative entries appearing on that customer's credit report.

35. Upon receiving the results of these initial challenges, defendants then compare the negative entries that remain on each of the three credit reports and proceed to submit a second challenge with respect to those entries that do not appear on each of the three reports. Again, defendants often do not consult with their customer before submitting this second round of challenges.

36. In challenging the negative items on their customers' credit reports, defendants do not use a computer disk that is able to identify violations of any laws, rules, or regulations that the credit reporting agencies are required to follow. Defendants therefore do not communicate to the credit reporting agencies any such violations. Defendants also do not use a computer disk that searches for inaccurate, erroneous, or obsolete entries on customers' credit reports. Finally, defendants use a dispute letter process. They are not able to transmit disputes electronically directly to the credit reporting agencies.

VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT

37. The Credit Repair Organizations Act, signed by the President on September 30, 1996, took effect on April 1, 1997, and has since that date remained in full force and effect.

38. The purposes of the Credit Repair Organizations Act, according to Congress, are:

(1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and (2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

15 U.S.C. § 1679(b).

39. Defendants are “credit repair organizations” as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3).

40. Section 404(a)(1) of the Credit Repair Organizations Act prohibits any person from making any untrue or misleading statement, or counseling or advising any consumer to make any untrue or misleading statement, with respect to any consumer’s credit worthiness, credit standing, or credit capacity to any consumer reporting agency, as defined in 15 U.S.C. § 1681(f), or to any person who has extended credit to the consumer or to whom the consumer has applied or is applying for an extension of credit. 15 U.S.C. § 1679b(a)(1).

41. Section 404(a)(3) of the Credit Repair Organizations Act prohibits any person from making or using any untrue or misleading representation of the services of a credit repair organization. 15 U.S.C. § 1679b(a)(3).

42. Section 404(b) of the Credit Repair Organizations Act prohibits a credit repair organization from charging or receiving any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform before such service is fully performed. 15 U.S.C. § 1679b(b).

43. Section 405 of the Credit Repair Organizations Act requires a credit repair organization to provide a consumer with a written statement containing prescribed language concerning consumer credit file rights under state and federal law before any contract or

agreement between the consumer and the credit repair organization is executed. 15 U.S.C. § 1679c(a).

COUNT ONE

44. In numerous instances, defendants, expressly or by implication, have made untrue or misleading statements to induce consumers to purchase their credit repair services, including, but not limited to, statements that defendants are able to consistently obtain the permanent removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, and other negative information from consumers' credit reports, regardless of whether such information is accurate, verifiable, and not obsolete.

45. In truth and in fact, defendants are not able to consistently obtain the permanent removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, and other negative information from consumers' credit reports when such information is accurate, verifiable, and not obsolete.

46. Defendants have thereby violated Section 404(a)(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(a)(3).

COUNT TWO

47. In numerous instances, defendants, expressly or by implication, have made untrue or misleading statements to induce consumers to purchase their credit repair services, including, but not limited to, statements that defendants use a computer disk or software program in their credit repair process:

- a. That is programmed to recognize violations of the laws, rules, or regulations that the credit reporting agencies must follow before placing an item on a consumer's credit report;
- b. That communicates the existence of those violations directly to the computers of the credit reporting agencies, thereby forcing the credit reporting agencies to remove the negative item;
- c. That is or was insured by Lloyd's of London or another insurance company for \$15,000,000; and
- d. That one of the three major credit reporting agencies once offered to purchase for \$10,000,000.

48. In truth and in fact, defendants do not use a computer disk or software program in the credit repair process:

- a. That is programmed to recognize violations of the laws, rules, or regulations that the credit reporting agencies must follow before placing an item on a consumer's credit report;
- b. That communicates the existence of those violations directly to the computers of the credit reporting agencies, thereby forcing the credit reporting agencies to remove the negative item;
- c. That is or was insured by Lloyd's of London or another insurance company for \$15,000,000; and
- d. That one of the three major credit reporting agencies once offered to purchase for \$10,000,000.

49. By making any one or all of the representations set forth above, defendants have thereby violated Section 404(a)(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(a)(3).

COUNT THREE

50. In numerous instances, defendants, expressly or by implication, have made untrue or misleading statements to induce consumers to purchase their credit repair services, including, but not limited to, statements that defendants offer a 110% money back guarantee.

51. In truth and in fact, in numerous instances, defendants have failed to honor their 110% money back guarantee.

52. Defendants have thereby violated Section 404(a)(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(a)(3).

COUNT FOUR

53. In numerous instances, defendants, expressly or by implication, have made untrue or misleading statements, or statements that defendants should have known to be untrue or misleading upon the exercise of reasonable care, about consumers' credit worthiness, credit standing, or credit capacity to consumer reporting agencies, as that term is defined in 15 U.S.C. § 1681a(f).

54. Defendants have thereby violated Section 404(a)(1) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(a)(1).

COUNT FIVE

55. In numerous instances, in connection with the performance of services as a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations

Act, 15 U.S.C. § 1679a(3), defendants have charged or received money or other valuable consideration for the performance of services that the credit repair organization has agreed to perform for any consumer before such services were fully performed.

56. Defendants have thereby violated Section 404(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(b).

COUNT SIX

57. In numerous instances, in connection with the performance of services as a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), defendants have failed to provide the written statement required by Section 405(a) of the Credit Repair Organizations Act, 15 U.S.C. § 1679c(a), in the form and manner required by that Act, to each consumer before any contract or agreement between the consumer and the defendants was executed.

58. Defendants have thereby violated Section 405(a) of the Credit Repair Organizations Act, 15 U.S.C. § 1679c(a).

VIOLATIONS OF THE FTC ACT

59. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce.

60. Misrepresentations of material fact constitute unfair or deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

61. Pursuant to Section 410(b)(1) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b)(1), any violation of any requirement or prohibition of the Credit Repair Organizations

Act constitutes an unfair or deceptive act or practice in commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT SEVEN

62. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, defendants, expressly or by implication, have made statements to induce consumers to purchase their services, including, but not limited to, representing that defendants are able to consistently obtain the permanent removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, and other negative information from consumers' credit reports, regardless of whether such information is accurate, verifiable, and not obsolete.

63. In truth and in fact, defendants are unable to consistently obtain the permanent removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, and other negative information from consumers' credit reports when such information is accurate, verifiable, and not obsolete.

64. Therefore, defendants' representations as set forth above are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT EIGHT

65. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, defendants, expressly or by implication, have made statements to induce consumers to purchase their services, including, but not limited to,

representing that defendants use a computer disk or software program in their credit repair process:

- a. That is programmed to recognize violations of the laws, rules, or regulations that the credit reporting agencies must follow before placing an item on a consumer's credit report;
- b. That communicates the existence of those violations directly to the computers of the credit reporting agencies, thereby forcing the credit reporting agencies to remove the negative item;
- c. That is or was insured by Lloyd's of London or another insurance company for \$15,000,000; and
- d. That one of the three major credit reporting agencies once offered to purchase for \$10,000,000.

66. In truth and in fact, defendants do not use a computer disk or software program in the credit repair process:

- a. That is programmed to recognize violations of the laws, rules, or regulations that the credit reporting agencies must follow before placing an item on a consumer's credit report;
- b. That communicates the existence of those violations directly to the computers of the credit reporting agencies, thereby forcing the credit reporting agencies to remove the negative item;
- c. That is or was insured by Lloyd's of London or another insurance company for \$15,000,000; and

d. That one of the three major credit reporting agencies once offered to purchase for \$10,000,000.

67. Therefore, each of defendants' representations as set forth above are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT NINE

68. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, defendants, expressly or by implication, have represented that they offer a 110% money back guarantee.

69. In truth and in fact, in numerous instances, defendants have failed to honor their 110% money back guarantee.

70. Therefore, defendants' representations as set forth above are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TEN

71. The violations of the Credit Repair Organizations Act alleged in Paragraphs 44 through 58 above constitute unfair or deceptive acts or practices in commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). 15 U.S.C. § 1679h(b)(1).

CONSUMER INJURY

72. Consumers throughout the United States have suffered substantial monetary loss because of defendants' unlawful acts or practices. Absent injunctive relief from this Court, defendants are likely to continue to injure consumers and to harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

73. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), empower this Court to issue a permanent injunction against the defendants' violations of the Credit Repair Organizations Act and the FTC Act and, in the exercise of its equitable jurisdiction, to order such other ancillary relief as rescission of contracts, restitution, disgorgement of profits resulting from defendants' unlawful acts or practices, and other remedial measures.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court, as authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), and pursuant to its own equitable powers:

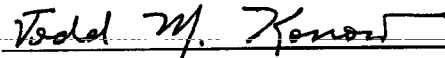
- (a) Permanently enjoin defendants from violating the Credit Repair Organizations Act and Section 5(a) of the FTC Act as alleged in this Complaint;
- (b) Award all relief that the Court finds necessary to remedy the defendants' violations of the Credit Repair Organizations Act and Section 5(a) of the FTC Act, including but not limited to, rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten gains; and
- (c) Award the Commission any other equitable relief that the Court may determine to

be just and proper.

DATED: July 28, 2003

Respectfully submitted,

WILLIAM E. KOVACIC
General Counsel



Todd M. Kossow
Nicholas J. Franczyk
Federal Trade Commission
Midwest Region
55 East Monroe, Suite 1860
Chicago, Illinois 60603
(312) 960-5634
(312) 960-5600 (facsimile)

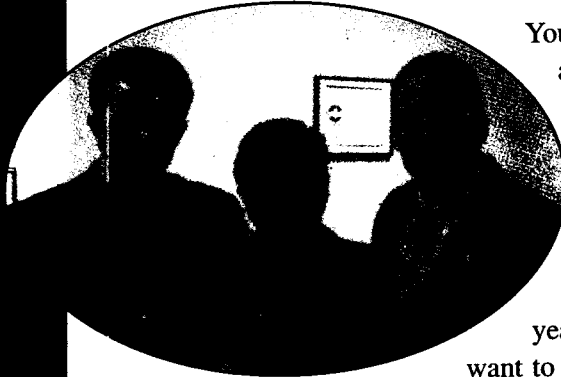
ICR
SERVICES™

The ICR Communicator

Volume 1

Spring 1999

A Message From the Co-Founders



Welcome to the first issue of the ICR Communicator. You read right, We said ICR; International Credit Repair. We are thrilled to announce that in view of our outstanding expansion, we have decided to change our company name to reflect our success. Although the transition will take about six months to complete, we want you to start thinking internationally now. There are truly no boundaries that will contain our growth! This newsletter serves as our letter of intent to make 1999 a year of unparalleled growth and improvement. This year we want to emphasize ICR Services' dedication to our Independent

Representatives by instituting new and innovative ways to keep you connected and informed. We are constantly fine-tuning our procedures to make being an ICR Representative as hassle-free and lucrative as possible. As you will read, we have made changes to the compensation plan, updated our voice exchange service and instituted a FAX-on-demand system. We are renovating our website to include new and exciting features, such as a secured-access link where Representatives can download valuable training materials. We have updated our Presentation Manual and come up with new guidelines to streamline the customer enrollment and sales material order processes. We are also excited to announce that we are working with Innovative Meetings and Events, a national company based in California which is going to set up and co-ordinate all of our big events. All this...and it's only February!

In addition to keeping you up-to-date on ICR's improvements, this and future issues of the ICR Communicator will introduce you to the Home Office staff and explain in detail how each department operates. We believe that knowledge is power, and the more you know about ICR, the stronger your sales organization will be.

We will also be spotlighting you, the Representative. You will meet outstanding Reps, learn their secrets for success, and have your questions and concerns addressed and answered as thoroughly as possible. You will be introduced to pioneers, Representatives in new areas working to expand our nationwide network to include every city in every state.

We have worked hard to create a newsletter that keeps you informed and addresses every issue you might have. Please let us know if we've succeeded!

Happy reading....We'll see you at the top!

Monty Simon Gloria Tactac Benjamin Parvaz

In this Issue...

- The story of the 15 Million Dollar computer search disk
- Representative Spotlight
- Meet the home office

...and much more

Exhibit A

CONSUMER
ADVANTAGE

NATIONAL
CREDIT
REPAIR

FINANCIAL
FREEDOM
SERVICE

FINANCIAL
LENDING
SERVICE



ICRS
COMMUNICATOR

ICR
LEGAL
CARE™

CONTRIBUTORS

Chief Editor: Catherine Jewitt
Assistant Editor: Sue Griffin

All Features Compiled and Written
by Catherine Jewitt and Sue Griffin
with Contributions from the
Following:

- Bernadino Pavoné: *Founder's Message* and "The Story of the \$15 Million Computer Disk"
- Kellie Thornton: "Meet the Home Office"

Thank you to all the Independent Representatives who contributed with their questions, comments and tips.

Thank you to all the Home Office staff who took the time to answer questions and verify facts.

All correspondence should be directed to:

Catherine Jewitt
ICR Services
38777 W. Six Mile Rd. Ste#300
Livonia, Michigan 48152
Fax 734-953-0787

If you would like your photo published in the newsletter along with your letter, we accept photo submissions (no Polaroids) with your name and level printed on the back. We cannot guarantee your photo will be used; if used, your photo cannot be returned.

CONTENTS

Representative Spotlight Presents: Tim and Tracie Baise	1
Meet the Home Office: Focus on Customer Service	2-3
Nationwide Growth: Welcoming New Areas of Business	3
The Amazing Story of the \$15 Million Computer Search Program	4-5
Hats Off! Representatives who Have Succeeded Beyond our Expectations	5
ICR News	6-7
Winning Ways: Share your Tips for Success	8
Representative Forum	9
Special Feature: The Top Ten Rep Support Questions Answered	10

MESSAGE FROM THE EDITOR

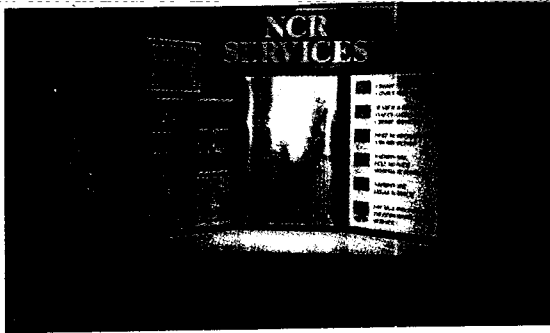
I am very excited to present the first issue of the new, improved ICR Communicator. I have tried to include articles and features that will provide you with valuable information to assist you in your climb to the top. This newsletter is for you, our Independent Representatives, so please feel free to send me suggestions or comments; as with everything, I want the ICR Communicator to be the best newsletter possible.

Enjoy, and we'll see you at the top!

-Catherine Jewitt, Editor

REPRESENTATIVE SPOTLIGHT
PRESENTS....
Tim and Tracie Baise, PSR

Williamston, Michigan



Tim and Tracie Baise, PSR, are one of ICR's top Independent Representative teams. Both in their mid-twenties, Tim and Tracie are originally from the Metro Detroit area. They now live in Williamston, Michigan, a rural community East of Lansing with a population of 2,000, with their beautiful three-year-old daughter, Tori. They enjoy taking care of their four goats, four dogs, three fish and one cat, boating, travelling, and golfing. Tim enjoys hunting as well, and Tori likes to pretend she is an ICR Representative. Most of all, Tim and Tracie love taking "The Success Team" to the top!

In 1998, Tim and Tracie had been searching for an opportunity that would enable them to spend more time with Tori, but at the same time provide them with the finances to support the lifestyle they enjoy. A long time friend and business associate told Tim about NCR Services, and although he didn't have much information, Tim was interested enough to meet with Bernadino Pavone and Abood Samaan. At the end of the meeting, Tim was thrilled with what he had heard; everything sounded GREAT. Coincidentally, the same week an incident occurred at Tim's job as a supervisor at Fitness USA that made him realize he didn't want to be at this five-year job for another five minutes. He called Tracie at her real estate job and they met to discuss the situation. They decided that they were at the end of the road they were on, and Tim called his associates into his office to say goodbye. To his surprise, as he left several of his coworkers followed, and are now Representatives as well. The next day Tim and Tracie met with Bernadino and Abood at the Home Office, and the rest is history.

Tim and Tracie are thrilled to be involved with ICR for several reasons. They believe that ICR provides outstanding services and dedication, both to the customers and the Representatives. They feel that because ICR utilizes the network-marketing concept, average people are given a ground-floor opportunity in a well-established company. Perhaps most of all, they cherish the connections and friendships they have built through ICR.

In the future Tim and Tracie plan, first and foremost, to be supportive of their Representatives regardless of their level. They hope to pave the way for new Representatives and invent new levels, because they plan to exceed the Corporate Executive level and build an empire!

As one of ICR's top Representative teams, Tim and Tracie offer the following tips for new Representatives:

- Follow the 'Action Plan For Success'
- Study your kit completely
- Attend all company events (Local briefings, Trainings, Regionals and Nationals)
- Enjoy yourself

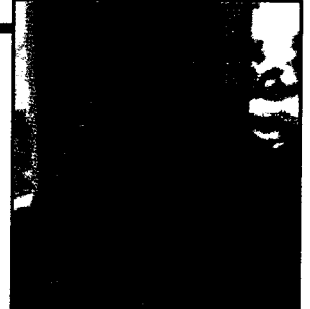
Keep up the great work, Tim and Tracie!

MEET THE HOME OFFICE

In this feature you will be introduced to the Home Office staff and learn how each department works. The Home Office is here to serve you, and we hope that with a better understanding of what we do, you and your customers will be able to utilize our services with maximum results.

Focus on... Customer Service

*Richie, one of our
customer service
representatives*



When your customers call the office for status reports or to ask questions about our services, they speak with our Customer Service representatives. The Customer Service department answers customer questions about credit reports, the repair process, and our company. As the staff members with the most direct customer contact, they have a great deal of combined knowledge about the credit repair process. Here Kellie Thornton, our Customer Service supervisor, lists some of the questions she answers the most.

“How does the process work?”

Our computer disk searches for erroneous, inaccurate, and outdated information entered on credit reports by the three credit reporting agencies. We find the mistakes, then force the agencies to remove these items from the credit reports.

“How long will the process take?”

On average, three to six months, however there is no exact date of completion; every case is different. If all terms and conditions stated on the back of the Customer Agreement are followed, the customer should receive updated information from the agencies every four to six weeks. The customer has purchased the service for one year, so if the process is delayed they should not be concerned.

“What are some reasons for delays?”

Missing information, delay in making payment for a balance due, and correspondence from the credit reporting agencies not being sent to the Home Office

promptly can all cause the repair process to be delayed. Also, applying for credit without prior written notification to the Home Office may slow the process.

“I received a letter from the agency stating the items on my credit report have been verified as accurate.”

This is a generic letter that the credit reporting agencies send as a stall tactic. This letter and all other correspondence from the agencies should be sent to the Home Office. We will then continue the repair process.

“I have not received anything from the credit reporting agencies in a long time.”

There may be several reasons for this. First, if the customer has changed their address they must submit proper address verification to the Home Office. Also, if the customer has received correspondence from any of the three agencies it must be forwarded to the Home Office immediately for processing. Once we process the new information, the customer should receive updated materials from the agencies within 45 days.

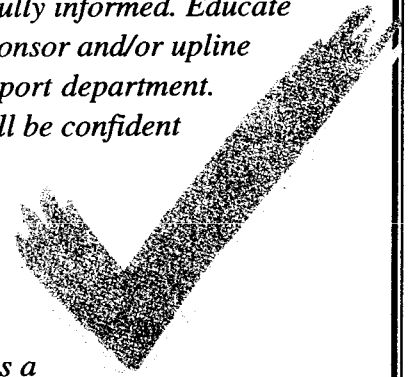
“Can you give me an update/status report on my file?”

When a customer calls for a status report, we put their name and social security number on the Status Report List for the following day. We then ask the customer to call back the next day during business hours, by which time the file will have been pulled and reviewed. We emphasize that if the customer does not call back **the next business day**, their file will be re-filed for confidentiality reasons.

HOW TO MAKE CUSTOMER SERVICE WORK FOR YOUR CUSTOMERS

Kellie: *"Make sure that your customers are fully informed by making sure you are fully informed. Educate yourself about ICR; read and complete all materials in your kit, and contact your sponsor and/or upline expert with any questions. If you still have unanswered questions, call the Rep Support department. The more you know, the more you can pass on to your customers. Your customers will be confident and satisfied if they know how the process works."*

"Use your checklist! We have a lot of customers who call because they haven't heard anything in a long time, and it turns out that we haven't been able to process them because we were missing their Limited Power of Attorney or valid ID or social security number. We need every item on the checklist before we can process a new customer, and as the liaison between the customer and ICR, it is your responsibility to make sure all relevant paperwork is sent to the Home Office."



NATIONWIDE GROWTH

ICR Services Salutes New Areas of Business

The ICR Services network of Independent Representatives is expanding every day. In addition to our established networks, we would like to acknowledge the following newcomers.



Welcome to Dr. Roy Jones of Charleston, South Carolina

Welcome to Vision Marketing Group of Columbia, South Carolina

Welcome to Master Credit Corp. of Las Vegas, Nevada

Welcome to Dwyer Williams of Cleveland, Ohio

Congratulations to Mark Rasmussen, Jon Noble, Elizabeth Freeman, Eugene Cremer and the rest of the network in Southern California on your rapid expansion. Keep up the good work!

NormaJean Russell for Tauana Union, FHT of Snellville, Georgia has temporarily relocated to Houston, Texas. She hopes to establish a solid network there before returning home. **Good luck, NormaJean!**

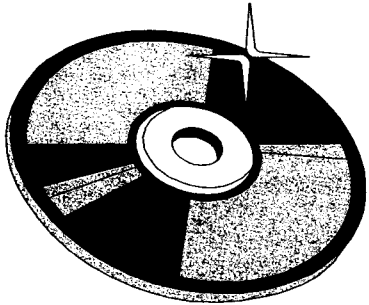
Congratulations to the Representatives working to build a network in the Jacksonville, Florida area. Keep up the good work!

Welcome to the growing network in the Memphis, Tennessee area.

ICR Services is now bonded in the state of **Massachusetts**. We eagerly anticipate enormous growth in this area.

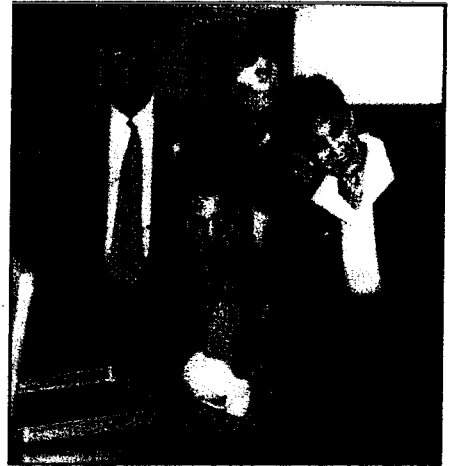
If you know of an area of promising expansion that you think we should acknowledge, please let us know.

There are no boundaries that can contain our growth. Soon we hope to welcome Representatives from every corner of the world. The sky is our limit!



THE AMAZING STORY OF THE \$15 MILLION COMPUTER SEARCH PROGRAM

As most of you know, the thing that sets ICR Services apart, the thing that puts us miles ahead of any other credit repair services on the market, is our exclusive computer search program. This program enables us to offer consumers a service that is faster and more efficient than anything else available today. Here is the story of the program, as told by our President and Co-founder, Bernadino Pavoné.



Abood Samaan, Bernadino Pavoné & Gloria Tactac with the \$15 Million Disk

How It All Began

In 1988 Bernadino Pavoné was 24 years old and trying to open a nightclub in the City of Detroit. He had found a Detroit-funded organization willing to match his contribution, and he had come up with \$400,000 of his own money. The other investor never showed a dime, and Bernadino lost everything, including his car and his good credit. Too proud to file for bankruptcy, Bernadino was lost until attorney Wade McCree, now Judge at the 36th District Court, introduced him to the Fair Credit Reporting Act and explained how it worked. His interest was sparked and he started to investigate the major credit reporting agencies: Transunion, Equifax and Experian. He discovered that they are not following the proper guidelines for the entry of credit information, and that the incident of data entry errors and misrepresented information is appallingly high; experts say that close to 90% of Americans have inaccurate information in their credit reports. Bernadino set out to stop the injustice. Armed with dogged determination and a vision, he designed a flow chart and hired six programmers to set his plan in motion. From 1988 to 1995 he worked on the program, working out every bug in the system. By the end of 1995, the program was perfected. Abood Samaan financed the company to go national, and NCR, now ICR Services, was off and running.

How It Works

The program is designed to search for inaccuracies in the entry process used by the credit reporting agencies. We find the inaccuracies, then force the credit reporting agencies to remove them. This is all that can be revealed about the way the program works; as Bernadino says, "Even the Colonel never gave out his secret recipe." It is, however, a testament to how well the program works that one of the major credit reporting agencies once offered \$10 million for it.... Needless to say, their offer was declined.



The disk arrives at the home office, accompanied by security.

The Moment Of Truth: The Insurance Appraisal

In 1995 when the program was completed, Bernadino thought it might be worth a few hundred thousand dollars. When Abood Samaan joined the organization, Bernadino told him that he estimated the program's worth at about \$300,000. At this point they had no idea what a gold mine they had on their hands.

On November 24, 1998 a Lloyd's of London broker insured the program. The appraisal of the program came back at \$15,000,000. Bernadino has stated that he would not sell the program for \$50 million or \$100 million; simply put, ICR Services belongs to its Representatives and employees and is not for sale.

What It Means For You

The search program has put ICR twenty years ahead of the credit reporting agencies, and is being updated every month. There is no other program like it. This means that as an ICR Representative, you can offer your customers a service that is not available anywhere else in the world. Seven years in the making, our search program gives your customers so great an advantage over the credit reporting agencies that the agencies are willing to pay millions to obtain it. This is a selling point that few intelligent people can resist.



Hats Off!

CONGRATULATIONS TO THESE REPRESENTATIVES WHO HAVE SUCCEEDED ABOVE AND BEYOND

Carmino Argiero ESR	Connie Graves ESR	Harut Nakas ESR
Tim Baise PSR	Dr. John Graves PSR	Evelyon Norris ESR
Salim Bakir-bey ESR	Ken Guoin ESR	Phil Oliver ESR
Jon Bell ESR	Pamela Guoin ESR	Marcia Peteet ESR
Joyce Birts ESR	Denise Hill ESR	Dave Pirnack ESR
Harry Brown ESR	Paul Hill PSR	Mark Rasmussen ESR
Marcos Carbajo ESR	Fadi Hourani ESR	NormaJean Russell ESR
George Cole PSR	Patricia McCracklin ESR	Betty Stovall PSR
Keith Corey ESR	Duane McGill ESR	Anthony Stroman ESR
Darrell Ezmerlian ESR	Carl Moore ESR	Lolita Welch ESR

ICR NEWS

ICR
SERVICES™

As ICR continues to expand, we are constantly looking for ways to improve and streamline our business. Look to this column for new procedures, as well as previews of future improvements.

NCR Services has a new name: We are proud to announce that the name of our company is changing to **ICR (International Credit Repair) Services**. NCR Services Global Communication is changing to **ICRS Global Communications**. We feel that this name change reflects our incredible success and continued expansion; we are in fact an international company, and we want the world to know it. The transition from NCR to ICR is expected to take about six months, although it is never too soon to start thinking globally. We will keep you informed as ICR printed materials become available.

A Bigger, Better Website: Our web address is changing to www.icrserv.com. Also, as many of you have noticed, the ICR Services website is a bit untidy at the moment. This is because it is "under construction"; we are renovating the website, improving existing sections and adding new ones, such as a secured-access link for Reps including exclusive training materials. We are very excited about our future "new and improved" website, however since this is a work in progress that may take several months to complete, we ask for your patience. We are sure that the new website will be worth the wait!

Changes to the Compensation Plan: The new Compensation Plan went into effect the first week of February. You now need **three personal financial sales** instead of five to reach the RSR level. Also, You can qualify for ESR by having **four RSR's in four separate legs (not necessarily direct)**.

Streamlining the Sales Material Order Process: In order to serve you better, we are working to update the Sales Material Order process with an 800 number (800-899-9910) and fax number (949-598-1837) devoted solely to Sales Material orders. Although the

numbers are established, **the new Sales Material Order system is not operational yet**, and we ask that you continue to send your orders to the Home Office until we announce that the system is ready. For the interim, here are some tips to ensure that your order is placed correctly and reaches you without delay.

- Please be sure that you fill out your order form **legibly and completely**. This includes double-checking that you have provided your apartment or suite number. Also, take a minute to look at your completed form and ask yourself, "will this be readable after being reduced/faxed?"
- Remember that UPS does not deliver to P.O. Boxes; if one of your new Reps experiences a delay in receiving their kit, it may be because they provided a P.O. Box and UPS returned their kit to us.
- **Regular sales orders** will take 1-2 weeks to reach you. If you would like your order sent **next day air**, it must reach the office no later than 12 noon EST. Overnight orders received after noon will be sent the following business day. The shipping charge for overnight orders is \$20. **Personalized orders** such as business cards cannot be rush ordered; you should allow up to three weeks for delivery of personalized materials, so please plan ahead.
- Some of you may still be using old, unrevised order forms. There are several items on the old order forms that we no longer offer; of these items the most commonly ordered are the Infomercial Video (VID 101) and the NCR Coffee Mug (PRM 109). In addition, most of the novelty items (key chains, license plate frames, etc.) are no longer available. Also, the Opportunity Briefing Slides (PRE 100) and the NCR Training Slides (PRE 101) have been combined into one slide presentation for \$65. If you have ordered any of these items, please contact the Home Office to arrange for a credit or refund. We are working to revise the order form and will let you know when the new order forms become available.

Updated Presentation Manual: The presentation manual, "Opportunity's Knocking", has been updated and improved. The new version of the manual is now available. We have also put the manual on the website. For those Representatives who signed up during the transition, we are maintaining a list of those who did not receive a presentation manual in their kit. Just fax or mail us a written request, and we will send you a new manual.

Guidelines for Submitting Customer Enrollment Paperwork: In order to expedite the processing of your new customers, we ask that you follow these guidelines.

- *Use the checklist on the back of the Limited Power of Attorney form.* Initial each item **only** if it is present in the packet you send to us. Starting in February, \$25 will be deducted from your commission for any item that you have initialed that we do not receive.
- *The Power of Attorney, SSN, and address verification items (valid ID with current address, copy of a bill with current address) are mandatory items; your customer will not be processed without these items.* Since your customer's one-year membership starts as soon as their information is entered into our system, please do not submit Customer Enrollments without these items, as it will only waste valuable time for the customer.
- *If you are submitting a two-for-one or three-for-one, please indicate this in the paperwork.* This is especially important if the customer is paying by credit card, so that we do not overcharge them.
- *Make sure photocopies are legible.* If you cannot read the information on the driver's license or Social Security card, we can't either.
- *Credit Report Request Forms are to be filled out completely and sent to the Credit Reporting Agencies.* If you do not use these forms to obtain credit reports, you may dispose of the forms. Please do not send them back to the Home Office.
- *Make sure you keep the appropriate copies of the Enrollment packet for your records and your customer's records.* Please do not send the carbon copies back to the Home Office. The yellow copy is for your records. The pink copy is for the customer. It just makes good business sense to keep copies of paperwork or contracts in the unlikely event that a problem arises.

Better Communications with Virtual Voice: We are upgrading our voice exchange program. ICR Services and Virtual Voice are proud to announce a state-of-the-art voice-messaging program designed especially for the needs of ICR Representatives. Using Virtual Voice, Representatives can now communicate with each other on the same information network and communications system. As an ICR Representative, the importance of timely communication from the Home Office, your upline and your downline is vital. With

Virtual Voice you can:

- Eliminate 'telephone tag' and close 'time zone windows'
- Make upline and downline communications more efficient
- Send messages to your entire organization or a specific group of people
- Use the amount of time formerly spent training one individual to train your entire organization

Virtual Voice is a customized information network accessible through your personal mailbox, giving you instant access to the latest recorded conference calls, testimonials on products and opportunity, and meeting schedules.

FAX-on-demand: In addition to the incomparable voice messaging system, this service also includes FAX-on-demand, a fully automated system which allows you to request forms, conference registration and agendas, and training documentation to be faxed to you any time, anywhere.

Interested? Call Virtual Voice Customer Service at 800-266-0090 24 hours a day, seven days a week.

Eagle Teleconferencing: The Success Team has come up with the best recruiting tool that ICR has ever seen. The conference call service provided by Eagle Teleconferencing is one of the best tools you can use to help build your organization. There is no cost to you and we can have up to 144 people on the line at the same time. We can triple the amount of people on the line if you use the three way calling feature on your phone. All you do is dial a number at the time that the conference call is scheduled then enter a pin that we provide.

To utilize this service to its maximum potential, representatives need to use it as a recruiting tool to get their prospects motivated and informed about the business. If you want your organization to grow to the next level, we recommend using this service. We have time slots already reserved. If you're interested in scheduling a conference call with your organization contact Tim and Tracie Baise at (517) 468-2256.

We will continue to work toward making ICR Services the most efficient company possible. Look to this column in the future for up-to-the-minute news on how we are becoming better for our customers and better for you.



WINNING WAYS \$

Independent Representatives Share Their Tips for Success

As a network marketing company, our success depends on the success of our Independent Representatives. Likewise, your success depends on the success of your fellow representatives. We are excited to offer Winning Ways as a forum for you to share your strategies with each other, strengthening the network of success.

NormaJean Russell for Tauana Union, FHT of Snellville, GA says: "Do business with people who do business with you. Turn solicitations from others to you into a sales call for you. For instance, my son and I visited a car dealership shopping for an automobile. As we started negotiations on a car, the salesman inquired about my profession. Given a great opportunity, I told him about ICR, the company's history and some of our personal successes. We discovered that he was suffering from a business failure and was in need of our services. Not only was he interested, he is referring friends and customers as well. I also use this tactic with telemarketers, network marketers, insurance agents and advertising representatives."

"Sell ICR Services, not your services. There's a reason why ICR Services has such efficacy and it's because of the services provided by the corporate office, the marketing plan and the Representative support. When you sell a client the service, don't volunteer to receive the client's credit reports or forward the continuing receipt of these reports to the Home Office. If you do this with each client, you will find yourself with less and less time to devote to sales. Let the clients interact with ICR Services in the way that the system was designed."

George Cole of Atlanta, GA writes: "When you are a representative for ICR you are able to help people who were hopeless about their credit situation. ICR has enabled people to buy houses and second cars at prime interest rates in as little as three months. When you are an ICR representative you get the fulfillment of helping people and making a lot of money doing it. I love my business, my reps love it and most importantly my clients are extremely grateful. I strongly encourage potential representatives to come aboard as quickly as possible. ICR needs your help to fight the credit problems that are crippling our friends, family, and people we don't know yet. **GET STARTED NOW!**"

Cynthia Brown of Detroit, MI writes:

- **Knowledge**-The Representative's **knowledge** of the credit repair process and their ability to **communicate** this process to their customers in a comprehensive manner is essential to the success of their business.
- **Accessibility**-Assuring your customers that you're **available to assist them** with any questions or concerns they have, prior to or after the sale, is vital. Remember that your effectiveness in accommodating the needs of your customers will dictate the success of your business.
- **Follow-Up**-Communication with the customer after the sale will assure the customer that you're genuinely concerned about securing their financial future. Your concern for your customer should not end with the signing of the credit repair contract. Your customers will express their appreciation and refer prospective customers to you, if you communicate with your customer beyond the sale."

REPRESENTATIVE FORUM

The Home Office Addresses Your Problems, Comments and Concerns

All questions and comments are presented anonymously

The word going around my network is that the only service you offer is Credit Repair, and that the other 'services' don't exist. Is this true?

This is not true. In addition to the Consumer Advantage/Credit Repair Services, we also offer the following services:

- **Financial Freedom Service:** debt management counseling and debt reduction
- **Financial Lending Service:** low-interest consolidation loans and mortgages (you must be at least ESR to qualify to offer this service)
- **Education Courses:** debt management/reduction courses offered at participating colleges and universities



I have been told that if a customer pays with a personal check, my commission will be delayed at least two weeks. Somebody even told me that you no longer accept personal checks at all.

Sue Griffin, Accounting Manager: We do accept personal checks; however because we use an electronic check approval system, certain guidelines must be followed.

1. The person who wrote the check must provide their driver's license number. The driver's license must be from the same state that the check is from. (Example: we cannot approve a Florida check if the driver's license is from Georgia)
2. The check must not be over 30 days old.
3. We cannot approve starter checks.
4. We cannot accept post dated checks

When we run a check for approval, we enter the DL number and information from the check; the check approval system searches a database and approves or declines the check based on past payment history. If a check is declined, **it does not mean that it has bounced**; merely that we have to hold the paperwork until the check does clear – usually ten business days. To avoid potential delays, we do recommend that you encourage payment by money order.

SPECIAL FEATURE

The Home Office Staff Answers the Ten Most Frequently Asked Rep Support Questions

- **I just signed up as an Independent Representative. When will I receive my Success Training System (sales kit)?**
Please allow ten business days for your kit to arrive. They are shipped by ground UPS from our distribution center in Troy, MI.
- **When will I receive my commission check?**
Commission checks are sent out every Friday. They are compensation for the previous week's business. For example, if you send in a Customer Enrollment packet during the week of March 3rd, your commission on that sale will be paid on March 12th.
- **How can I get a list of my downline reps and their titles?**
Call or fax the home office and request a report from the Rep Support department. Tell the representative what information you are looking for and they will send you the appropriate report.
- **Can I call and get a status report on my customers?**
Status reports can only be given to the customers themselves. Tell your customers to call the Home Office and give their name and social security number. Their file will be pulled and they can call the following day to get the status of their process.
- **How often do I have to renew my status as an Independent Representative?**
Your renewal is due annually. It may be sent to the Home Office on or around your anniversary date, or deducted from commissions. Annual renewal fee is \$95.00.
- **I have designed a flyer that I would like to circulate to attract new prospects. What are the guidelines?**
The Home Office must first approve any advertising done by our Independent Reps. Simply fax a copy of the ad you would like to use to Catherine Jewitt, Executive Services. We will either approve your ad or indicate changes to be made. With corrections the process take about 5 business days.
- **What are the minimum requirements to remain an active Representative?**
You must hand in a minimum of one financial sale or six LOA's every three months in order to stay active.
- **How can I qualify my reps and generate C.A.B. commissions for my downline and me?**
The answers to this and other related questions can be found in your Marketing Program Success Guide on page 24. Before calling with your Rep Support questions, be sure that you have thoroughly read the training materials in your kit. If after reading them you still do not understand, give us a call.
- **I am interested in the "Window Talk" program. How does it work?**
Window Talk is a program designed to help our reps attract new prospects by utilizing local businesses. First you order the Window Talk Promo decals (PRM 102). Please allow 3 weeks for delivery of your decals, which are personalized with your telephone number. Next, you approach businesses in your area that are willing to display one of your decals in the window of their business. All prospects are referred to you and in exchange, the business owner receives complimentary Credit Repair Service. The business owner must sign a permission agreement and a picture of the decal as it appears in the window of the business must be sent to the Home Office.
- **What is the best way to stay in touch with my downline and with other Independent Representatives?**
Utilize our Voicemail System. This is the best and least expensive way to exchange information with other reps. It is also an excellent way to stay updated on the latest happenings in the company.

FEDERAL TRADE COMMISSION

MATTER NO. 0123199

TITLE NATIONAL CREDIT REPAIR

DATE RECORDED: DATE UNKNOWN
TRANSCRIBED: SEPTEMBER 13, 2002
REVISED: OCTOBER 10, 2002

PAGES 1 THROUGH 18

ICR SERVICES, INC.
GLOBAL VISION
"WORKING TOGETHER TOWARD A COMMON VISION"
OPPORTUNITY'S KNOCKING

FOR THE RECORD, INC.
603 POST OFFICE ROAD, SUITE 309
WALDORF, MARYLAND 20602
(301)870-8025

INDEX

VIDEOTAPE: PAGE:
Opportunity's Knocking 3

In the Matter of:)
National Credit Repair) Matter No. 0123199
)
)
)
Date Unknown

The following transcript was produced from a videotape provided to For The Record, Inc. on September 5, 2002.

ICR SERVICES -- OPPORTUNITY'S KNOCKING VIDEOTAPE
(Music playing.)
ON SCREEN: Experts say that over 50% of people have inaccurate information on their credit reports
UNIDENTIFIED MALE: We didn't qualify.
ON SCREEN: The result is not only Denied Credit but also Higher Interest Rates on loans...
UNIDENTIFIED FEMALE: We thought we had great credit.
UNIDENTIFIED MALE: Why are we paying so much?
UNIDENTIFIED FEMALE: This interest is so high.
ON SCREEN: ...Costing Thousands of Dollars in Interest Overcharges
UNIDENTIFIED FEMALE: We can't save anything.
UNIDENTIFIED MALE: It's like throwing it into a dark hole.
UNIDENTIFIED FEMALE: We're always so far behind.
UNIDENTIFIED MALE: I can't do it.
ON SCREEN: ...If you can get a loan at all
UNIDENTIFIED FEMALE: Honey, I really want that loan.

1 UNIDENTIFIED MALE: We just can't qualify.
 2
 3 ON SCREEN: TROUBLE
 4 MALE ANNOUNCER: People are in trouble all over
 5 the world.
 6 ON SCREEN: DEBT
 7 MALE ANNOUNCER: Many are in debt living
 8 paycheck to paycheck, all of their money going to high
 9 interest rates --
 10 ON SCREEN: INTEREST RATES
 11 MALE ANNOUNCER: -- in the form of credit
 12 cards, mortgages and car loans.
 13 ON SCREEN: LOANS
 14 MALE ANNOUNCER: They can't save. They're
 15 under stress --
 16 ON SCREEN: STRESS
 17 MALE ANNOUNCER: -- and unable to fulfill their
 18 dreams.
 19 ON SCREEN: ICR Services®
 20 MALE ANNOUNCER: All of this translates into a
 21 very big opportunity, an opportunity to help people in
 22 both their financial and personal lives. And while
 23 helping others, there's an incredible opportunity that's
 24 knocking for you to fulfill your dreams.
 25 UNIDENTIFIED MALE: The most incredible

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 opportunity with ICR Services, you have the opportunity
 2 to work from home, be a full-time parent to your
 3 children. And I was working 13 hours a day in the
 4 fitness industry and now both of us are full-time parents
 5 to our kids and we're really excited about the
 6 opportunity.
 7 UNIDENTIFIED FEMALE: I can benefit from the
 8 efforts of others, which means a lot of residual income
 9 for me and also utilizing the services of something that
 10 everyone needs, okay? Helping other people empower other
 11 people is going to also empower me.
 12 UNIDENTIFIED FEMALE: We have a service that 90
 13 percent of the population needs, wants. It changes their
 14 life. It gives them a second chance in life.
 15 UNIDENTIFIED MALE: Credit repair, debt
 16 reduction is an epidemic in this country, and we have the
 17 solution.
 18 UNIDENTIFIED FEMALE: We're just really excited
 19 and thankful for ICR Services.
 20 MALE ANNOUNCER: Now there's a company that can
 21 protect your credit reports from inaccurate, erroneous or
 22 obsolete entries.
 23 ON SCREEN: ICR Services®
 24 MALE ANNOUNCER: ICR Services can help you,
 25 your family, your friends, and everyone alleviate the

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 stress that has affected their lives.
 2 ON SCREEN: Financial Division
 3 National Credit Repair®
 4 Consumer Advantage®
 5 Financial Freedom Service®
 6 Financial Lending Service®
 7 MALE ANNOUNCER: And with this extraordinary
 8 business, ICR Services can help you build a sales
 9 organization --
 10 ON SCREEN: Telecommunications Division
 11 ICRS Global Communicator®
 12 ICRS Communication®
 13 MALE ANNOUNCER: -- while helping customers
 14 build their credit and assist them with a wide variety --
 15 ON SCREEN: Education Division
 16 ICR Career Institute™
 17 College/University Education Courses
 18 MALE ANNOUNCER: -- of their financial and
 19 telecommunications needs.
 20 ON SCREEN: ICR LEGAL CARE®
 21 (An Incentive for Representatives)
 22 MALE ANNOUNCER: How is it possible to
 23 accomplish this? It all started with Bernie Pavone', an
 24 entrepreneur who had a problem, and like all true
 25 entrepreneurs, he created a solution.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 ON SCREEN: Bernadino Pavone'
 2 Co-Founder, President and CEO
 3 BERNIE PAVONE': Back in 1988, I was 24 years
 4 old and I was trying to open up a club in the city. I
 5 had an attorney at the time who was one of the attorneys
 6 working on this project. His name is Wade McCree. Today
 7 he's a judge and he's also a member of our board. And
 8 what happened was I lost everything that I had and Wade
 9 had educated me and introduced me to the Fair Credit
 10 Reporting Act.
 11 And through my research, I found out that the
 12 credit reporting agencies are making a lot of mistakes.
 13 So, I created a computer search program that's exclusive
 14 to this company that finds the mistakes in the credit
 15 report entries and forces the credit reporting agencies
 16 to correct or remove them. So, it searches for erroneous
 17 information. There's not a program on earth like this.
 18 It's the only one of its kind and it's definitely the key
 19 to this business.
 20 MALE ANNOUNCER: Now it was time to help
 21 others. In 1988, Bernie, along with his mother, Gloria
 22 Tactac, cofounded National Credit Repair.
 23 ON SCREEN: Gloria Tactac
 24 Co-Founder and Chairman of the Board
 25 GLORIA TACTAC: I was helping a few friends fix

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 their credit, and before I knew it, there were strangers
2 coming to the house saying, can you help me fix my
3 credit. That's when I realized, hey, this is a business.
4 So, we opened a small office and my son had already
5 developed this incredible computer search program. And
6 with that, we realized we had the tool to help millions
7 of people, and now all we needed was the vehicle to reach
8 them.

9 MALE ANNOUNCER: In 1995, Gloria and Bernie met
10 Abood Samaan and together, as cofounders, they chose
11 cooperative marketing, a \$100 billion global industry
12 with unlimited distribution possibilities as a vehicle
13 for their credit repair business, the genesis of the ICR
14 Services phenomenon --

15 ON SCREEN: ICR Services®

16 \$1 Trillion Financial Industry

17 MALE ANNOUNCER: -- a \$1 trillion financial
18 industry --

19 ON SCREEN: \$250 Billion Global

20 Telecommunications Industry

21 MALE ANNOUNCER: -- a \$250 billion global
22 telecommunications industry --

23 ON SCREEN: \$100 Billion Cooperative Marketing

24 Industry

25 MALE ANNOUNCER: -- a \$100 billion cooperative

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 marketing industry, a leadership team dedicated to
2 helping others reach their financial dreams, a recipe for
3 success.

4 UNIDENTIFIED MALE: We're the only cooperative
5 marketing company that does not sell soaps, lotions,
6 potions. We provide services for the consumer,
7 telecommunications and financial services, which is in
8 very high demand.

9 UNIDENTIFIED MALE: ICR Services is a great
10 opportunity for you. All you have to do is what they
11 teach you to do. Bernie and Abood told me, do this, this
12 and this. I did it and I hit executive level in three
13 weeks.

14 UNIDENTIFIED MALE: I met Bernie Pavone' working
15 for the Better Business Bureau. I've seen more integrity
16 in that man than I've seen in anything else.

17 UNIDENTIFIED MALE: The excitement today is
18 fantastic, but I know what's down the road is just
19 unbelievable.

20 MALE ANNOUNCER: Now you can be part of the
21 team that is building the most successful company in the
22 industry, a perfect niche for cooperative marketing.
23 Help your friends and family while building an incredible
24 business for yourself as an independent representative of
25 ICR Services.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 ON SCREEN: ICR Services®

2 MALE ANNOUNCER: It's the perfect business for
3 you.

4 ON SCREEN: No Overhead

5 MALE ANNOUNCER: There is no overhead --

6 ON SCREEN: No Expensive Inventory

7 MALE ANNOUNCER: -- no expensive inventory --

8 ON SCREEN: No Shipments Or Deliveries

9 MALE ANNOUNCER: -- no shipments or
10 deliveries --

11 ON SCREEN: No Collections

12 MALE ANNOUNCER: -- no collections --

13 ON SCREEN: No Customer Risk

14 MALE ANNOUNCER: -- no customer risk --

15 ON SCREEN: No Payroll

16 MALE ANNOUNCER: -- no payroll --

17 ON SCREEN: No Merchandise To Purchase

18 MALE ANNOUNCER: -- no merchandise to
19 purchase --

20 ON SCREEN: No Confusing Math or Paperwork

21 MALE ANNOUNCER: -- no confusing math or
22 paperwork --

23 ON SCREEN: No experience necessary

24 MALE ANNOUNCER: -- and best of all, no
25 experience necessary.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 ICR provides an amazing success training system
2 as well as local, regional, national and international
3 training events and conventions that will help you launch
4 your business in today's fastest-growing industry,
5 cooperative marketing.

6 ON SCREEN: Gross Receipts Growth Chart

7 Bar Graph

1996	1,118%
1997	1,994%
1998	4,357%
1999	19,318%
2000	73,000%

13 MALE ANNOUNCER: The explosive growth of ICR
14 Services is nothing short of phenomenal, with revenues
15 increasing a staggering 73,000 percent in just the past
16 five years. ICR's growth relies on the success of its
17 independent representatives and stands ready with
18 training and support unparalleled in the industry.

19 ON SCREEN: Retail Agency Program

20 Corporate Training Center

21 MALE ANNOUNCER: ICR offers a retail agency and
22 corporate training center program to empower
23 representatives with --

24 ON SCREEN: No fees paid to ICR Services

25 MALE ANNOUNCER: -- an outstanding opportunity

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 to build their business from a retail or a corporate
 2 environment.
 3
 4 **ON SCREEN: Abood Samaan**
 5 **Co-Founder and Executive Vice President**
 6 **ABOOD SAMAAAN:** This is a perfect time to be
 7 involved in the ICR phenomenon. It's easy to get started
 8 and very low risk involved. The marketing program that
 9 we've designed allows our independent representatives to
 10 build their business to earn immediate cash, as well as
 11 long-term residual income.
 12 **MALE ANNOUNCER:** Not only does ICR offer one of
 13 the most incredible compensation plans available --
 14 **ON SCREEN: Immediate Cash Income**
 15 **Long Term Residual Income**
 16 **MALE ANNOUNCER:** -- including immediate cash
 17 income and long-term residual income, ICR Services also
 18 offers one of the most impressive incentive plans in the
 19 industry --
 20 **ON SCREEN: ICR Services®**
 21 **Premium Incentive Plan**
 22 **Awards and Recognition**
 23 **MALE ANNOUNCER:** -- including a variety of
 24 awards and recognition --
 25 **ON SCREEN: Vacation Pay**

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 wants to work at your own pace, you want to start your
 2 own business, to be your own boss basically, this is the
 3 place to do it. It's a family structure, which I really
 4 enjoy a lot. It's a partnership that we have all created
 5 amongst ourselves.
 6 **UNIDENTIFIED MALE:** The only place this company
 7 can go is up. This company will have its services one
 8 day in every school across America and in every home
 9 across America.
 10 **UNIDENTIFIED MALE:** It's one of the few
 11 opportunities in which you can actually use all the
 12 experience you've started with in any type of business
 13 and not have to start over. No experience necessary,
 14 which is very important to ICR.
 15 **UNIDENTIFIED MALE:** I looked at everything here
 16 with the company and realized we've got the product, the
 17 timing, the support, the compensation, everything we
 18 need. So, I'm looking at this as an opportunity to
 19 really change our lives.
 20 **UNIDENTIFIED MALE:** It feels like a family, and
 21 in that kind of environment, anybody can succeed.
 22 **ON SCREEN: ICR Services®**
 23 **MALE ANNOUNCER:** ICR Services has many
 24 departments to keep you on the cutting edge of the
 25 cooperative marketing industry.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 **MALE ANNOUNCER:** -- paid vacations and
 2 incentive trips --
 3 **ON SCREEN: Car Allowance**
 4 **MALE ANNOUNCER:** -- an \$800 per month car lease
 5 program, available at all positions --
 6 **ON SCREEN: Retirement**
 7 **MALE ANNOUNCER:** -- a retirement program. ICR
 8 Services will pay for a comprehensive program at the
 9 presidential sales representative position.
 10 **ON SCREEN: ICR Legal Care®**
 11 **MALE ANNOUNCER:** A variety of legal services
 12 offered to presidential and corporate executive
 13 representatives.
 14 **ON SCREEN: Expense Allowance**
 15 **MALE ANNOUNCER:** A \$2,000 to \$4,000 per month
 16 expense allowance available at the corporate executive
 17 position.
 18 **ON SCREEN: Custom Home**
 19 **MALE ANNOUNCER:** And ICR Services will build
 20 you a \$500,000 custom home when you achieve the corporate
 21 executive position and meet the requirements.
 22 **ON SCREEN: ICR Services®**
 23 **UNIDENTIFIED MALE:** This opportunity is for
 24 everybody.
 25 **UNIDENTIFIED MALE:** If you are a person that

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 **ON SCREEN: Representative Support**
 2 **MALE ANNOUNCER:** Representative support --
 3 **ON SCREEN: Distributor Services**
 4 **MALE ANNOUNCER:** -- distributor services --
 5 **ON SCREEN: Training and Field Support**
 6 **MALE ANNOUNCER:** -- training and field
 7 support --
 8 **ON SCREEN: Customer Service**
 9 **MALE ANNOUNCER:** -- customer service --
 10 **ON SCREEN: Retail Agency Development**
 11 **MALE ANNOUNCER:** -- retail agency
 12 development --
 13 **ON SCREEN: Marketing**
 14 **MALE ANNOUNCER:** -- marketing --
 15 **ON SCREEN: Research and Development**
 16 **MALE ANNOUNCER:** -- research and
 17 development --
 18 **ON SCREEN: Telecommunications**
 19 **MALE ANNOUNCER:** -- telecommunications --
 20 **ON SCREEN: Internet Services**
 21 **MALE ANNOUNCER:** -- and Internet services.
 22 **ON SCREEN: S. Gary Spicer**
 23 **General Counsel**
 24 **S. GARY SPICER:** We get a great deal of
 25 pleasure out of watching our representatives, many of

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 whom have had credit obstacles in their life when they
2 repair -- have their own credit repaired with working
3 with our corporation, and then taking that enthusiasm and
4 obtaining better interest rates for themselves, lowering
5 their own credit, improving their personal financial net
6 worth. We get tremendous satisfaction out of that.

7 MALE ANNOUNCER: Are you ready to work for
8 yourself but not by yourself? Are you ready to work
9 together toward a common visior? Are you ready to
10 fulfill your dreams while getting paid to help others
11 change their lives?

12 ON SCREEN: ICR Services*

13 "Let Your Future Begin!"

14 "We'll See You at The Top!"

15 (Brief pause -- music playing.)

16 ON SCREEN: ICR Services, Incorporated is a
17 privately held, international cooperative marketing
18 company with two major industries: Financial and
19 Telecommunications. ICR Services is a debt-free
20 corporation with offices and representatives throughout
21 the United States and Canada.

22 For more information, contact the ICR
23 representative who shared this opportunity with you.

24 MALE ANNOUNCER: ICR Services, Incorporated is
25 a privately held, international cooperative marketing

For The Recrd, Inc.
Waldorf, Maryland
(301)870-8025

1 company with two major industries: financial and
2 telecommunications. ICR Services is a debt-free
3 corporation with offices and representatives throughout
4 the United States and Canada.

5 For more information, contact the ICR
6 representative who shared this opportunity with you.

7 ON SCREEN: ICR Services*

8 38777 W. Six Mile Road, Suite 300

9 Livonia, MI 48152-2692

10 Phone: (734)953-2738

11 Fax: (734) 953-0787

12 www.icrservices.com

13 (The videotape was concluded.)

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 C E R T I F I C A T I O N O F T Y P I S T

2
3 MATTER NUMBER: 0123199
4 CASE TITLE: NATIONAL CREDIT REPAIR
5 TAPING DATE: DATE UNKNOWN
6 TRANSCRIPTION DATE: SEPTEMBER 13, 2002

7
8 I HEREBY CERTIFY that the transcript contained herein
9 is a full and accurate transcript of the tapes transcribed
10 by me on the above cause before the FEDERAL TRADE
11 COMMISSION to the best of my knowledge and belief.

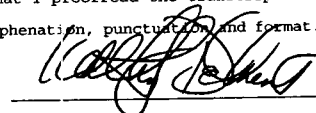
12
13 DATED: OCTOBER 10, 2002

14 

15 ELIZABETH M. FARRELL

16
17
18 C E R T I F I C A T I O N O F P R O O F R E A D E R

19
20 I HEREBY CERTIFY that I proofread the transcript for
21 accuracy in spelling, hyphenation, punctuation and format.

22 

23 KATHY J. DE MENT

24
25 For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

FEDERAL TRADE COMMISSION

I N D E X

MATTER NO. 0123199

TITLE NATIONAL CREDIT REPAIR

DATE RECORDED: 1998
TRANSCRIBED: OCTOBER 1, 2002
REVISED: OCTOBER 16, 2002

PAGES 1 THROUGH 63

VIDEOTAPE:
1998 ICR Meeting

PAGE:
3

1998 ICR MEETING
COMFORT INN - LANSING, MICHIGAN

FOR THE RECORD, INC.
603 POST OFFICE ROAD, SUITE 309
WALDORF, MARYLAND 20602
(301)870-8025

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

In the Matter of:)
National Credit Repair) Matter No. 0123199
)
-----)
1998

The following transcript was produced from a videotape provided to For The Record, Inc. on September 24, 2002.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

PROCEEDINGS

ICR MEETING

TIFFANY RICHARDSON: All right, we're going to get started in a few minutes. I'm just making sure that everyone is seated.

Ladies and gentlemen, my name is Tiffany Richardson, and I'm from New York City. I want to thank you for coming to the NCR Business Briefing this evening, and I want to also thank all of the reps the last week when I was ill and in the hospital who sent your best wishes. I am doing fine. I want to thank you so very much.

Ladies and gentlemen, we live in a time where our financial matters are controlled by a credit-driven society, and -- absolutely. And because of that, it is a deciding factor in terms of how we live our lives and where we live.

Years ago, you would be able to go out and rent an apartment and it was never challenged. Wherever you could find a cheap one, wherever you decided you wanted to move was fine. But in today's market, even to rent a simple apartment, they have to pull a credit report to see whether or not you are worthy of living there. And it becomes very serious when oftentimes, whatever's on

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 your credit report could be erroneous credit or
2 derogatory credit.

3 This evening, we've invited you here to share
4 some information with you. We happen to live in a very
5 important age, information age, and information is key in
6 anything that we do in life. And we are going to share
7 two things with you this evening.

8 Number one, we're going to show you how you can
9 help yourself, your family and your friends to get their
10 credit cleared up so that they can develop financial
11 freedom for themselves.

12 The other thing we're going to share with you
13 is a business opportunity so that any of you who have the
14 true entrepreneurial spirit in yourself could perhaps
15 find a way of making a little extra income or going into
16 your own business.

17 I want to share a video with you to start out.
18 It's only a very short two-minute video, and it's going
19 to show how little errors that are made on your credit
20 reports in changing your (inaudible) could possibly be
21 something that you've experienced yourself. So, would
22 you bear with me, please? Adrian, hit the lights in the
23 back. I'm going to introduce you to the Hall of Shame.

24 (Video played.)

25 MALE ANNOUNCER: This is Fox 2 News at 10:00.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: (Inaudible) Fox News Hall
2 of Shame (inaudible) a company that refuses to give
3 credit where credit is due. Fox 2 News is next.

4 (Music playing.)

5 UNIDENTIFIED MALE: For anyone who has ever
6 bought a home or a (inaudible) or a car (inaudible) your
7 whole life is tied up in your credit report. And if that
8 credit report is wrong, your life can be a living hell.

9 In tonight's Hall of Shame, we're going out to
10 a credit reporting agency and we'll hear a couple who
11 found out the hard way that it's all in a name.

12 Bill and Tina Rogers had to put their financial
13 plans on hold after they found out there were problems
14 with their credit reports, problems they didn't find out
15 about until Tina applied for a student loan.

16 BILL ROGERS: Everything came back from
17 financial aid, no, she couldn't, no, she couldn't. And I
18 couldn't figure out why that she had gotten turned down.

19 UNIDENTIFIED MALE: Bill called TRW to get his
20 credit report, and here's what he found out. He had a
21 real estate loan from Florida complete with a Florida
22 address, civil lawsuits in a Burton, Michigan court and
23 the report even stated he had two wives. But wait,
24 there's even more.

25 BILL ROGERS: I was just blown away. I'm

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 looking -- they had a Sears charge account that was
2 opened when I was nine years old for \$5,000.

3 UNIDENTIFIED MALE: Bill started making calls
4 to the businesses listed on his report. He had to do all
5 the legwork to get the matter straightened out by
6 himself. Imagine trying to track down creditors that are
7 hundreds of miles away.

8 BILL ROGERS: There's a (inaudible). I've
9 never heard of some of the places that these things came
10 from, I've never been to.

11 UNIDENTIFIED MALE: And most of it showed that
12 you were a deadbeat.

13 BILL ROGERS: Yeah, oh, yeah, absolutely. When
14 I totaled it out, I had \$13,600 on there that I had
15 nothing to do with, but yet they were saying I was
16 accountable for.

17 UNIDENTIFIED MALE: Bill finally got what was
18 supposed to be a corrected credit report, but that report
19 was wrong, too. The biggest problem, two civil lawsuits
20 from the Burton, Michigan court that TRW refused to take
21 off the report. Unlike the court system, in the credit
22 system, you are guilty until you can prove yourself
23 innocent.

24 Tina, how has this mess affected you?

25 TINA ROGERS: It's embarrassing when we go in

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 and apply for credit and we are denied, and it's things
2 that are not ours or his. It's really embarrassing.

3 UNIDENTIFIED MALE: So, for sending the Rogers
4 on this long frustrating journey, we're putting TRW on
5 the road into the Fox 2 Hall of Shame.

6 (Music playing.)

7 UNIDENTIFIED MALE: The Rogers' problems are
8 far from over. They have to get those lawsuits off of
9 their credit report. Fox 2 checked the court records in
10 Burton (inaudible) checked them yesterday and, no, the
11 lawsuits don't belong to our Bill Rogers, they belong
12 to another man with the same name who was in Burton.
13 Now, our Bill Rogers has to prove that -- he has to -- to
14 TRW.

15 UNIDENTIFIED MALE: What a mess.

16 UNIDENTIFIED MALE: I tell you. (Inaudible).

17 (Video concluded.)

18 TIFFANY RICHARDSON: Okay. How many of you
19 have experienced that? Just by having a similar name to
20 a relative family something could very easily have
21 happened to you in your life.

22 The second video I'm going to share with you
23 this evening introduces the NCR family and the business
24 opportunity, and I ask that when you view it, put
25 yourself in the place where a lot of these people in our

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 NCR family are right now. We're looking for visionaries
2 this evening, ladies and gentlemen, so keep your mind
3 open and enjoy. Thank you.

4 (Video played.)

5 UNIDENTIFIED MALE: -- to be successful in
6 life, you must recognize opportunity when you see it and
7 take advantage of it. On the surface, most people seem
8 content. Few of us are willing to share our
9 disappointments, frustrations and fears with others. If
10 we have dreams that haven't been realized, we mostly keep
11 them to ourselves. We put up a brave front.

12 Unfortunately, the sense of failure can wear us
13 down, especially in times of workplace downsizing and
14 lay-offs. To be truly happy, we need more than just job
15 security. We need a sense of accomplishment. We need to
16 feel that we are truly in control of our own financial
17 future. Above all, we need to make our dreams a reality.

18 Maybe it's a luxury automobile, a dream home, a
19 boat, or a world class vacation. If these are your
20 dreams, you need to know about us. We are NCR Services
21 and Global Communications, your gateway to realizing your
22 dreams.

23 We're in the forefront of two of the most
24 exciting industries in today's changing world, financial
25 and telecommunications. Based in Michigan, NCR offers

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 the best business opportunity you will ever have. Tap
2 into a (inaudible) dollar financial industry and a \$225
3 billion global telecommunications industry. Are you
4 ready for it?

5 This is Bernie Pavonè, President of NCR
6 Services and Global Communications. He's been where you
7 are and he and all of the NCR team are working to help
8 you take charge of your financial future. NCR Services
9 was founded to help people all over the world recover
10 from the negative effect a poor credit rating has on
11 their financial future.

12 From personal experience, Bernie knows all
13 about credit reports and how they affect people's lives.
14 In 1988, he found himself on the verge of bankruptcy when
15 a business he was developing failed through no fault of
16 his own. Bernie wanted to pay off his debts and clear
17 his credit, but like many of us, he thought he had no
18 choice but to declare bankruptcy and live with its
19 negative effects for seven to ten years.

20 Fortunately, he first consulted with a
21 distinguished attorney, Wayne McCree, now a district
22 judge in the City of Detroit.

23 WAYNE MCCREE: In 1988, I was an associate at a
24 Detroit law firm when I first met Mr. Pavonè. He was
25 almost broke and faced with some very unpleasant options;

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 liquidation, bankruptcy, expensive credit litigation and
2 worst of all, ruined credit.

3 Bernie planned to pay off his debts and
4 reestablish his good credit, but he was deeply concerned
5 that the negative information would forever remain on his
6 credit reports despite his best efforts. I showed Bernie
7 the important Federal law, the Fair Credit Reporting Act.
8 It explains how individuals, like you, can obtain copies
9 of your credit history and ensure that the information it
10 contains is correct.

11 UNIDENTIFIED MALE: Based on his own personal
12 experience using the Fair Credit Reporting Act, Bernie
13 developed a priceless computer search program, exclusive
14 to NCR, that enables representatives to assist clients to
15 uncover inaccurate credit information and correct their
16 reports.

17 From its modest beginnings, NCR Services has
18 grown into a global organization, providing a wide range
19 of services designed to help representatives and
20 customers achieve true financial freedom. We are growing
21 and we need you to grow with us.

22 As an NCR representative, you'll have many
23 opportunities to achieve your financial goals and realize
24 your dreams. You will be thoroughly trained to provide
25 the services of the world's premier financial and

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 telecommunications cooperative marketing company. And
2 you will directly benefit from ample opportunities to
3 help your organization grow.

4 Here are some of the outstanding services
5 you'll be able to provide your customers. Everyone has
6 become aware of the problems consumers experience at the
7 hands of the credit reporting agencies. Our National
8 Credit Repair Service removes erroneous, inaccurate and
9 derogatory entries on our customers' credit reports from
10 the three major credit reporting agencies.

11 A lot of major companies are trying to tap into
12 this market, but only NCR has the exclusive computer
13 search program to reestablish the credit our customers
14 deserve.

15 Consumer Advantage is a personalized credit
16 consulting service. It gives our customers ongoing
17 support against unfair and inaccurate reporting by the
18 credit reporting agencies.

19 Our Financial Freedom Service is dedicated to
20 helping our customers live a debt-free life and
21 (inaudible) their payments plans saving them thousands of
22 dollars over their finance period.

23 With our Financial Lending Service, we help
24 customers lower their interest rates. We finance their
25 debt and unlock the equity in their home.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Whether we like it or not, many of our
2 customers will need legal services at one time or
3 another. To better serve their needs, we offer a highly
4 regarded, nationwide plan that provides comprehensive
5 legal advice and representation at an affordable cost.

6 Along with our outstanding financial and legal
7 services, we provide you with another opportunity to make
8 your financial goals and dreams come true,
9 telecommunications. Through NCR Global Communications,
10 you can offer your customers the best service and lowest
11 rates in the industry. One company that cuts through the
12 blizzard of confusing claims and discount offers to
13 provide all their telephone and computer networking needs
14 in a single, easy to understand, economical package.

15 Our complete line of telecommunications
16 products and services include flat rates for domestic
17 calls regardless of distance or time of day, six-second
18 billing, calling cards, debit cards, paging services and
19 nationwide Internet access.

20 Whether you're dealing with a large
21 organization, a small business or meeting customers in
22 their homes, you can provide a wide variety of NCR
23 products to meet their needs. When you join the NCR
24 team, you immediately move to the front of these two
25 dynamic industries, financial and telecommunications. We

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 will provide you with our effective training system and
2 the materials you'll need to provide NCR's world class
3 services.

4 We even offer accredited courses through
5 various colleges and universities where personal credit
6 repair and debt reduction are taught by NCR instructors.
7 Once you're trained, we also provide you with the
8 opportunity to help your organization grow and make
9 plenty doing it.

10 Today, cooperative marketing is a \$60 billion
11 industry and growing, and (inaudible) with our financial
12 and telecommunication industries, you could be a part of
13 the largest business opportunity ever.

14 From the very beginning, your personal sales of
15 NCR Services will earn you immediate cash income and
16 bonuses. Furthermore, as your organization attracts
17 qualified representatives, you will reap the rewards of
18 additional compensation. NCR's cooperative marketing
19 system gives you an outstanding opportunity to build both
20 customer base and an ever-expanding sales organization.

21 As an NCR representative, you will be your own
22 boss, working for yourself, but not by yourself. You can
23 start part-time, working out of your home, or get
24 involved with our retail agency program and grow your
25 business as large as your interests and energy take you.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 All across North America, NCR representatives
2 are opening their own service centers, providing a full
3 range of our services to their surrounding communities.
4 It's the perfect business. No risk, high profit,
5 immediate cash income, long-term residual income.

6 Listen to what some of our successful
7 representatives had to say about the NCR opportunity.

8 UNIDENTIFIED MALE: This particular program
9 with NCR is one of the most exciting opportunities I have
10 had in servicing a business and industry. I think it's a
11 great opportunity for you to get involved in NCR and
12 service not only your clients, your friends, but society
13 in general. This is a real win-win situation for you.

14 UNIDENTIFIED MALE: Being in the restaurant
15 business for over 16 years, I've run across hundreds of
16 people per day that need NCR Services in order to better
17 their lives.

18 UNIDENTIFIED FEMALE: I think NCR is a
19 wonderful home-based opportunity that's so simple
20 compared to our restaurant business. We can work
21 together as a team and still have more time for our
22 families.

23 UNIDENTIFIED FEMALE: The unique thing about
24 NCR Services is that it's half retail (inaudible) and
25 that's something I've always been interested in. With

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 their incredible retailing (inaudible) program and the
2 (inaudible) that's developing and establishing their
3 chain of retail stores.

4 UNIDENTIFIED MALE: You know, I've been in
5 financial services for 15 years, close to, and I've been
6 in multi-level marketing for 10 years. I'll tell you,
7 this is the most exciting opportunity. Let me tell you
8 why, we've got compensation such as a half million dollar
9 home that they're going to build for anybody that
10 achieves the top level. We've got car allowances,
11 expense allowances. This is a global company. So, don't
12 let this opportunity pass you by.

13 UNIDENTIFIED MALE: As an independent business
14 consultant to Fortune 500 companies for over the past 15
15 years, I have literally reviewed thousands of business
16 plans. What attracted me to NCR was, in fact, the
17 marketing plan, which, in my opinion, represents the best
18 business opportunity in America today.

19 UNIDENTIFIED FEMALE: Without the NCR training
20 system, my business wouldn't be where it is today. The
21 (inaudible) have been phenomenal in their support.

22 UNIDENTIFIED MALE: Being a contractor for the
23 last 12 years, dealing with employees, subcontractors,
24 paperwork, payroll, it begins -- it gets kind of
25 frustrating. When NCR was presented to me, I found the

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 opportunities unlimited. I mean, they handle the
2 paperwork, they handle the services. The support you get
3 from their office is unbelievable.

4 UNIDENTIFIED MALE: Number one, it's a great
5 source of income. Number two, it allows me an
6 opportunity to spend time with my son who also works with
7 me in this program and in this business.

8 UNIDENTIFIED MALE: I work in the mortgage
9 industry and I meet with clients on an almost daily basis
10 that really need the services that NCR provides. It's
11 like a second chance to them. Also, by working with NCR,
12 it enables me to offer a service to my clients that is
13 really -- I can distinguish myself from my competitors.

14 UNIDENTIFIED FEMALE: Being involved in network
15 marketing for the past 10 years, I've not come across a
16 company like NCR giving you financial freedom. I have
17 made more money with NCR in one month than I have made in
18 over a year with other network marketing companies. The
19 compensation plan is unbelievable, the marketing support
20 is unbelievable. It's a debt-free company.

21 UNIDENTIFIED MALE: This is the greatest
22 opportunity I've ever been involved in. After working
23 out of the home office for nine months and witnessing the
24 tremendous growth that this company has achieved, I
25 decided to become an NCR representative. I'm now opening

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 service centers all over the country. And the thing I
2 love about it the most is that I'm getting paid to help
3 other people save money on their financial and
4 telecommunications needs.

5 MALE ANNOUNCER: Wouldn't you like to join
6 these people and achieve your dreams? Wouldn't you like
7 to enjoy the rewards of your own efforts?

8 UNIDENTIFIED MALE: Sure you would. Join the
9 NCR team and be a proud part of the action in the world's
10 premier financial and telecommunications cooperative
11 marketing company. We're literally building a
12 representative and customer base (inaudible) world.

13 Join the NCR team now and let your future
14 begin. We'll see you at the top.

15 (Video concluded.)

16 TIFFANY RICHARDSON: Thank you. NCR is a very
17 exciting business. It's a multi-trillion dollar industry
18 and we're looking for people who have a visionary mind
19 where you can go out into the world and you can help to
20 share while we are doing our international Catch The Wave
21 campaign that we have going on. So that a lot of you in
22 the room who always wanted to do something with your
23 life, something a little more, more for your family, more
24 for your friends, but you didn't have the tool or the
25 vehicle, NCR offers that to you.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 And this evening, ladies and gentlemen, we
2 happen to have a gentlemen with us who is the co-founder
3 and the President of NCR, who wants to share the
4 opportunity a little bit more. I'd like to introduce to
5 you Mr. Bernie Pavonè. Please give him a hand.

6 (Applause.)

7 BERNIE PAVONÈ: It's good to have Tiffany back.
8 She was sick last week and no one showed up. Tiffany's
9 here, everyone shows up.

10 How's everyone doing?

11 AUDIENCE: Great.

12 BERNIE PAVONÈ: Prospects. How many people do
13 we have here that have never heard this presentation,
14 seen the presentation? Show your hands. Don't be shy.
15 I'm not going to attack you. Not just yet.

16 Okay, this company started back in 1988 nearly
17 by mistake. I lost a large sum of money trying to open a
18 nightclub in the City of Detroit, and the Detroit
19 (inaudible) Growth Corporation was supposed to do a deal
20 with me where they matched me dollar for dollar and they
21 ended up -- they got very close and they backed out on
22 the deal and I lost \$400,000 of my money, not mom and
23 dad's. I lost some of theirs, too. But -- I'm still
24 trying to pay that back (inaudible).

25 But the story -- it sounds kind of -- it sounds

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 -- when you really get into it, it sounds kind of -- I
2 don't know how to explain it. It was just misery. Six
3 months, I couldn't get out of my house. I was very
4 depressed, broke and if it wasn't for my mother who
5 encouraged me to get out of bed, help people, talk to
6 Judge McCree -- or at that time he was an attorney, talk
7 to Wade McCree, and learn about the Fair Credit Reporting
8 Act and help people with this product that you have to
9 offer.

10 I think we've got 10,000 sales reps. We're
11 growing at a rate of 400 percent a year, projecting
12 nearly \$490 million over the next couple of years, and
13 this happens through the leaders that are sitting in this
14 room, just like you, okay? We need you. The ones that
15 come through (inaudible), right? Okay, absolutely, thank
16 you.

17 All right, so let's get into this presentation.
18 We'll bring the lights down a little bit. Our website
19 address is ncrservices.com. Be sure to take a look at
20 that. Next slide, please.

21 Okay, that concludes the presentation.

22 (Laughter.)

23 BERNIE PAVONÈ: You've gotten a lot out of it.
24 Our mission statement is to exceed customer expectations
25 by delivering the highest quality services possible, and

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 to create a peak performance atmosphere through which our
2 independent representatives will develop their own
3 opportunities to excel.

4 Next slide.

5 Okay, we've been a member since 1990. We've
6 been in business since '88. We've been with the Better
7 Business Bureau since 1990. That phone number appears on
8 every one of our independent rep's business cards. Okay?
9 And actually the area code has changed. It's now 248. I
10 don't want you to think of calling the home office
11 (inaudible) hear one of my employees (inaudible) on the
12 phone saying, Better Business Bureau, a great company,
13 sign up today, get involved. No, it's actually the
14 Better Business Bureau. So, please call and check that
15 out.

16 (Inaudible) how are you?

17 UNIDENTIFIED MALE: All right.

18 BERNIE PAVONE: Good to see you. Okay, next
19 slide, please.

20 Okay, the perfect business. Now, we have no
21 expensive inventory, no shipments or deliveries, no
22 collections, no customer risk, no payroll. That doesn't
23 mean you don't get paid, that means we handle your
24 payroll for you. No sales quotas, no merchandise to
25 purchase, no confusing math or paperwork and no

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 experience necessary.

2 Okay, next slide. Now, this small little
3 company that started in my basement back in 1988. We
4 never ever dreamed that we'd market such a huge industry.
5 I had no idea that credit repair was the largest single
6 industry in the United States. Credit repair. It's a
7 trillion dollar industry. We also market a \$225 billion
8 global telecommunication industry. Today we are an
9 international corporation expanding globally. We're in
10 all of North America, Puerto Rico, the Virgin Islands,
11 and soon we're going to Europe, Africa, Australia, New
12 Zealand and the Pacific Rim.

13 We offer immediate cash income, long-term
14 residual income, the highest quality services,
15 competitive rates and NCR provides training. I mean,
16 what kind of training do we have to do? Oh, I don't have
17 time for that, I've got a full-time job. Real simple.
18 See this kit here, open it up. That's all it takes. All
19 you've got to do is open it up. And in the FastStart
20 audiotape workbook that you get with the kit, it takes
21 approximately an hour to an hour and a half to go through
22 it, but you've got to go through it. And I promise you,
23 I advise you not to call the home office with frivolous
24 and irrelevant questions without going through this first
25 because they're going to quiz you on it. I still get

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 quizzed on it.

2 Okay, this company that started that I'm
3 telling you about, NCR Services, you know, Aboud Samaan,
4 who you're going to meet later on, was the one that put
5 up the money to take us national. It was just a concept.
6 I had a disk, I had the National Credit Repair formula, a
7 flowchart, a design. It took me from 1988 till 1995 it
8 took to perfect this disk.

9 Aboud seen an opportunity here and wanted to go
10 to various states. I was seeking another state. You
11 know, I said, I'm just looking for an investor to maybe
12 go to New York or get out of Michigan and grow it a
13 little bit. Well, Aboud put up \$750,000 and took us
14 national, okay?

15 By December of 1997, we achieved \$9 million.
16 By December 1998, we will achieve \$45 million. We're
17 projecting \$180 million by year end 1999 and \$490 million
18 by year end 2000, right here at the millennium, nearly a
19 half a billion dollars, okay?

20 How is that possible? Independent
21 representatives. True leaders that we have working with
22 this company, okay? This is their NCR. When I look at
23 the big picture here, at the home office, we work for the
24 reps. We definitely work for our representatives, okay?

25 Next slide, please. I'm going to talk about

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 telecommunications here for a moment. Every one of our
2 phone bills has Unidial over on the left-hand side and in
3 the upper right-hand corner is NCR Global Communications,
4 okay? The unique feature about this is you're going to
5 get paid to use your own phone bill. You get incredible
6 savings, incredible rates. And there's a nice message
7 box for your customers to read. It says nationwide
8 company going global. For more information about our
9 incredible financial opportunity, please call us. It's
10 got the home office phone number as well as the website
11 address.

12 So, if you happen to have a customer, Joe, in
13 Cleveland, and they look that up and they say, wow, I
14 want to find out about this company, let me call them or
15 let me look on the Internet, and they decide to purchase
16 any of those services on the Internet, okay, or purchase
17 them through the office, Joe will get the commission on
18 that, and he might not even know that that person's
19 signed up. But he will know when he gets his check. The
20 checks are paid weekly.

21 Next slide, please. Great savings, call
22 comparison. In case your customers want any (inaudible)
23 because when you start telecommunications with customers
24 or perspective customers, they all of a sudden become
25 experts on rates. Hold on a second, hold on. I'm going

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 to tell you, 9.2 cents a minute with this company and
2 they start pinching pennies. So, in case they want to
3 get into the rate game, well, let's do it, okay?

4 Take a two-minute, four-second phone call at
5 6:45 Friday from Los Angeles to Chicago. Here's an
6 example. With AT&T One Rate, which is now One Rate Plus
7 -- have you heard that? Where's the plus come from? One
8 Rate Plus, anyone? Why is it One Rate Plus?

9 UNIDENTIFIED FEMALE: (Inaudible).

10 BERNIE PAVONÉ: It's a little more expensive
11 now, okay? MCI Sundays is 70 cents for that phone
12 call -- oh, I'm sorry, AT&T One Rate Plus is over 40
13 cents for that call. MCI Sundays is over 70 cents. The
14 Sprint Dime Line, 70 cents for that phone call. Look at
15 the fine print. Minimum of three minutes per call. So,
16 if we have to page somebody or get their voice mail or
17 hear their answering machine and leave a message, you're
18 paying for a three-minute phone call. The LCI difference
19 is 30 cents for Unidial and NCF Global Communications is
20 20 cents for that phone call. So, there are great
21 savings.

22 All right. Next slide, please. We'll get into
23 the financial end and take a look at credit repair. How
24 many people have heard that credit repair is impossible?
25 Show your hands. Who's heard that? I heard it

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 (inaudible). I heard it (inaudible). You can't do it.
2 What's your name? Darrell?

3 DARRELL: Darrell.

4 BERNIE PAVONÉ: It can't happen. We cannot
5 repair your credit. The truth of the matter is this.
6 Accurate -- remember this, accurate information cannot be
7 removed. If any of my reps tell you that, they don't
8 understand or they might be lying. I'm not saying they
9 lie, they just might not understand, all right? Accurate
10 information cannot be removed.

11 So, now I've got to ask this question.
12 Darrell, if you happened to file bankruptcy,
13 hypothetically, two years ago and you look at the credit
14 report and here's a credit report saying, okay, Darrell,
15 is that your bankruptcy and he says, yes, it is, but they
16 spelled Darrell's name wrong, they spelled it with three
17 Ls. Darrell, don't worry, I'm going to get that taken
18 off because of that. That's not true. See, that's a
19 frivolous and irrelevant mistake. Darrell, even if
20 that's the wrong date or the wrong amount, let's say the
21 bankruptcy was for \$280,000 and that's the wrong amount,
22 that's called a frivolous and irrelevant mistake. Those
23 mistakes will be corrected.

24 Well, how are we helping you then? Right? All
25 right, it doesn't work, we're only kidding.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 (Laughter.)

2 BERNIE PAVONÉ: No. Here's how the disk works.
3 Now, a lot of these attorneys out there want to charge
4 \$3,000 to \$5,000 to fix your credit reports and a lot of
5 these other companies, approximately 1,500 of them across
6 the United States that say, we can fix your credit, they
7 write letters. Everything (inaudible) letters. I,
8 Darrell -- what's your last name?

9 DARRELL: Hanson.

10 BERNIE PAVONÉ: Darrell Hanson. I, Darrell
11 Hanson, I was never late and I dispute this because what
12 happened was I went to the mailbox, boom, I tripped and
13 hit my head, woke up a couple days later. I was going to
14 mail it. I couldn't find the car keys because the dog
15 ate them, I couldn't feed the dog and the list goes on
16 and on and they've got all these stories. So, he files a
17 simple dispute, right?

18 So, what good -- I mean, if you could write a
19 letter like that, what do you need us for? We don't
20 write letters. We have an exclusive computer search
21 program. Who here has heard of TRW? Everyone still
22 considers TRW -- Experian TRW. Oh, yeah, yeah,
23 (inaudible) TRW. You know, they're called Experian
24 today. They sold it two years ago for how much? \$1.1
25 billion. So, they're not TRW anymore. Two investors

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 bought them for \$1.1 billion. They're now known as
2 Experian.

3 Well, prior to their sale, TRW tried to buy
4 National Credit Repair, that small little division of NCR
5 Services, for \$10 million. They wanted the disk. \$10
6 million. I was still driving a beat-up, wrecked pick-up
7 truck at the time. I still have it, too. I'm going to
8 bronze it one day. Gold-plate it, I love that truck.

9 True story, though. I mean, who would have
10 sold that disk? Who would have honestly sold that disk?
11 \$10 million. And the response to that was not for \$50
12 million. We have a package which literally came in a
13 nice big thick package from a broker out of Richmond,
14 Texas, it was already signed, a signed deal. I mean,
15 anyone that's done business before knows that if you're
16 making the offer, okay, to you, Adrian, I'm going to send
17 you the contract, you sign it first. I want to buy your
18 product. You're going to sign it first. We're the big
19 shots, we'll sign it last and review it and make any
20 other changes that we have to. They sent it to us
21 signed. No way.

22 The response to them was, not for \$50 million
23 because what we have works, and what happens with our
24 system is the disk will find a minimum of 10 mistakes in
25 the entry process. So, Joe, if you work for Equifax, if

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 you work for Transunion and you work for Experian, and
2 you're entering this information and you spell his name
3 wrong and you've got the wrong dates and that's
4 frivolous, irrelevant mistakes, you're going to make
5 human errors. Those are not the mistakes we're talking
6 about.

7 We're talking about Federal guideline mistakes
8 that those companies have to follow, but they don't. You
9 can't see them with the human eye, but the disk will find
10 them, deem them inaccurate and give them two choices.
11 Okay, TRW, Transunion, Equifax or Experian, two choices,
12 correct this information or remove it. That's what the
13 law says. Can they enter it correctly? Absolutely not.
14 Even if they sat there and tried to scientifically enter
15 them properly, the guidelines don't line up, and that's
16 what that one genius at NCR Services found out.

17 (Inaudible).

18 (Laughter.)

19 BERNIE PAVONÉ: I love my dad. (Inaudible)
20 something else, okay?

21 Now, if we take a look at this law or you take
22 a look at this article that came out on February 9th,
23 1995, it says the FTC has accused Equifax of violating
24 the Fair Credit Reporting Act and says, among the
25 complaints, Equifax failed to promptly delete inaccurate

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 or unverified information from reports after consumers
2 complained and then failed to prevent the deleted
3 information from reappearing.

4 Once actual and factual disputes come off, they
5 cannot go back on. Frivolous and irrelevant, okay, they
6 will go back on.

7 So, no one on earth has what we have to offer.
8 Remember, this is your NCR. It's not us writing letters.
9 So, take advantage of it and get to know this company a
10 little bit.

11 Next slide, please. Okay, it worked so well
12 that one of our representatives, Dr. John Graves, has a
13 course through Central Michigan University. Now, I don't
14 know if you've ever heard of that small little college in
15 the middle of Michigan. Does that sound familiar? I
16 know there's Michigan State out here, right? Anybody
17 ever heard of Central Michigan? Is that a big
18 university?

19 I'm being facetious, all right? It's a good
20 school.

21 (Laughter.)

22 BERNIE PAVONÉ: (Inaudible), all right? It's a
23 good school, all right? My point is this, would you say
24 that's credible, good credibility? Right? It's not like
25 saying, oh, yeah, I went to Johnny's College, you know,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 we showed them how to play pool and roll dice. I mean,
2 this is great credibility.

3 So, when Dr. John Graves was able to implement
4 this and merge NCR Services and fuse it with Central
5 Michigan University, and the name of the course is
6 called, Credit Repair and Debt Reduction. The UAW,
7 through 70 of their plans throughout North America, will
8 pay for the UAW members to take that course for ECAP or
9 Education Commission Acceptance (inaudible) Program. I
10 mean, imagine if all you do as UAW employees is just sign
11 the voucher and it's paid for.

12 It's now being offered at -- Lewis College has
13 already launched it in Detroit and Saginaw, Cleary,
14 Davenport, Detroit College of Business, Wayne County
15 Community College and Opal Community College. So, it's
16 grown quite a bit.

17 Next slide, please. Milwaukee Journal
18 Sentinel. The number one welfare state, the poorest
19 state in the United States is? Wisconsin. Sure is.
20 Headed by Governor Tommy Thompson now. Now, one of our
21 reps, Carl Gene (phonetic) who is the CEO of the whole
22 OIC, Opportunist and Industrialization Centers -- there's
23 about 75 of them throughout the United States. They're a
24 welfare reform program. They are also representatives of
25 NCR Services and what they have done is allocated \$3

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 million a year for credit repair.

2 Here's what it says. W-2 Amendment would
3 provide \$3 million a year to agencies in Milwaukee for a
4 credit establishment and credit repair assistance. Firms
5 providing such services could seek contracts with W-2
6 agencies to help participate with credit problems.

7 Where is (inaudible)? (Inaudible).

8 Next slide, please. Okay, your credit reports
9 could be telling lies. In the past, all you remember
10 seeing in the paper was it's impossible to fix credit,
11 you know, you can't do credit repair. You know, those
12 companies are going to go under. I would love to take
13 those other companies out because if they're not going to
14 follow the law, they deserve to get indicted and all the
15 rest, shut down, okay?

16 We follow every Federal and state law there is
17 on an international level, all over North America. Next
18 slide, please. All provinces of Canada.

19 The question is, does it work? Does it work?
20 And we make a joke about that all the time, Tim
21 (inaudible) because we have customers -- or reps of ours
22 that are not customers yet, but they sell the service,
23 they're selling 5, 10, 15, 20 a week. But then it comes
24 to them needing to get their credit fixed and they'll
25 come up to me and go, hey, I got to ask you something

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 seriously. Does it work? Honest to God? Okay? Are you
2 sure? Because I'm going to write my check now. I mean,
3 this is me you're talking to. All right?

4 (Laughter.)

5 BERNIE PAVONÈ: But it's human nature and I can
6 appreciate that. But it's amazing. Yes, it does work.
7 We've been in business 10 years without a consumer
8 complaint to the Better Business Bureau. We're doing
9 something right, something right. I mean, if we weren't
10 doing it right, don't you think maybe there would be some
11 complaint out there. Yes or no? Humans complain, okay?

12 So, here you go. Take an example of your
13 credit report (inaudible) 11/5 of 1996. Let's take a
14 close-up of this shot. Come on, Adrian.

15 All right, First America Bank, there's a
16 charge-off account, see that top line there, \$11,660.
17 Another one for \$27,000. That's a charge-off account.
18 Another one for \$65,000. Any bankers in here? Last year
19 we did a presentation in front of 30 bankers. I was told
20 they were the Realtors Association here in Lansing.

21 (Laughter.)

22 BERNIE PAVONÈ: The Bankers Association, Chase
23 Manhattan, they were all there and I'm talking about
24 Chase and I'm talking about First of America. So,
25 imagine how they felt when they seen this happen.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Next slide, please. Oh my goodness. Now, the
2 creditor has the access to this form. This is a cover
3 letter that is given to you and your customers to show
4 you what NCR has accomplished. It's just a cover letter.
5 So, the way you will see it and the way that your
6 creditors will view your credit reports, because this
7 information was not entered properly, they legally had to
8 remove it. It's like this. Next slide.

9 Okay, First of America Bank has been deleted.
10 CoMerica Bank deleted, First of America Bank deleted,
11 Chrysler Credit deleted, First America deleted, Fleet
12 Mortgage deleted. Next slide, please.

13 UNIDENTIFIED MALE: Bernie?

14 BERNIE PAVONÈ: Yes?

15 UNIDENTIFIED MALE: What does that say to a
16 creditor when they see that -- if you take that form that
17 says deleted, deleted, deleted, deleted?

18 BERNIE PAVONÈ: What did it say to him? I
19 can't imagine what he had to say about that. I can't
20 talk (inaudible). I mean, how did he feel about that?
21 How do you think he feels, you know? Let's do the -- if
22 they just follow the proper Federal guidelines, I don't
23 think our accounting would be as (inaudible) as it is
24 right now. But, you know, it's just not fair that --
25 when you've got those bankers sitting there and they

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 said, those credit clowns. I said, credit clowns. You
2 mean those -- do you know anyone that's ever, like,
3 gotten sick and their children went to the hospital.
4 Yeah, my brother-in-law. What happened to his credit?
5 Oh, yeah, but he's still -- he's going to get it
6 straightened out. How long has that been? A couple
7 years. A couple years.

8 So, your brother-in-law is a credit clown? Is
9 your sister a clown, too, because she's married to him?
10 Okay? If she marries a clown because of his credit, his
11 information goes on her credit reports, too. So, you
12 know, your sister is a credit clown?

13 I mean, you know, so that's what I had to say
14 about it. But, you know, it is the truth, okay? I just
15 have a hard time with bankers that keep looking at people
16 and say, you don't deserve good credit, you don't deserve
17 it either. Neither do you. They're not God. There's no
18 law that says a bankruptcy, charge-off, tax lien,
19 delinquent accounts, charge-offs, any of that negative
20 derogatory information even has to go on credit reports.
21 The law says that if Transunion, Experian and Equifax
22 want to make a business of credit reporting, the
23 information they put on there better be 100 percent
24 accurate or they have to remove it. That's what the law
25 says. So, I say, let's just follow the law, okay?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Now, \$350,000 has been deleted after just six
2 weeks. Imagine this is your credit report. What would
3 you pay -- what would you pay to have that legally
4 removed? How much? Two grand, \$4,000? (Inaudible).

5 (Laughter.)

6 BERNIE PAVONÈ: (Inaudible).

7 (Laughter.)

8 BERNIE PAVONÈ: I'm not going to charge you
9 (inaudible). Today, you get it for \$1,500. So, that
10 service costs \$395 total. \$395. You know, I had
11 somebody telling me earlier today that was in my office
12 saying, why is it so cheap, why are you selling it so
13 cheap? Because we want everyone to be able to afford it.
14 It's not where the rich get richer and get away with
15 things, we want to help everyone. What about those
16 little people that can't even afford it? You can get it
17 done for as little as \$200 through some of our
18 promotional rates.

19 Next slide, please. Okay, we (inaudible)
20 service so much, my mother has authorized a 110 percent
21 money back guarantee, 110 percent. Now, let's just say,
22 we've been in business for 10 years and we've got now
23 5,000 customers a month coming through for the credit
24 repair. How many do you think we had to pay out on a
25 monthly basis, 10 percent or 5 percent? Talk to me.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Five percent would be a good number, you know. Would you
2 say maybe 5 percent, 1 percent, you know? Never, not 1
3 percent, zero. We never had to pay it back. We never
4 had to pay that back one time because this system works.

5 Next slide, please. (Inaudible) people. Okay,
6 this is a straight comparison chart. For a lot of those
7 customers out there that say, I have got credit. I went
8 down to (inaudible) Auto Shop and I'm getting it at, you
9 know what, 22 percent interest (inaudible). I mean, that
10 was my number in high school, 22 (inaudible).

11 (Laughter.)

12 BERNIE PAVONÉ: What a coincidence, I can't
13 believe that. You borrow \$100,000 and you amortize over
14 a 30-year period. Let's just say hypothetically today
15 the best available bank rates are 8 percent. Okay, 8
16 percent. Amortized over a 30-year period, okay, you're
17 going to pay \$264,000 just in interest, okay? Just in
18 interest. If today, hypothetically, the best available
19 bank rates are 8 percent. Okay?

20 At 9 percent, you're going to pay \$289,000. At
21 10 percent, \$315,000. At 12 percent, \$370,000, and at 14
22 percent, \$426,000 just in interest.

23 Now, what's happening with mortgage companies
24 today?

25 UNIDENTIFIED MALE: (Inaudible).

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 BERNIE PAVONÉ: You caught me. Every time the
2 man sees this, he does something with the interest rates.
3 Who runs the Federal Reserve? What government entity?
4 Who runs it? (Inaudible).

5 UNIDENTIFIED FEMALE: Rockefellers.

6 BERNIE PAVONÉ: There you go, the Mellons --
7 Mellon Bank, Morgans, Dow, DuPont, Rockefellers,
8 Firestones. There's about 300 people there that have
9 stock in that private corporation known as the Federal
10 Reserve which regulates our interest rates. Isn't that
11 incredible? How do you buy into it? NCR Services.
12 Right here, okay? Because the only way to beat them is
13 NCR Services.

14 Now, the sad thing about this high interest is
15 this: A lot of these mortgage companies are doing what
16 today? Going under. (Inaudible) First Plus, who watched
17 the stock market? They were trading at 63 two months
18 ago. Today they're at, I think, a dollar and a quarter.
19 Not a good investment. A dollar and a quarter, okay?

20 Common Point Mortgage, a huge company out of
21 Michigan, went under. First Finance went under. There's
22 a couple of our reps -- these mortgage -- huge mortgage
23 companies that you see on TV all the time, I definitely
24 don't want to mention their names, one of them laid off
25 half of their employees. Half of their employees.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 The amazing thing about it is this company here
2 is recession-proof. Because all those people out there,
3 as the credit crunch hits, are going to come running to
4 us. Just watch the news. Everything -- it's like
5 telecommunications 15 years ago during deregulation.
6 Waiting at the door, waiting for it to deregulate.
7 Today's the time.

8 So, all these reps that are so successful
9 today, you have no idea what's in store for you in the
10 future. You definitely have great protection with this
11 shield right here, NCR Services.

12 Next slide, please. Okay, who sees an
13 opportunity here? Does anyone know somebody that's
14 looking for part-time, full-time work? Part-time play,
15 having fun, earning a little bit of extra money and
16 helping a lot of people in the process? Sure. I mean, I
17 haven't met any people at the end of the week on a Friday
18 that I go, God, I can't believe it. Can I get some help
19 here carrying my money? Can I just put it in here? I
20 don't have time to cash my checks and let's just do the
21 automatic debit, you know, just deposit it right there in
22 my checking account because I'm making so much money.

23 I haven't heard anybody say that. Does anybody
24 know somebody like that? You know a few people that are
25 doing well, you know, that are old money. Well, we don't

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 count the old money. I don't, okay? So, do you see an
2 opportunity here? Sure. Nine out of ten Americans 18 or
3 older have less than perfect credit. That's a big
4 market, all right?

5 Could you bring one person a month to this
6 business opportunity? How about two because that's a lot
7 of work? Mark brought three today. He's kind of lazy.
8 Tiffany, can you bring in a couple a week? Even when
9 you're sick? I mean, is it possible? You've got Tim
10 Baines bringing in five, six, seven, eight, nine a week?
11 You know why? Because (inaudible). She puts them in his
12 name.

13 (Laughter.)

14 BERNIE PAVONÉ: See, my point is yes. It's
15 easy to find people for this opportunity because everyone
16 needs a little bit of extra income, okay? So, when that
17 happens, if you set up a sales organization and just
18 bring in one person a month, one person a month, and
19 everybody in your organization did the same thing, you'll
20 have about 4,095 reps in your organization working with
21 you and working for you.

22 Now, the reason we talk about building an
23 organization first is because I know you've got
24 salespeople here. We can all sell, okay? I know if you
25 want to sit me down, sir, and make me a representative of

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 ICR Services, I know you could talk me into it, okay?
2 The gift of gab, right? You're signing me up right now
3 as we're talking (inaudible).

4 See, my point is this, we can all sell. But
5 what happens when you stop selling, if you stop getting
6 your checks? Okay. So, if you build an organization
7 first, you've got -- besides sleeping maybe a couple days
8 or something, you're still getting paid. So, in the
9 first month, you bring a person into the business. The
10 second month, that person you brought in brings one
11 person. All you're doing each and every month is
12 bringing in one person and everyone in your organization
13 is doing the same thing. Okay?

14 If that happens, you'll have 4,095
15 representatives in your first year. For the veteran
16 network marketers, if you tell them I got 4,000 reps this
17 year, they'll go, oh, sorry to hear that, that's
18 terrible, because they're bringing on 35,000 to 40,000 a
19 year, okay, representatives.

20 Next slide, please. Okay, let's talk about
21 this opportunity now. The cost to become a sales rep is
22 \$499. We're having a promotion through December 31st,
23 credit repair costs a total of \$395. You can get it done
24 today for \$100. \$100. You can become a rep for \$499,
25 pay an additional \$100 and you can receive both.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Now, the key to getting paid to build an
2 organization is qualification. This word right here,
3 qualification. So, if I bring Joe (inaudible) here to
4 the business, Joe, I want you to qualify within 45 days.
5 If you do it on the 46th day, you still qualify, but I
6 don't receive a bonus from NCR for bringing you in. Does
7 that make sense to everybody? Yes or no? If you don't
8 understand it, talk to me.

9 I'm a little confused. Let me ask you
10 something. Qualify within 45 days. So, I got to ask you
11 this, if I bring Joe into the business today, Joe, can
12 you find me a credit repair customer in 45 days, just
13 one?

14 JOE: (Inaudible).

15 BERNIE PAVONÉ: Just one. Darrell, can you
16 find me one?

17 DARRELL: Yep.

18 BERNIE PAVONÉ: Excellent, okay. Can you -- or
19 -- I'm not saying -- and I'm saying or, can you find me a
20 Financial Freedom Service customer in 45 days or an NCR
21 Communicator customer, which is a new product we just
22 launched, an automatic telemarketing system, or can you
23 find me three long distance customers in 45 days and you
24 can become your own customer. The answer is absolutely.
25 How long, 45 minutes or 45 hours at the most. See, once

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 you qualify -- because that's how we pay what's called a
2 CAB bonus, customer acquisition bonus of \$90.

3 So, I bring you into the business, Joe, today
4 and you qualify within 45 days. Say you just qualified
5 on Friday. You got them turned in. Next Friday I get a
6 check for bringing you into this service or into this
7 business for \$90. Does everyone understand CAB bonuses,
8 customer acquisition bonuses?

9 Next slide, please. Now, here's where you
10 start getting paid. I become a regional sales rep when I
11 bring in three more direct qualified sales reps. I get
12 myself five personal financial customers, or if I want to
13 get to the top position in this company through
14 telecommunications, I could do it that way, too. Through
15 either division, financial or telecommunications. When I
16 have 15 long distance customers, okay, my direct CAB is
17 going to become \$140. So, I continue to bring people
18 into the business and qualify them. I bring you and I
19 qualify you and I make \$140. I bring you, I make \$140.
20 \$140, \$140. Okay?

21 Something real unique happens. I've got four
22 people minimum as direct qualified sales reps, and off
23 all their efforts, when they bring people to the business
24 and qualify them, I earn \$50 all the way to infinity.
25 \$50. That's why you have all these reps going to

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Atlanta, San Diego, Colorado, Tennessee, South Carolina,
2 because they fly out there and they get 50 people that
3 sign up and qualify, you know, and some of our reps are,
4 you know 185 times that 50. That adds up to a lot of
5 money for a weekend (inaudible).

6 Next slide, please. Executive sales
7 representative, that happens when you have eight direct
8 qualified sales reps. You've already got your personal
9 financial customers, right? You needed five. But if you
10 want to do it through telecommunications, you need to get
11 10 more long distance customers.

12 Your direct CABs are \$200. Remember that \$50
13 roll-up I mentioned to you? That grows to \$110. \$110 to
14 infinity. Well, I've got eight people sponsored, one,
15 two, three, four, five, six, seven, eight. Do you think
16 you might bring in eight people? Well, sure. Do you
17 think you might bring in eight? Yes, yes, yes. It grows
18 exponentially. Every time that those people come in and
19 qualify to infinity, I'm earning \$110.

20 Next slide, please. Presidential sales rep
21 position, when you have four executives in four separate
22 legs, when you have four people out of -- I've got eight
23 people here that I directly sponsored, but it might be
24 somebody, Darrell, that's like 500 people down there that
25 you've never met, I've never met, we've never seen before

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 in our lives, but they achieve executive position, and we
2 have four people that acquire this position, okay? I
3 become a presidential. My direct customer acquisition
4 bonuses, every time I bring someone in the business and
5 qualify them, it's \$275. But that \$110 just converted to
6 \$185 all the way to infinity.

7 Okay, next slide, please. Corporate executive,
8 our highest earned corporate position happens when you
9 have six presidentials in six separate legs. At this
10 position, every direct customer or every direct
11 representative I bring in qualified, my CABs now become
12 \$300 and that (inaudible) roll-up is \$210. So, I guess
13 what I'm trying to tell you is you definitely want to
14 build an organization. You want to do both, but you want
15 to build a big, strong organization.

16 Next slide, please. Now, let's talk about how
17 you get paid to sell services. Whenever you sell a
18 credit repair service, Consumer Advantage and Credit
19 Repair go together. Consumer Advantage is a credit
20 consulting portion of Credit Repair. Those two go
21 together. Or whenever you sell Financial Freedom
22 Service, customer cost, \$399, your direct commission is
23 \$150 off that. You'll probably say, yeah, I can sell 10
24 a week. Sure, and you'll make \$1,500 a week. Or you can
25 convert that into 15,000 a week to build an organization.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 All right?

2 So, your direct commission is \$150, but
3 remember that organization we built. Off my first level
4 people I directly sponsor, I will earn \$20 off all their
5 sales. So, every time you're selling -- you sell 10 a
6 week, I'll make \$200, \$200, \$200, \$200, \$200 all the way
7 across the people I directly sponsored.

8 What about the people that you sponsored,
9 Adrian? I'm at level two. I'll make \$15 off their
10 sales. Level three, \$10. Level four, \$10, and level
11 five, \$10. Okay?

12 Corporate executive leadership bonuses occur
13 when you achieve corporate executive. What happens
14 beyond level five to level six all the way to infinity,
15 you will earn \$20 -- \$20 all the way to infinity. That
16 means you've got literally 50,000 sales reps out there.
17 Some are going to sell that service that week, some
18 won't. Okay?

19 But out of the 50,000 in your organization, do
20 you think maybe 10 percent will sell them, 5,000? Okay,
21 what if just 1 percent -- what if just 500 sold them?
22 500 times 20. It adds up. Okay? That's \$10,000. Okay,
23 you're sitting back.

24 Next slide. I'm sorry, let's talk about
25 Financial Lending Service. How many people here market

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 mortgages? Who's in the mortgage industry? Okay, if you
2 work for a mortgage company, before becoming a
3 representative of this company, okay, we want you to
4 stick with the company you're working with and have a
5 clear understanding of this. Do not put your mortgage
6 customers through NCR Services, okay? Number one, that's
7 cheating your boss, the person you work for. We don't
8 need them. We don't need that business.

9 Stay faithful to the company that you're
10 working with. I'd rather see you recruit that whole
11 office into this business, okay? Just don't deal with
12 the mortgage division. It's real simple.

13 But those -- which the masses of our
14 representatives aren't involved in mortgages, we're the
15 first network marketing mortgage company in the history
16 of North America. It only took eight applications to
17 pull it off. Okay? We got shot down seven times. We
18 proved it on the eighth time.

19 So, the way this works in mortgages -- Adrian,
20 back up a minute. When you achieve executive sales rep
21 position, you're qualified to market our Financial
22 Lending Service. So, what happens is I sign you up as a
23 customer, Adrian. You've got .4 percent interest on the
24 house because that's all we can do for you today. Now,
25 all I do is fill out a questionnaire. It takes about

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 five minutes, I'm done with (inaudible). Good seeing you
2 and I'm done with that.

3 He goes to closing about a month later, I make
4 \$300. They close at like 14 because that's the best
5 available bank rates at those times. As we repair the
6 inaccuracies in his credit reports, we move him down from
7 14 to 12. Now, do you think Adrian's going to have a
8 hard time closing and saving maybe \$50,000 over a 30-year
9 period, you know, on an \$80,000 house?

10 He may say, I'm busy, I don't want to save
11 \$50,000. (Inaudible) laying on the couch, my back's
12 killing me? No, I think Adrian's going to rush to that
13 title company and close on that deal. And when that
14 closing does occur, I'll make another \$300. When he goes
15 from 12 to 9 -- every time there's another closing that
16 occurs -- and there's no more closing costs, only in the
17 first closing, I make \$300 at every one of the closings.
18 So, if we bring it down four different times, that's
19 \$1,200 residual income I made. Not bad.

20 Next slide. Long distance usage. Every one of
21 your phone customers that you directly sign up, you will
22 earn 2 to 8 percent off their phone bill. Now, of your
23 organizational sales, from level one through level five,
24 you will earn a quarter percent off the phone bill.
25 Level six, you'll earn 1 percent; level seven, 5 percent.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Infinity pay does occur again when you achieve corporate
2 executive position below the seventh level. You will
3 earn one-half percent all the way to infinity. You can't
4 see it? That's what it says. Half percent all the way
5 to infinity.

6 Next slide, please. The NCR Communicator.
7 This unit here calls 4,000 homes within one day. Name a
8 product that you're selling. Give me something that
9 you're selling. A watch?

10 UNIDENTIFIED MALE: Credit cards.

11 BERNIE PAVONÈ: Credit cards. You're selling
12 credit cards? What kind of cards you got for sale?

13 UNIDENTIFIED MALE: Not credit cards, phone
14 cards.

15 BERNIE PAVONÈ: Okay, you're selling phone
16 cards. Now, you want -- what's the name of your phone
17 card company? ABC Phone Cards. Now, this here
18 telemarketing unit will say, hi, are you interested in
19 receiving incredible rates on phone cards with ABC Phone
20 Card Company, please say yes now. They say yes. Okay?
21 And it runs them through a little script that takes them
22 about a minute to go through. You just prequalified
23 them. And all you do at the end of your day, whenever
24 you have time to, you push that button and you get your
25 read-out and call back your yeses and you've got your

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 customers, unless you want to sit down and call 4,000
2 people in a day. (Inaudible) busy, you don't have time
3 to do that. (Inaudible) on the phone, all right?

4 UNIDENTIFIED MALE: (Inaudible).

5 BERNIE PAVONÈ: Singer. They used to
6 manufacture sewing machines and, actually, they still do.
7 Now, they do these units here.

8 Next slide, please. Okay. And every time you
9 personally sell one of these units, you earn a commission
10 of \$800. They're also leasable. So, if this person here
11 wants to get a lease approved on that, okay, when he gets
12 approved on that, \$800. Well, there's a cash deal, let's
13 say money order deal, cashier's check, (inaudible) cash,
14 or if it's a purchase that has to be leased, okay, I will
15 earn \$800. Now, every time my organization sells one on
16 level one, I'll earn \$500. Remember you're in my level
17 one. Every time you sell one, Joe, \$500, \$500, \$500,
18 \$500, and it goes on and on. In level two, I'll earn
19 \$200. Level three, \$100; level four, \$100; and level
20 five, \$100.

21 UNIDENTIFIED MALE: How much does that unit
22 cost?

23 BERNIE PAVONÈ: \$6,995, \$7,000. It's about
24 \$175 or \$195 for lease depending. Now, what happens if
25 they can't get approved on a lease? (Inaudible) there

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 you go. (Inaudible).

2 Next slide, please. Okay, NCR Services offers
3 a premium incentive plan. We'll build you a half million
4 dollar custom home when you achieve the corporate
5 executive position and meet the volume requirements.
6 (Inaudible) well, what if I quit. Well (inaudible) tired
7 of NCR I just want to live in my big house, okay? You
8 can. You can quit, keep the house, okay, but you're not
9 going to give up a million and a half a year, plus, okay?
10 So, we know you're with us and (inaudible) us. We've got
11 the money to do it, we'll build you the house.

12 Your car allowance -- and that's available at
13 all positions -- is \$800 a month. Now, you may say,
14 well, I got a brand new car. I don't need that. Well,
15 hire somebody to wash and wax it for you, vacuum it out
16 for 800 bucks a month. You can do whatever you want with
17 it.

18 Your expense allowance is \$2,000 to \$4,000 per
19 month. That's available at the corporate executive
20 position. Your vacation pay is \$3,000. You get a paid
21 trip for two any time you find 30 mortgage customers
22 within a year. If you find them in two months, you get
23 \$3,000. You can do it as many times as you want
24 throughout that year. Okay? You get a paid trip for two
25 anywhere in the world. You might want to go to Europe,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 you might want to go to New Zealand, Australia. You
2 might want to go to Hamtran, Michigan, okay? Whenever
3 you want to go, take your \$3,000 and go wherever you
4 want.

5 And a retirement plan -- how many people here
6 do not have a retirement plan? Who does not have one?
7 We just started one. They take a lot of money
8 (inaudible) retirement plans, right? I hate that.
9 (Inaudible). But we've worked out a deal with Merrill
10 Lynch because I know the importance of it today. I could
11 never afford a retirement plan. I didn't think I'd live
12 to see a retirement. So, I figured, well, it's important
13 that a representative understand this. We worked out a
14 deal with Merrill Lynch and we'll pay to have your
15 retirement plan set up for you when you achieve the
16 presidential sales rep position. Okay? Is that fair?

17 Next slide, please. Okay, there's your home,
18 Aboud's home. You stay there for extensive training for
19 a month before you can become a corporate executive. I'm
20 kidding.

21 Next slide, please. Okay, your car allowance.

22 Next slide. Another first, how many people
23 have ever heard of a network marketing company that has a
24 retail chain? Can anybody name one for me? Anybody?
25 Talk to me. You're allowed to talk in here.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

UNIDENTIFIED FEMALE: AllState.

BERNIE PAVONÈ: Oh, there you go, AllState.

Anybody else? Anybody? Who ever thought about owning a franchise? Anybody ever think about, I want to own a franchise? What kind? Ooh, somebody raised their hand.

UNIDENTIFIED MALE: (Inaudible).

BERNIE PAVONÈ: Very expensive, very expensive.

You know, we thought -- we thought, you know what, let's let our representatives achieve the executive sales rep position, which is kind of an easy position to achieve in this company, and they're authorized to open their own stores. Now, what would you be willing to pay, Darrell, if we said, okay, now you get to executive position -- have you heard of HFC, Household Financial Centers? We all have. There's 360 of them throughout the country. They've been around over 100 years.

We've only been around 10 and we've only got like 40 locations, but 10 on the block being built here, okay? What would you be willing to pay for that store for you to market -- it's very comparable to an HFC, okay? It's a mortgage store, it's a credit repair store. You sell your telecommunications products out of there. And I've also got to mention that you'll also get an (inaudible) cellular dealership along with this, okay? In 38 states, they'll pay to set up their stores and your

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

store and you get the commission on it. What would you be willing to pay?

UNIDENTIFIED MALE: (Inaudible).

BERNIE PAVONÈ: What would you be willing to pay, Joe?

UNIDENTIFIED MALE: (Inaudible) a lot of money.

BERNIE PAVONÈ: A lot of money. I mean, it really is. Because this is a dream, the American dream. Not only own my home-based business, but grow it up into a retail store, zero dollars. You don't pay any franchise fees or any agency fees. You earn the stores. And what was that other company that used to do that? Remember that company like 20 years ago that used to allow that? You earn the stores and they give them to you. Okay, maybe in Walt Disney productions. This is a reality, people, okay? No one's ever done that before. They say, you know, you guys are really crazy. Yes, yes, we are.

What's wrong with sticking by our people? No one in this company is above the next. We all work together, hand-in-hand. So, we want to see representatives earn those stores, okay?

Next slide, please. Here's a close-up of it. Every one of the stores has a training facility and a briefing room.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

Next slide. Okay, and also, we offer 100 percent refund on the business opportunity within 30 days. In the back of our policies and procedures, when you sign up as an independent representative, item number 16 says, the independent rep may return literature and sales aids in useable or saleable condition at any time within 30 days of purchase and receive 100 percent refund. I don't think those franchise companies allow that, right? Snow Cone or Dairy Queen or Dairy thing, whatever it is. You say, you know, I just don't like this. I spent \$100,000 on it and I'm sick of your ice cream. I want my money back. It's not going to happen. Okay?

Next slide, please. How to get started? Well, it's as simple and easy as one, two, three. Complete your sales rep agreement, step one is done. You call your friends and relatives. So many people that get involved in this business, the first thing they do is go talk to strangers. Excuse me, can I talk to you for a second? I've got to talk about where you're going. This is a great opportunity to change your life. Okay, you'll hear about me. Go to your friends. Go to your relatives. Go to your enemies because they know you. Make them reps. Go to the neighbor, apologize for the time you ran into their mailbox. How many people have

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

done that? Hit your neighbor's mailbox, put it up real quick? God (inaudible) don't know. You know, apologize for all those things and make them reps. Get them into your business.

Don't think anyone is too big for this business. Oh, he's a doctor? Yep, doctors are broke, too. Okay?

Then you complete the ICR training program, step three. (Inaudible). There's only one way to begin with your first step, but you've got to take the step. Okay?

Next slide. Is ICR Services looking for leaders with global vision? We are the world's premier financial telecommunications network marketing company. We are literally building a rep and customer base in every single corner of the earth. This little company today that will do \$45 million by the end of this year is growing at a rate of 400 percent a year, 400 percent. It's amazing because people will say (inaudible) it's a million dollars, a million dollars right here in this case. (Inaudible) I can't bring it over here, I'm going to put it right here. When you've got time, go pick that up, Adrian. And you know what they do, they sit here. Oh (inaudible). Can you hand it to me?

See, the opportunity is here. Take advantage

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 of it. I can't stress it enough. All you've got to do
 2 is open this case. If you -- how many people here want
 3 more -- something more out of life for their family,
 4 their mother, their parents, dad, whatever? Who wants
 5 it? Who wants it? Not wishes for it. You know the
 6 difference between wishing and wanting? Who knows the
 7 difference? If you really, really want something,
 8 because I know I want something more for my family and
 9 they will have it. Doing it, there you go. Wishing and
 10 wanting. Because they sit on a couch, people sit on a
 11 couch all week and go, oh, I wish I had (inaudible), I
 12 can't believe it, I was so close, I had two numbers, I
 13 almost hit it. I needed four more numbers and I would
 14 have had 20 million.

15 (Laughter.)

16 BERNIE PAVONÉ: (Inaudible) next week for sure.
 17 I'm telling you, I've got a feeling, right? Wishing and
 18 wanting. When you want something, you do it. You see an
 19 opportunity and you take advantage of it. People will
 20 say, there's the boat. Well, you know what, money
 21 doesn't buy you happiness. I agree, it doesn't. But it
 22 will buy you a big boat to dock right next to happiness.
 23 That's true. Okay?

24 Can you bring those lights up (inaudible)?

25 Does that make sense to anybody here? Yes or no? Talk

For The Record, Inc.
 Waldorf, Maryland
 (301) 870-8025

1 to me. Do you see an opportunity here? Right there.
 2 What's your name?

3 TIMOTHY: Timothy.

4 BERNIE PAVONÉ: Do you see an opportunity?

5 TIMOTHY: Yeah.

6 BERNIE PAVONÉ: Make sense.

7 TIMOTHY: It makes sense.

8 BERNIE PAVONÉ: Excellent. Now, you're
 9 probably saying, you know, I just can't afford to get
 10 into this business. I can't afford it. Why not? Well,
 11 I've got to make my house payment. What's your payment?
 12 \$500 a month. Okay. What's your interest on your house?
 13 Anybody here paying high interest on a loan? Anybody?

14 Nobody? Okay. Anybody have a house payment?

15 UNIDENTIFIED FEMALE: Um-hum.

16 BERNIE PAVONÉ: Can I ask what it is without
 17 being too personal?

18 UNIDENTIFIED FEMALE: \$1,200.

19 BERNIE PAVONÉ: Ouch. (Inaudible) house
 20 payment.

21 UNIDENTIFIED MALE: (Inaudible).

22 BERNIE PAVONÉ: Okay, okay. Do you know what
 23 interest you're at?

24 UNIDENTIFIED MALE: 10.75.

25 BERNIE PAVONÉ: 10.75, that's nice. I'm

For The Record, Inc.
 Waldorf, Maryland
 (301) 870-8025

1 serious. You're donating your money, your hard-earned
 2 dollars to the Federal Reserve I'd like to do that,
 3 too, because I don't think those Rockefellers -- I don't
 4 think they have enough money. I'm worried about them. I
 5 really am. Because Chase Manhattan took a little dive
 6 and they own Chase, too, and Kleenex, Standard Oil,
 7 Chevron, Amoco, Arco. So, let's just continue to donate
 8 our hard-earned dollars to (inaudible). (Inaudible).

9 I'm going to give it to people I don't know.

10 The Federal Reserve, the government, the country. No
 11 way. You can afford to get into this because if you have
 12 a house payment, you can afford it. What happens if you
 13 miss a house payment? What happens if you miss one house
 14 payment? What's that do?

15 UNIDENTIFIED FEMALE: (Inaudible).

16 BERNIE PAVONÉ: Do they come knocking on the
 17 door saying I want my money (inaudible)? No, they're not
 18 going to do that. I'll tell you what, if you're non-
 19 conforming -- Mike, correct me if I'm wrong -- non-
 20 conforming if you miss one payment and you're always
 21 behind a payment, it only shows one time late, non-
 22 conforming with most lenders. If you're conforming, it
 23 continues to show it month after month after month, it
 24 compounds (inaudible). So, you've got to make a choice.

25 If you don't have (inaudible) -- how many don't

For The Record, Inc.
 Waldorf, Maryland
 (301) 870-8025

1 know if they have the money to come in? Who doesn't have
 2 the money. Show your hands if you don't. Good, then
 3 you're all coming in.

4 (Laughter.)

5 BERNIE PAVONÉ: Because what I want you to tell
 6 your people -- because what I want you to tell your
 7 people, when they tell you, I can't afford it, you tell
 8 them, they can't afford not to. Yeah, but I've got my
 9 car payment, I've got -- sure you do, at 22 percent,
 10 right? Miss it a month.

11 Or you've got credit problems (inaudible)
 12 credit. We can help you. National Credit -- yeah,
 13 National Credit Repair. I think we can help you. It
 14 says it right here. So, don't worry about that.

15 We told people in Atlanta and how they sign up
 16 is we said, if you happen to miss that house payment, all
 17 you need to do is you're going to be one payment behind.
 18 Double up on your payment and you will be able to catch
 19 up. Do you think you'll earn enough money to make up
 20 that money? Yes, absolutely. So, buy into the business
 21 and make up that payment later. And it works and it's
 22 working.

23 Okay, so that's how you can afford to get into
 24 this. So, if you have any excuse, I can't get into it, I
 25 can't afford it, you can't afford not to. If you don't

For The Record, Inc.
 Waldorf, Maryland
 (301) 870-8025

1 want to get into this business, we understand this
2 business is not for everybody and not everyone is for
3 this business. Right? But if you choose not to, do us
4 all a favor, including your family, relatives, neighbors,
5 people you talk to every day, stop complaining about your
6 financial problems because it's your fault. You can't
7 blame it on the government. You can't blame it on Sam.
8 You can't blame it on the big man up there that's taking
9 advantage of the little people. You can't do it. It's
10 not going to work.

11 I complained. It didn't work. Okay?

12 So, here's an opportunity, step up and take
13 advantage of this. We'll help you. You've got an
14 incredible supportive team out here, you really do.
15 We're here every week thanks to Tiffany. Thank you,
16 Tiffany. Honest to God. Every single week.

17 (Applause.)

18 BERNIE PAVONÉ: And she's the one that keeps
19 this meeting going. Without this meeting, will we be
20 (inaudible) decide to try to move it next door, it would
21 crash. Human nature, right? We're used to doing that
22 thing. See, if (inaudible) you're going to pay 14
23 percent, you go, cool, 14, I can do that. All right?

24 Okay. Any questions? How do you get started?

25 UNIDENTIFIED MALE: (Inaudible).

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

(Laughter.)

1 BERNIE PAVONÉ: I'm glad you asked because
2 we're going to get you involved tonight, not tomorrow.
3 Trust me. Tomorrow you're going to say (inaudible)
4 what's that infomercial I seen, I saw that infomercial
5 about credit -- credit (inaudible). What was that?
6 (Inaudible) forget about it. You're going to forget
7 about it, I promise you. Because the excitement is
8 now -- make the commitment to change your life, please.
9 The system works. You have 30 days to try it. If you
10 don't like it in five, 10, 15, 20, 29 days, return it.

11 UNIDENTIFIED FEMALE: (Inaudible).

12 BERNIE PAVONÉ: Okay? And by that time, you'll
13 make up your house payment, I promise you. You get paid
14 every single week, okay?

15 Now, how many people see an opportunity here?
16 (Inaudible), right? Absolutely. Okay? Who sees an
17 opportunity? Timothy, walk with me, come on. This is
18 real. Okay? This is real. Darrell (inaudible).
19 That's your home. (Inaudible).

20 UNIDENTIFIED MALE: (Inaudible).

21 BERNIE PAVONÉ: (Inaudible). What's your name,
22 sir?

23 JACK: Jack (inaudible).

24 BERNIE PAVONÉ: How you doing, Jack? Real nice

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 to meet you. (Inaudible). (Inaudible) you got it, any
2 time, any time. Any time.

3 This works. Any questions? Any questions at
4 all?

5 UNIDENTIFIED MALE: (Inaudible) \$499 and \$100
6 for a separate repair?

7 BERNIE PAVONÉ: Yeah. So, it's a total of \$599
8 and that's good through December 31st, 1998. Because we
9 want to get you -- we know -- look, we know it costs
10 money. The \$499 is tough. I know that and I know \$395
11 would be almost impossible for the masses of people. We
12 want everyone to be able to afford this. The only way we
13 can do that is say, well (inaudible) invest in our lives.
14 (Inaudible) give them a break, save them \$300, okay?

15 (Several individuals talking at once.)

16 BERNIE PAVONÉ: Absolutely, absolutely.
17 (Inaudible). Are you represented?

18 (Several individuals talking at once.)

19 BERNIE PAVONÉ: Timothy, Timothy (inaudible).
20 (The meeting was concluded.)

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

CERTIFICATION OF TYPIST

1 MATTER NUMBER: 0123199
2
3 CASE TITLE: NATIONAL CREDIT REPAIR
4
5 TAPING DATE: 1998
6
7 TRANSCRIPTION DATE: OCTOBER 1, 2002
8
9 REVISION DATE: OCTOBER 15, 2002

10 I HEREBY CERTIFY that the transcript contained herein
11 is a full and accurate transcript of the tapes transcribed
12 by me on the above cause before the FEDERAL TRADE
13 COMMISSION to the best of my knowledge and belief.

14 DATED: OCTOBER 1, 2002

15 *Elizabeth M. Farrell*

16 ELIZABETH M. FARRELL

CERTIFICATION OF PROOFREADER

17 I HEREBY CERTIFY that I proofread the transcript for
18 accuracy in spelling, hyphenation, punctuation and format.

19 *Kathy J. De Menth*

20 KATHY J. DE MENT

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

MATTER NO. 0123199

TITLE NATIONAL CREDIT REPAIR

DATE RECORDED: NOVEMBER 1998
TRANSCRIBED: MARCH 29, 2003
REVISED: APRIL 28, 2003

PAGES 1 THROUGH 109

NATIONAL CREDIT REPAIR
SEMINAR WITH BERNIE PAVONE

FOR THE RECORD, INC.
603 POST OFFICE ROAD, SUITE 309
WALDORF, MARYLAND 20602
(301)870-8025

FEDERAL TRADE COMMISSION

I N D E X

4	VIDEOTAPE:	PAGE:
5	NCR Seminar with Bernie Pavone	3
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

1
2
3 In the Matter of:)
4 National Credit Repair) Matter No. 012-3199
5)
6 -----)

November 1998

12 The following transcript was produced from a
13 live video tape provided to For The Record, Inc. on March
14 25, 2003..

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

P R O C E E D I N G S

1
2
3 UNIDENTIFIED MALE: Hi. How are you, Brian? I
4 hope you don't mind. I appreciate it.
5 (Break in tape.)
6 (Inaudible talking among audience.)
7 MR. COLE: I realize that everybody has been
8 waiting very patiently and some have been waiting since
9 an hour. And we definitely apologize for that. We want
10 to thank everyone for coming. My name is George Cole and
11 I'm the NCR representative here, of course, in Atlanta,
12 Georgia.
13 And, basically, what I want to say is that --
14 first I want to commend everybody for coming because this
15 is, without a question, one of the most powerful
16 beneficial businesses in the world because -- the reason
17 I say that is because we have in this country
18 approximately 90 percent of America who has something
19 derogatory on their credit.
20 So, everybody that you walk pass in life,
21 everybody that you see in the grocery store has a
22 problem, issue pretty much with their credit. So, this
23 type of business -- everybody can't use certain products
24 in other businesses but in this business, everybody can,
25 without a question, use credit Repair.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 But what we have to do is get -- teach you
2 and find a way to get for people to step up and say yes,
3 I do need your help. We have to find a way to be able to
4 combat folks to -- to willing to commit to say that I do
5 want to make this change in our life.

6 There's a lot of people who say, you know, I
7 wish my credit was straight so I can get a house, I wish
8 my credit was straight so I can get a car, I wish this
9 could happen for me. Well, we have to have individuals
10 to be committed. We have to find very unique ways to be
11 able to touch people's hearts to make people believe in
12 what we do. That's a hard job.

13 This room was supposed to be filled. It's not
14 bad. I'm satisfied. But the thing about it is is that
15 we have to just really dig in. And the more that we dig
16 in, the more success we're going to have happen for us.

17 There's been a lot of folks that we have got
18 their credit clean in this state of Georgia. So, there
19 has been some very successful testimonial credit reports.
20 Everybody who has went through this program has had major
21 success.

22 NCR has the unique ability to be able to delete
23 or update to show never late on one's credit report
24 between 50 to 85 percent in as little as five weeks.
25 Take negative derogatory information off one's credit

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 report. is phenomenal.

2 For some individuals who only have five or six
3 things on their credit report, they're able to get 75
4 percent of that information deleted. Guess what?
5 They're qualified to be able to go and get that brand new
6 car at a great interest rate. They're able to go and get
7 that house at the prime interest rates.

8 I'm not saying that we're going to be able to
9 get everybody in that same situation in five weeks but
10 the average has been three to six months that someone can
11 turn their life around, forever. That's totally
12 phenomenal.

13 We have many testimonial credit reports.
14 Again, I'm willing to share with -- with people so that
15 they can see someone with three bankruptcies, all of them
16 have been deleted in the first five weeks. Two major
17 banks, like -- (inaudible) -- deleted in the first five
18 weeks. Three foreclosures on their credit report deleted
19 all within the same five weeks.

20 That puts a person in a position to where no
21 one even knows what their history exist. And if they had
22 anything positive on their credit report, that's the only
23 thing pretty much that's going to be remaining. So, NCR
24 does work.

25 When someone asks you guys when you guys become

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 future representatives and someone asks you can you get
2 child support off? Can you get a -- I have a tax lien,
3 can you get that off? I mean, remember, there's
4 violations in the law on how the credit bureaus are not
5 entering the information inaccurately. That's where the
6 problem comes in to play at.

7 And I don't care what it is. You have to know
8 it. You have to put it into your heart. I don't care
9 what it is. When there's a violation made, it has to be
10 deleted. No if ands butts about it. It has to be.

11 So, when people talk to you about credit
12 repair, credit repair is illegal, no. You know what's
13 illegal? It's illegal when the credit bureaus are
14 putting information on it not within the guidelines of
15 the law. That's what's illegal.

16 AUDIENCE: (Applause)

17 UNIDENTIFIED MALE: That's right.

18 MR. COLE: So, you have to stand up tall,
19 believe it in your heart that what you're doing is right.
20 People have not been properly educated as far as credit
21 is concerned. A lot of times we've felt, you know, 10
22 years ago or whatever it is, that hey, look, I can't pay
23 this bill, I got to eat, I have to do this and I have to
24 do that. We put our credit, you know, in second or third
25 place in our priorities.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 And now, all of a sudden, credit has become so
2 relevant that we have to put it first and foremost. But
3 now, once we realize it, now we can't get it because
4 we've already messed up. So, we need a second chance
5 with a second opportunity and that's what NCR has blessed
6 us with.

7 Okay. When you talk about credit and you try
8 to go get life insurance, do you know they run your
9 credit reports?

10 UNIDENTIFIED MALE: That's right.

11 MR. COLE: They can deny you life insurance --

12 UNIDENTIFIED MALE: That's right.

13 MR. COLE: -- which is totally phenomenal. And
14 if they do give you life insurance, what they'll do is
15 higher your premium because of your credit report and ask
16 you for more months down. I mean, security systems. We
17 got a security expert in here, Anthony Strohman
18 (phonetic), you know, and some others.

19 And, you know, you can't even get a security
20 system for your home if your credit is bad. So, what
21 does that mean? So, I don't have the opportunity to be
22 safe because my credit is bad? You know -- I mean -- so,
23 if you look at the whole picture of how important credit
24 is revolving, it's huge. And a lot of us don't know
25 where to go. We don't know where to turn.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 So, we need to multiply ourse. We need to
2 be committed. We don't need to just be here just to get
3 our own credit clean. We have to have the obligation to
4 be able to help everyone in America to pass this word
5 along, to be able to be committed to say look, I can give
6 you help.

7 There's going to be a lot of skepticism, a lot
8 of people who don't believe and a lot of people who just
9 believe that the cloud is over their head. I get calls
10 from people and they say -- I tell them that we find
11 violations. They say, well, geez, probably on my credit
12 report there's no violations. Why do you feel that way
13 about yourself? You know, it's incredible.

14 You have to remember, you have to position
15 yourself like this. There's 260,000,000 people in the
16 world -- excuse me, in the United States. Okay. There's
17 over a million companies who report to the credit
18 bureaus. They may have 55 to 100 representatives at one
19 time working in Equifax (phonetic) to receive this
20 information on you.

21 Okay. Ford Motor Credit may send information -
22 - they probably have over a million accounts. And when
23 they notice information on this person paid late, this
24 person paid on time, this person had a repo. When they
25 send that information and they got your name, your social

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 security. er, your address, your account number, your
2 date of birth and they tell you your status of how you
3 paid, on a million folks. They send that tape, that
4 computerized tape on to Equifax.

5 Now, if you think that 55 to 100 folks can
6 actually go through and individually go through 325 laws
7 to make sure that this information is correct, to make
8 sure that they enter this bankruptcy within the 30 days
9 that they're supposed to enter it from the time that they
10 received it per law by Georgia?

11 Do you think that they were supposed to wait
12 the 14 days for the judgement information? Do you think
13 that they waited 21 days for repossession that they were
14 supposed to wait before they put that up? Do you think
15 that they actually go through all that information?

16 UNIDENTIFIED MALE: No.

17 MR. COLE: Absolutely not. So, the thing about
18 it is that information is downloaded right into your
19 profile --

20 UNIDENTIFIED MALE: That's right.

21 MR. COLE: -- into your credit profile and it's
22 in there.

23 UNIDENTIFIED MALE: That's right.

24 MR. COLE: Number one, the credit bureaus are
25 intangible. You can't see them. You can't touch them.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 You can't put your hands on them. So, you don't know
2 what they're doing. If you know you have a repo, then
3 guess what? Two months later, you get your credit report
4 read because you go to a -- you go see Brian Antalar
5 (phonetic) over there to buy a car. And the thing about
6 it is -- what happens is he says you got a repo and you
7 know it but you don't know that that repo has been
8 entered inaccurately.

9 So, what do you do? You live with it for the
10 next seven years. Okay. Not just seven years but it
11 lasts a lot longer than that --

12 UNIDENTIFIED MALE: That's right.

13 MR. COLE: -- because that Ford Motor Credit or
14 whoever it is, they're going to go after you for two
15 years. So, they take it off seven years of the date of
16 last activity. So, if they're still actively going after
17 you for two more years, that's two more years that you
18 add on to that seven. So, now it's at nine.

19 So, then once that nine is up, then it comes
20 off. But guess what? Once Ford Motor Credit couldn't
21 collect, here comes ABC Collection Company. ABC
22 Collection Company comes in and buys it and then they --
23 you don't pay them. Now, they put it on your credit
24 report. That stays on for seven years.

25 UNIDENTIFIED MALE: That's right.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MR. COLE: So, it continues to roll over and be
2 a negative snowball effect. And we have to have the
3 confidence and the where with all and the energy and the
4 commitment to be able to fully, you know, let everyone
5 know what I'm letting you guys know right now. Sell it
6 from your heart.

7 A young lady, Dr. Grazenball (phonetic) had
8 said to me outside, George, this is a heart business and
9 you have to be committed to sell this thing from your
10 heart. Once you have it in your heart, you believe it,
11 you know it, you've seen it, you know, then you can go
12 out and actually tell people.

13 Because see, people will buy from you but they
14 have to see your heart. They don't want to see you
15 running after this \$150 commission and you can't show
16 them that and it shouldn't be there anyhow because the
17 money will come. Just make sure that you have the
18 ability to be able to talk about it in a very discerning
19 type of spirit and people will buy from you.

20 And so, a lot of work has been done here in a
21 lifetime, you know, about people -- like feel all -- one
22 of the people that was one of the first initial people
23 that brought NCR here. Phil is all the way in the back
24 with the black suit on, with the afro. I got -- I got a
25 baby afro. So, I can't really talk.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 And also, Leroy Tyer, one of people that
2 brought it here. He's not present right now. And
3 gentleman, Paul Hill that drove a thousand miles down
4 here 18 months ago to bring a program here.

5 UNIDENTIFIED MALE: Right.

6 MR. COLE: Those are the founders of NCR as far
7 as here in Georgia. And the work was very difficult.
8 And when we were passing out flyers, nobody would believe
9 us. There was no history. Somebody said, well, let me
10 see some of your proof. We didn't have any because we
11 were just getting started. And I signed up with it as
12 well.

13 And so, once we got proof, now we have tons of
14 proof. We have people -- NCR's name is out there now.
15 We're on the radio. We'll be on the radio on the Tom and
16 Julie Morning Show all through next week with excerpts
17 from a show that will be on 6:30 tomorrow morning.

18 I mean, so the word is getting out there on
19 W103, WAOK on Allen Thompkins Lunch Talk Show. So, the
20 work is being done. So, now, you know, the tough work,
21 you know, the overcoming and everything else. So, now,
22 all we have to do is get your guys to commit. Not just
23 to commit to becoming an NCR rep but to commit to change
24 your brother's and your sister's lives, you know, because
25 we owe it to ourselves.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Martin Luther King did a lot of marching
2 just so we can go and eat in certain restaurants, just so
3 we can use certain bathrooms, so that we can go into
4 libraries. And a lot of -- a lot of us felt good about
5 that. A lot of us felt good about, you know, having who
6 we wanted in office.

7 But now, we have to feel good about ourselves
8 and want to be able to make the change in ourselves and a
9 change in our life to be able to stand up and say I am
10 worth -- I am worth getting my credit clean. I am worth
11 that investment. I am worth becoming an NCR
12 representative because I want to not just to keep this
13 secret for myself but I want to go out and bless others.
14 That's number one important thing.

15 Whether that person appreciates it or not, you
16 did God's work. This is a ministry for some and it's a
17 business for others. But guess what? Either way, we're
18 all earning a commission for it. And so, that's pretty
19 much all I have to say.

20 And I definitely, without a question,
21 appreciate the people who showed up. And after this
22 meeting, I want us to go out and tell everybody and
23 people can call me. I have testimonial credit reports.
24 I have no problem with sharing. These people told me to
25 share their credit reports with whoever.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 And I'm telling you, this information, 90
2 percent of the information has been deleted the first
3 time in five weeks. You talking about putting people in
4 houses who never thought they could own a house. You
5 know what I'm saying? People who had no hope to hope.
6 People walking with their head down, they can look up,
7 talk up, speak up.

8 But one thing that we don't want to ever want
9 them to do is give up. And in order for them to
10 understand this and to really feel encouraged about it,
11 they need to hear it. And a lot of folks -- you're going
12 to get some skeptics. Don't worry about it. People
13 turned their back on Jesus. Spit on him, did everything
14 else but he kept going. So, we're not going to give up
15 on this thing.

16 And then just tell those folks, you'll hear
17 about us about three or four more months from now.
18 You're going to hear about somebody and you're going to
19 say darn, I wish I had did it.

20 UNIDENTIFIED MALE: Um-hum.

21 MR. COLE: guess what? You could have been in
22 your house. But -- but it's going to take time. You
23 know, we got a lot of people with non-performing loans,
24 you know, with high interest rates. We got people with
25 high interest rate cars. Just think about it.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Somebody with an interest rate of 14 percent
2 and bought a \$100,000 house. They're paying about --
3 with taxes and everything, they're paying about \$1400 a
4 month. Their next door neighbor with a six and three
5 quarters or a 7 percent interest rate, they're paying
6 about \$700 a month. Half of that.

7 You know, and you know when somebody got a
8 \$100,000 house, they got to have two slick little cars to
9 go with it to make their self look good. You know how we
10 do. And so, basically -- basically, the interest rate on
11 those cars is probably anywhere from 20 to 30 percent on
12 an old car with 100,000 miles on it, you know.

13 And the thing about it is is that the expenses
14 coming out of their household is so astronomical it is
15 pathetic. So, once we get their credit clean, we can
16 reduce that cost and then they can start investing in
17 their future, in their children's future for college and
18 everything else.

19 I mean, this credit thing is so huge it's
20 pathetic. And there's a big picture behind this thing.
21 Pretty soon, if you don't have credit, you're not going
22 to almost be able to shop at the grocery stores.

23 AUDIENCE: That's right.

24 MR. COLE: I mean, you see in the grocery store
25 you got 20 lines and one line says cash only. What do

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 you think is happening? Even food stamps becoming
2 computerized. Debits. So, this thing is a power house
3 and we need to be able to -- to get everyone in a
4 position to where they have the power to be able to do
5 anything that they want to.

6 One last issue. So many of us walk on car lots
7 and we walk on car lots with our head down because we
8 know our credit is bad. And all of a sudden, the car
9 salesman automatically can sniff out somebody with bad
10 credit because they see you walking up there real humble.

11 And so, all of a sudden they say I come to get
12 a car and the first question is how is your credit. Ah,
13 it's not that good. Well, let's sit down at a table and
14 fill out a credit application and see what we can get you
15 down. You have drove anything. You haven't even looked
16 at anything because number one, they're not going to
17 waste their time with you.

18 So, you got a credit application coming. Then
19 10 minutes later, they come back with you just, geez, I'm
20 sorry, we can't get you down. You got an inquiry on your
21 credit report. Every inquiry you get on your credit
22 report, it reduces your BIGI score six points. Okay.

23 So, if you already got a 480, which is not a
24 good BIGI score, now you got a 474. Nobody was going to
25 touch you at 480.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: Forget it.

2 MR. COLE: So, nobody is really going to touch
3 you at 474. So, now you went and visited five car lots
4 on one Saturday and didn't drive a thing because
5 everybody turned you down. You didn't even get to ride.
6 And you set yourself back so tremendous it's pathetic.

7 So -- but the one who went through MCR, in
8 three months time, he can walk out there with his head
9 up, looking up, speaking up, saying what he wants.
10 Somebody asked me how is my credit. How is yours? Mine
11 is excellent. I want to see what you got.

12 And then all of a sudden, now from the initial
13 running my credit report, no, sir, absolutely not. I
14 want to see my car. I want to drive my car. I want to
15 negotiate my deal. And if that deal is not in favor and
16 in line with what I want, I'm walking off that lot and
17 I'll go to another lot and they had no inquiry.

18 And once a person finds a deal that I want and
19 is willing to give me my deal that I want, then that's
20 when you'll run my credit report and not until then. So,
21 let's go ahead and put this into everybody's heart so we
22 can make this thing happen.

23 AUDIENCE: (Applause.)

24 MR. COLE: (Inaudible).

25 UNIDENTIFIED MALE: Yeah.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MALE SPEAKER: Hey, George. How are you doing?
2 All right. Very good. How is everyone doing?

3 AUDIENCE: Great.

4 MALE SPEAKER: You know what? We got to get
5 started on this and I appreciate your patience. I guess
6 there's some race going on out there. There's a race to
7 get the customers and reps in this area, too. It's
8 growing real fast. Am I too loud here? Too loud? Can
9 you hear me in the back.

10 I appreciate you coming down. I promise you
11 this opportunity will change your life. How many people
12 are here for the first time? Show your hands. Okay.
13 Wow. That's what I wanted to see. Excellent. Thanks
14 for coming down here. I promise you it will change your
15 life.

16 AUDIENCE: (Applause.)

17 MALE SPEAKER: We're going to present to you
18 right now is a video tape that was taped back in Detroit
19 on TV2 News, Channel two news and it talks about credit
20 reporting agencies, one of them that was formally TRW.
21 They're now known as Experien (phonetic), how this
22 company took advantage or hurt a consumer by
23 misrepresenting them, misreporting information. And it
24 doesn't happen too often. Most companies really never
25 makes mistakes.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 But one time caught making a mistake. So, they
2 said you know what? We got it on video and we're going
3 to really slam them this one time. I'm being facetious.
4 Wake up. All right. If you need any coffee or anything
5 let me know. All right. We got a whole bunch in the
6 back. Let's get that thing rolling. George Cole,
7 Jerman, thank you.

8 (Break in tape.)

9 MALE SPEAKER: -- I noted it myself. Well,
10 maybe three years plus a double. It was a little bit
11 easier to get that down because the credit bureaus -- you
12 write a letter to the credit bureaus. The credit bureaus
13 would receive that letter. Then they would write another
14 letter to -- to the company.

15 Well, if the company didn't choose to respond,
16 then it would come off. Okay. Or if the company didn't
17 respond back in time enough, it would come off. Okay.
18 So, basically, what they do now is they communicate
19 electronically with these companies. So, they're able to
20 get verification back instantly that this account is
21 yours.

22 And then if the company didn't choose to
23 respond, what will happen is the next reporting period,
24 the company will send back the information to Equifax,
25 that's if you clean it yourself, and then that

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 information will come back on your credit report.

2 So, when people are out there saying well, this
3 information will come back on my credit report through
4 NCR Services, no, it won't. When you find a violation in
5 the law on how someone entered that bankruptcy, on how
6 someone entered that repo or how someone entered that slow
7 payment, if the credit bureaus decide to delete it, then
8 it's deleted permanently because they violated the law.
9 Okay.

10 So, what they do is they red flag that account,
11 the credit bureaus do. So, if that company with that
12 open account, they decide to delete it, if that company
13 sends back information, which they will the following
14 month or the next 60 days, then that information will be
15 red flagged and that information will not be put back on
16 your credit report because the violation of the law.
17 Okay.

18 Now, if Equifax decides to -- on an open
19 account, which is a car, you had it for three years,
20 you've been late 12 times. Then if they decide to update
21 that account, either delete it or update it or they'll
22 verify it, it doesn't matter, if they do verify it, we'll
23 go ahead and send it back through again. We will get it
24 changed.

25 But if they decide to verify that account -- I

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 mean, not . verify it but update it to show never late -
2 - now, what will happen is if you send your December 1
3 car payment in late, it's going to show a one late
4 payment. It's not going to go back -- Ford Motor Credit
5 is not going to say hey, remember, they've been late, you
6 know, in the last year, too. They're going to report for
7 the next following reporting period. Okay.

8 So, you want to tell people once we get that
9 updated to show never late that they must maintain that.
10 And lastly, is that the burden of proof is on you. The
11 credit bureaus can sit back, verify it all day long.
12 Okay. And so, you have to go get an attorney to fight
13 against that information like this couple did and that's
14 very expensive. Twenty-five hundred to \$5,000.

15 So, a lot of people don't have that kind of
16 money. So, we just live with it until the time expires.
17 So, I want to go ahead and get started with business
18 opportunity tape. It's about three or four minutes.
19 (Inaudible) -- go ahead and turn on the power and get --

(Break in tape.)

21 MALE SPEAKER: Bernie Pavone (phonetic).

22 AUDIENCE: (Applause.)

23 MR. PAVONE: Do I got power? All right. Now,
24 we're going to get started. I want to recognize a few
25 people here. Thanks, George. How did you like the

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 video? Did it give you an idea -- how many people have
2 seen that for the first time?

3 Okay. To give you more of an idea --
4 (inaudible) -- what's NCR, they go National Credit
5 Repair. No. We're an opportunity. We're a financial
6 opportunity. That's what NCR Services is. I need to
7 first recognize some important people that put this all
8 together. First and foremost, I need to recognize a very
9 dear friend of mine, my partner, one of the owners, Abood
10 Samaan, George -- can you get Abood Samaan? He's out
11 there trying to recruit everybody. I'm going to cut him
12 off for a minute.

13 UNIDENTIFIED MALE: Yeah. Abood.

14 AUDIENCE: (Applause.)

15 MR. PAVONE: I asked a question earlier. I
16 said how many people here are considering this
17 opportunity? Show your hands? Okay. I want you to
18 consider this. And I want to tell you a story that I
19 told the last time we were here. Abood Samaan and his
20 family, they owned 22, 25 hotels, Comfort Inns and Days
21 Inns. They -- that was their primary business.

22 Abood sold a lot of his stock and wanted to
23 take our small little company that started back in 1988
24 in my basement is where it started. Okay. Small little
25 company. He wanted to take it national. And the cost of

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 doing that was approximately \$750,000.

2 So, when I was introduced to Abood Samaan,
3 which my family they knew him for 12 or 13 years back in
4 1995, I met him at my sister's house. He said I want to
5 take this company national. I said, well, that's great.
6 You know it's going to cost X amount of dollars? I'm
7 looking to go to maybe New York, you know, a couple
8 states in the south. He said, no, no, I want the whole
9 country. I said you want the whole country.

10 UNIDENTIFIED MALE: Right.

11 MR. PAVONE: Like the United States? Okay.
12 Hold on for one second. I pulled my sister aside in
13 another room and I said are you crazy. Who is this guy?
14 She said no, no, he's serious. He is serious. I said
15 okay.

16 So, I went back out there. He started talking
17 some more over dinner. And he had this gorgeous watch
18 on. I said, you know, I love that watch. He said you
19 can really take it. I did. He never got it back and he
20 never will. Okay.

21 So, we started talking. For those that know
22 him, Abood Samaan, he's very, very, very generous.
23 You're going to understand when I talk more about this
24 deal. So, as we're talking about it, I said, you know,
25 it's \$750,000. I made a promise to a cousin of mine who

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 is on the video, one in the black shirt, kind of looks
2 like me, and a friend of mine. It was a promise I made
3 to my cousin back in 1973. We swore to each other if
4 there was whatever business opportunity, we're going to
5 look out for each other. And I held up to that.

6 I called Stevie. I said Stevie, this is --
7 this is really going to be big. I mean, that this is
8 disk is working on a few hundred thousand dollars and I
9 had no idea what -- the value today it's worth over
10 \$20,000,000. But I didn't know what value it was.
11 Stevie, this is going to be big. He wasn't in a position
12 to invest.

13 I talked to another friend of mine who owns a
14 dealership and he declined. So, I'm back to Abood. A
15 few days later I said okay. \$750,000. So, we met at my
16 house and we took out a -- can I have a legal pad and
17 paper? Can you rip off a sheet of that, please? This is
18 just how it happened.

19 So, if you need to know how to put up the
20 money, this is how you do it. I sat down at my kitchen
21 table and took a yellow piece of paper out and ripped it
22 in half. I said okay, Abood - (inaudible). I said
23 Abood, you write down whatever you want out of the deal
24 and I'm going to do the same thing.

25 So, we sat down at this round table in my

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 kitchen, a. I'm writing down what I wanted and he wrote
2 -- he wrote down what he wanted. We knew there was
3 \$750,000 coming into the deal. And as he's writing his
4 notes, I'm kind of looking on his paper and he's covering
5 it up. He said what are you doing. And I don't know. I
6 mean, it was just a habit. How many people here at
7 school had that habit?

8 AUDIENCE: (Laughter.)

9 MR. PAVONE: And, you know, I don't what I was
10 looking for. I was so curious of what he wanted -- what
11 he was putting down there. So, we wrote down what we
12 wanted and we switched the papers back and forth. And I
13 said, you know what, Abood. He looked at it and said
14 that's fair.

15 So, at that point, I got it to my attorney.
16 The attorney drew up a real thick packet. How many
17 people here have been involved in selling and brokering
18 deals and, you know, how those attorneys write that legal
19 language that we can't understand who, they, there as, is
20 as. I don't know what they're saying.

21 But my attorney wrote up a deal and I gave it
22 to him and he read it at -- at the house. We met back a
23 few days later. And I was reading this. He read through
24 it. And Abood is brilliant, you know. A lot of people
25 that don't know him think that he's not paying attention

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 to you. He is reading right through you.

2 He read every word of that and he says okay. I
3 said, well, take that to your attorney and make any
4 changes. A few days later we got back together again.
5 Now, I watched where he put that. He put it in the back
6 seat of his car folded up, crumbled up and crunched in
7 the back seat.

8 And -- so, we met a few days later and he as he
9 pulls up and I'm getting to his car, I see it sitting in
10 the same place that he put it. It didn't even move. I
11 said Abood, your attorney read that? He said everything
12 is fine. I said, wait, here I'm supposed to be picking
13 up, you know, \$750,000. We got to go over changes. My
14 attorney has to review it and make their changes and they
15 got to make their changes and then we got to go back and
16 forth.

17 So, where -- where are the changes? He said
18 there's no changes. I said okay, you're telling me
19 you're prepared to put up \$750,000 and there's not one
20 change on that. He said everything is fine. I said your
21 attorney says everything is fine. He said everything is
22 fine. We closed on the deal.

23 Come to find out, his attorney never read it.
24 Never read it. So, he doesn't know he's not an owner.
25 He has no idea. I took his name off -

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 AUDIENCE: (Laughter.)

2 MR. PAVONE: -- (inaudible). Abood does not
3 own any of the company yet. No, I'm kidding. My point
4 is this, he trusted me. He believed in me and in the
5 same way I appreciate the fact that you believe in this
6 company. I appreciate you people being here. Everyone
7 says the president and co-founders are here and this and
8 that. Well, let me ask you something. If you people
9 weren't here, who cares? So, -- (inaudible) -- a big
10 joke. So, we appreciate you. Okay. And I appreciate
11 the fact that you believe in what we have to offer
12 because this company helps people. That's what it's all
13 about.

14 And if you don't have it in your heart to help
15 people, then don't waste your afternoon. Stand up and go
16 ahead right now and no hard feelings. We understand.
17 But honest to God, this is about helping people because
18 back in '88 when I lost \$400,000 of my money, not mom and
19 dad's, trying to open up a nightclub in the city of
20 Detroit and I couldn't pull myself out of bed at 12:00
21 noon if it wasn't for my mother, I mean, saying you know
22 the way mothers have a way of talking to you and hitting
23 at the same time, to get me out of bed and telling me to
24 just call Wade McCree. Call your friend. He'll help
25 you.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 And I'd call Wade at 3:00, 4:00, 5:00 in the
2 morning in tears, okay, because it was tough for me to
3 lose, on top of that, it was \$100,000 of my father's
4 money. He was a very hard worker. And he -- I messed up
5 his retirement for a couple of years with Ford Motor
6 Company. I mean, that's tough to live with.

7 And I know we've all felt financial crunches.
8 If we didn't, we wouldn't be here. Okay. Whether it's
9 Ted Turner. Right. You know those big icons that you
10 hear about, they've all crashed. Winners get back up.
11 That's the difference. Okay.

12 So, we appreciate you coming down here. And I
13 want to recognize as I do, Abood Samaan and some serious
14 leaders here. Serious leaders, not -- not Ray PAVONE and
15 Abood Samaan. Paul Mealt, Sr. (phonetic). Paul, where
16 are you at? Professor Mealt. Okay. Paul Mealt. On the
17 phone. Get off that phone, Paul. Paul Mealt, Sr.

18 AUDIENCE: (Applause.)

19 MR. PAVONE: (Inaudible) -- NCR Services. And
20 where is Dr. John Graves (phonetic).

21 UNIDENTIFIED MALE: He's working, too.

22 MR. PAVONE: Is he up there with the
23 physicians? He's not a physician, Paul. Dr. John
24 Graves, I'll introduce you to him later. He's on the
25 visual. Dr. John Graves took this to a different level.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 The guys . . . colleges, universities, unions. We'll talk
2 more about that later on. Now, let's get to the rest of
3 the leaders.

4 To the followings of Atlanta, where is, George
5 Colione (phonetic), a cousin. George, where are you at?
6 George Cole. I tell you what, lock that door and bring
7 everyone in here. Okay. George Cole, Belinda Kilroy
8 (phonetic) stand up, please.

9 UNIDENTIFIED MALE: That's right.

10 AUDIENCE: (Applause.)

11 MR. PAVONE: Anthony -- (inaudible).

12 AUDIENCE: (Applause.)

13 MR. PAVONE: (Inaudible) -- stand up.

14 AUDIENCE: (Applause.)

15 MR. PAVONE: Billy Brown. Where's Billy Brown?
16 Billy Brown in the back.

17 AUDIENCE: (Applause.)

18 MR. PAVONE: Gene Alexander (phonetic). Okay.

19 And I know -- (inaudible).

20 AUDIENCE: (Applause.)

21 MR. PAVONE: These are the ones that are taking
22 over Atlanta. They're here to help you lead you on your
23 way. It's real simple. I mean, you're not selling
24 lotions and potions. Is there anybody that has a bad
25 taste in their mouth about network marketing? I do. I

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 know I do. I'll be honest. I do. If you do, raise your
2 hands. If you don't, okay, go -- raise your hands if you
3 do. Network marketing, I don't like it. It doesn't
4 work. Who believes it doesn't work? What happened at 33
5 AD? Thirty-three on the winning.

6 UNIDENTIFIED MALE: That's right.

7 MR. PAVONE: He told 12 of his buddies.
8 Listen, listen, go out there and spread the word and tell
9 some people about what we have to offer. Now, you find
10 me one young person, 18 years old, who has not heard of
11 Christianity. Network marketing. So, anyone -- if
12 anyone ever hears about network marketing doesn't work,
13 right, tell them about that story because it definitely
14 does the work.

15 Now, let's get to this presentation. Okay.
16 Welcome to the NCR Services opportunity briefing. We
17 have -- our website -- actually, can you put up this one
18 down here? How do you turn this on? (Inaudible). How --
19 -- (inaudible) -- none of that high tech stuff. You can
20 write a program that simple. Right.

21 So, see that. Our website at NCR Services, be
22 sure to check that out. How many people have had a
23 chance to look at it? It looks a little bit funny right
24 now because we're in the middle of redoing it. So, we're
25 rebuilding it and making it much better.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Next slide, please. Okay. NCR's business
2 statement is to exceed customers expectations by
3 delivering the highest quality services possible and to
4 create a peak performance atmosphere. I'm afraid of the
5 dark. Thank you. Thanks a lot. I appreciate it.

6 NCR's computer representatives will develop
7 their own opportunities to excel. I'm not really afraid.
8 A little bit. Okay. Next slide, please. All right.
9 Better Business Bureau. How many people have ever heard
10 of this? The Better Business Bureau.

11 UNIDENTIFIED MALE: Are you kidding?

12 MR. PAVONE: We've never had a customer
13 complaint. That phone number appears on the backs of
14 everyone of our independent reps business cards. Because
15 what do they do all day? They pass out their card. Just
16 call the Better Business Bureau. It's right there on the
17 back. It works. Okay. Call that number. Let me get
18 them on the speaker phone.

19 And I don't want you to think that when you
20 call that number you're going to get Abood Samaan on the
21 phone saying thanks for calling the Better Business
22 Bureau. Great company. Sign up right now. Write them a
23 check payable to Abood Samaan. No. No. It works.
24 We're very proud of this track record. Okay. We've been
25 with the Better Business Bureau since 1990. We've been

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 in business since 1988. It took two ye before they
2 would even accept us. Okay. Next slide, please.

3 Okay. Truly the perfect opportunity. Now, how
4 many people here own their own business? You own your
5 own business. And when you own your own business, what
6 do you have to do? Inventory. Stock inventory, right.
7 Well, I don't care what kind of business it is, it costs
8 money.

9 Well, we have no expensive inventory. No
10 shipments or deliveries. No collections. No
11 collections. No customer risk. No payroll. It doesn't
12 mean you don't get paid. It means we handle the payroll
13 for you. No sales quotas. No merchandise to purchase.
14 No confusing matter of paperwork. And most important, no
15 experience necessary.

16 I have representatives calling me up and saying
17 this is Dr. Robert Jones and I've got my Ph.D. in
18 education and I've got a lot of experience with software
19 and hardware and -- great. I don't know a shovel from a
20 shoe. And I'm excited about your education but this is a
21 business that appeals to the masses --

22 UNIDENTIFIED MALE: Um-hum.

23 MR. PAVONE: -- because that man has got a
24 career. What about the ones that got the doors slammed
25 in our face and said you don't have enough experience.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Okay. Ri_ here. If you can speak and you have a good
2 heart and you can write and if you can't even do some of
3 those things, we'll help you out. And if you have a bad
4 heart, we'll try to save it. But you don't need any
5 experience. Okay. Next slide, please.

6 All right. The perfect opportunity. This is
7 NCR's claim for excellence. Now, a lot of people
8 involved in network with marketing. Who has ever been
9 involved with another company? Okay. You want to name
10 some of them? Jamway (phonetic).

11 AUDIENCE: Yeah.

12 MR. PAVONE: Have you heard of Jamway? Big,
13 big company. Okay. A -- B.L. Williams (phonetic), good
14 evidence. Okay. Right. There you go. Great companies.
15 Mary Kay. Those are fantastic companies. Anybody that
16 knocks the industry is really knocking us too. If it
17 wasn't for Jamway or Amway, that 7.4 million dollar
18 property home corporation, we wouldn't be here today
19 talking about. They fought the government. Beat it.
20 Right?

21 UNIDENTIFIED MALE: Um-hum.

22 MR. PAVONE: But what they talk about -- all
23 these companies talk about the industry. They say this
24 is a 20 billion dollar industry. We go what is.
25 (Inaudible). I said -- (inaudible) -- promise. Whatever

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 we do, this is -- what's that new pen they got out? It's
2 real soft and you hold it -- it's like \$49, some places
3 \$50. Have you seen them down here? They're real
4 comfortable to write with?

5 UNIDENTIFIED MALE: Pilot.

6 MR. PAVONE: What is it called?

7 UNIDENTIFIED MALE: Pilot.

8 MR. PAVONE: The Pilot. Pilot. Okay. The
9 Pilot Pen. And what you see is you go -- I forgot your
10 name. Brian Johnson. See that. Okay. Brian Johnson.
11 I remember because you're shorter than me. Okay. Brian
12 Johnson. This is incredible. This is a great business
13 opportunity.

14 These Pilot Pens are going to sell. And all
15 you got to do is get involved, make the check the payable
16 -- write \$1500, right, to Pilot Pen Company and we're
17 going to network market these. Do you know how many
18 people write with a pen everyday? How many?

19 UNIDENTIFIED MALE: Million.

20 MR. PAVONE: Fifteen billion people a day pick
21 up a pen and all you have to do is tap into their market.
22 Oh, my God. I can make how much money in each one of
23 these, two bucks? If you sold 40 of them a day. He's
24 figuring out his math. He's excited.

25 So, he goes and starts knocking on doors and

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 getting doors slammed in his face because they got pens.
2 They don't need any. Well, they sell you on the
3 industry. They say it's a 20 billion dollar industry,
4 Brian Johnson. Get involved. Buy a box of pens.

5 So, what does he do? He buys a box of then and
6 he can't sell them. So, then he calls his friend up and
7 he says this is an incredible opportunity. I even have
8 some inventory right here I'll sell to you right now and
9 get you started. That's what happens to those companies.
10 And then what, they crash.

11 So, if those companies want to boast about
12 their industry, let's boast -- boast about the largest
13 single industry in the United States. What is it?
14 Travel on a global scale. Travel.

15 UNIDENTIFIED MALE: Yes.

16 MR. PAVONE: How many here flew down here to
17 come to Atlanta, took a bus, took a cab, whatever means
18 they took to pay to come down to this area here, they had
19 to travel, right?

20 UNIDENTIFIED MALE: Um-hum.

21 MR. PAVONE: Train --

22 UNIDENTIFIED MALE: Travel -- (inaudible).

23 MR. PAVONE: -- plane, whatever it is. That's
24 a three trillion dollar industry. Now, on a global
25 scale, three trillion, just in the United States alone,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 credit Repair is a one trillion dollar industry. A
2 trillion dollars. Now, let's talk about it, Brian
3 Johnson. If you get involved in this opportunity and
4 every time you find your customer, you're making \$150 and
5 you can bring people here -- into this business and make
6 money on that, too. Does that seem a little bit more
7 exciting?

8 UNIDENTIFIED MALE: Yes.

9 MR. PAVONE: You don't have to sell these
10 lotions and potions and all that stuff. Who has ever
11 bought some of those vitamins? Right. And what do they
12 tell you? Who's bought some? Be honest. Raise your
13 hands. What's your name?

14 TIRUS: Tirus (phonetic).

15 MR. PAVONE: Tirus, you bought some of those
16 things? I don't want to get too personal here.
17 (Inaudible). My question is this. They say Tirus, you
18 may be having problems, you're working a lot of hours,
19 take some of these. I bought that stuff. No problem.
20 If it's going to keep me awake, I'll take it. It's going
21 to make me do that, I'll take it. I'll take extra.

22 I fell asleep literally drooling on my pillow
23 and I ask my fiancé who's not with me anymore, I said --
24 (inaudible) -- slept like a baby. Okay. So, they don't
25 always work. Right? We have something that does work.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 So, we have a trillion dollar financial industry. We
2 also market a 225 billion dollar global telecommunication
3 industry.

4 We're in an international corporation today
5 expand globally. International. We're in all North
6 America, Puerto Rico and the Virgin Islands. That means
7 you may know somebody that knows someone there, right?
8 Does anybody know somebody here from the Virgin Islands,
9 Puerto Rico, out west, California, anywhere? Yes.

10 But, if you don't, you know somebody that does.
11 You can open your business up anywhere you want. Okay.
12 So, truly building your business internationally. We do
13 offer immediate cash income, long term residual income,
14 the highest quality services, competitive rates, and NCR
15 provides training.

16 How do we provide the training? How does it
17 work? Okay. You get your kit in the mail. A
18 representative called me after the last seminar here
19 complaining. You know, they're all complaining I want to
20 talk to Bernie Pavone now. So, I got on the phone.

21 It doesn't work. It's just not working for me.
22 So, I go through with him those three screen questions.
23 Okay. Have you had a chance to do the fast start audio
24 tape workbook? The what? The fast start audio tape
25 workbook.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: That's right.

2 MR. PAVONE: No. All right. Did you go
3 through your success training system at all? You mean
4 that box I got? Yeah. Oh, I -- it's in there? Have you
5 gone through the contacts? I haven't even opened it.
6 Open the box and read it. It will change your life, I
7 promise you. Okay.

8 This small little company had never seen a
9 significant amount of income. We didn't generate a lot
10 of money. It was a small type -- really a mom and pop
11 operation. I'm talking about a National Credit Repair,
12 okay, back in '88 until 1995 until Abood bought into the
13 company.

14 The company literally exploded. Okay. How
15 many people have heard of John Superio (phonetic).
16 Anybody know who John is? John Superio. Where are you
17 at, John? Okay. Right here. I want you to turn around
18 and, John, raise your hand. Okay. There's John Superio.
19 Please give him a hand. (Inaudible.)

20 AUDIENCE: (Applause.)

21 MR. PAVONE: John is my operations manager and
22 I don't mean to boast about him because I've known about
23 him since he was a child. But John is a young man. He's
24 brilliant. His IQ -- he's a genius. He graduated too
25 early for his time.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 But John was also the first sales rep to ever
2 sign up with NCR Services. The first one. From the time
3 he was 19 years old.

4 UNIDENTIFIED MALE: Wow.

5 MR. PAVONE: So, I'm not going to give you away
6 -- his age. But I promise you, his IQ is 161 and he is
7 absolutely brilliant. The things -- he controls that
8 Jencon System (phonetic). Okay.

9 This company, because of people like John
10 Superio and all these people here, achieve nine million
11 dollars year end 1997. We will achieve 45 million
12 dollars by the end of this year.

13 UNIDENTIFIED MALE: Um-hum.

14 MR. PAVONE: By year end 1999, 180 million
15 dollars. By December the year 2000, 490 million dollars.

16 UNIDENTIFIED MALE: Yes, sir.

17 MR. PAVONE: That's a lot of growth.

18 UNIDENTIFIED MALE: Um-hum.

19 MR. PAVONE: Well, how is that possible? Is it
20 you? Brian Johnson, Tirus and all these reps that are
21 here today. That's how it happens. It's NCR. You guys
22 are doing great. You guys are doing great. We
23 appreciate you.

24 But that bottom is certain. Now, let me ask
25 you something now. Can you see a 490 million dollar

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 corporation and we're right here working with you hand in
2 hand?

3 UNIDENTIFIED MALE: Yes.

4 MR. PAVONE: Making you successful. If you
5 don't want to be successful, you're not going to be. You
6 know, some people complain they just don't have nothing.
7 They need more money. Well, here's your opportunity.
8 What are you going to do if you don't sign up with this
9 business today? You're going to stop complaining. Is
10 that fair? Okay. Next slide, please.

11 Okay. We also market a telecommunications
12 company. What? A phone company called Unidial
13 Communication based out of Louisville, Kentucky. And a
14 lot of folks say why are we getting into communications,
15 everybody is doing communications. Very good.

16 Because -- and you're going to meet somebody
17 that says I love telecommunications. We want something
18 for everybody. All right. And it's nice for
19 qualifications because the easiest -- this company is
20 the easiest qualification in the history of network
21 marketing. All those other companies, right, the one
22 that you mentioned, was ACN, Excel, you've heard of those
23 companies. Find six phone customers in 30 days with a
24 minimum of \$200 a month usage. We said let's take it to
25 the limit.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Okay. You find three phone customers. I'll
2 tell you more about that later. In 60 -- in 45 days. No
3 minimum usage and you can qualify. That means I can
4 bring you in and you qualified and I get paid to do that.
5 Is that easy enough? It's the easiest in the industry.

6 AUDIENCE: Yes.

7 MR. PAVONE: But some of you -- (inaudible) --
8 phone bill factors or there was a message box or there
9 was a nationwide company going global. For more
10 information about our incredible financial opportunity,
11 please call us. It's got the home office number as well
12 as the website address.

13 So, Brian Johnson's customer happens to call
14 and say you know what, I'm a phone customer but I looked
15 at your website and I really want to get signed up.
16 Well, great. Don't tell Brian. We'll steal you. We
17 won't give him the commission. All right. Okay.

18 We will sign that customer up for Brian whether
19 it's on the internet or through the home office via fax
20 or the mail and Brian is the sales rep for that customer
21 whether he knows it or not. So, he may get a check in
22 the mail and you know he's going to call and say hey, I
23 just wanted to let you know, you guys over paid me this
24 week. Right? You'd call, wouldn't you?

25 BRIAN: Absolutely.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MR. PAVONE: Okay. Absolutely not. Okay. He
2 would call. Checks are paid weekly, too.

3 UNIDENTIFIED MALE: That's right.

4 MR. PAVONE: All the checks are paid weekly.

5 UNIDENTIFIED MALE: Oh, yes.

6 MR. PAVONE: Next slide, please. Great savings
7 call comparison. If you can't see this, everyone, come
8 on up here so you can read this a little closer. Come on
9 up here. Everyone is marketing telecommunications.
10 Everybody is involved. You've heard it all with the
11 majors, AT&T, MCI, Super MCI and Unidial, NCR Global
12 Communications.

13 Let's take a two minute per second call at 6:45
14 Friday from Los Angeles to Chicago. That phone call,
15 okay, with AT&T One Rate will cost you over 40 cents.
16 Forty cents. And I think I have AT&T One Rate Plus.
17 What's that plus about? It's more expensive. Okay.

18 MCI Sunday. I love MCI's marketing. They've
19 got all these new gimmicks out there. And they say if
20 you talk 20 minutes, you pay how much a minute, 10 cents
21 a minute? Five cents a minute. Right. Right. How many
22 people spent over 20 minutes on the phone last Sunday
23 talking long distance? Maybe one person -- one person in
24 here. They're smart marketers. They're the best at it.
25 Okay. But those are all gimmicks.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Sprint Dial Line, how can that cost you 77
2 cents for that same phone call? Okay. LCI Difference
3 37. With Unidial, NCR Communications, 20 cents for that
4 phone call and you get paid for people who use your
5 phone. So, it's still a great business. And we want you
6 to get paid and tap into that industry. Next slide,
7 please.

8 Okay. Let's move towards the credit Repair
9 industry. We've heard of this company, right? They're
10 right in your backyard. I drove by it yesterday. I
11 wanted to take my rental car and drive right through
12 their sign. NCR was -- it was a rental car anyway. I'd
13 pay for the damage.

14 Okay. Detroit -- (inaudible) -- by the
15 Associative Press write. His name is Mark Rice. He
16 wrote this article back February 9th, 1995. The reason
17 we point this article out is because a lot of people that
18 read something in the paper believe what they read. I
19 read the paper. I heard about it. Okay. It's got to be
20 true.

21 And what it is the picture is here. They are a
22 billion dollar corporation. We are not. They gained
23 experience, en masse, Transunion. We a small little
24 company still. Forty-five million dollar company.
25 That's not big. One day we'll grow up.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 What they do is they hire lobbyists. They hire
2 PR firms, public relation firms, and pay a lot of money
3 to blast credit Repair -- so called credit Repair
4 companies. Okay.

5 UNIDENTIFIED MALE: Come on.

6 MR. PAVONE: Well, there's only one company
7 that has a exclusive computer search program, that's your
8 company.

9 UNIDENTIFIED MALE: That's right.

10 MR. PAVONE: NCR. It's your NCR. Okay. A
11 little history about that disk. Two years ago, we were
12 broke even. What I mean by that we paid Abood back and
13 now we're growing into a new office and we had to come up
14 with more money. We had to spend another \$150,000 to buy
15 our software system to pay the rest because the one that
16 we had was too small.

17 So, we bought the best system on earth. We had
18 to spend another \$150,000 on this. We had some decisions
19 to make, whether to take the nice offices or -- or TRW
20 which is
21 -- is now owned by Experian offered us 10 million dollars
22 for the disk. Not for anything else.

23 They don't want NCR Services, Global
24 Communications, nothing else. All they wanted was
25 National Credit Repair with a 10 year no compete clause

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 for executives, owners, board members, directors could
2 not get involved in this type of business for 10 years.

3 UNIDENTIFIED MALE: Wow.

4 MR. PAVONE: So, the call came through the
5 conference center which we were literally swept in this
6 conference room. It was not a nice office by no means.
7 I mean, we were really grinding to try to make this thing
8 happen.

9 And the offer comes through for 10 million
10 dollars. Ten million dollars. Who would have taken it?
11 Be honest. Be honest. Okay. It's a Sunday.
12 (Inaudible).

13 UNIDENTIFIED MALE: Oh, brother.

14 MR. PAVONE: I'll tell you what. When that
15 offer came through, my mother's hand went up immediately.
16 It did. And Abood and I looked at each other. We looked
17 at my mother. Her hand came down and then she got mad.
18 We said absolutely not. The response that was not for 50
19 million dollars. And the broker out of Richmond, Texas
20 asked us have we received the package. Received a thick
21 package on a buy out, signed.

22 It's never gone like that. Never ever, ever
23 gone like that. We sign it first, they make the -- they
24 are the ones that make the final signature. We know that
25 in that business. They sent it over signed. Thinking

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 wow, 10 million dollars. This is great.

2 Now, honest to God, at the time, we were still
3 broke. I mean, broke even. We just paid Abood back
4 \$750,000. We didn't take the 10 million dollars. We're
5 here for the long haul. The clear thing, the story about
6 going public, everyone is afraid that we're going to
7 sell. If we go public, we will hold on to 51 percent of
8 the deal.

9 UNIDENTIFIED MALE: Okay.

10 MR. PAVONE: So, we're still the owners.

11 UNIDENTIFIED MALE: Right.

12 MR. PAVONE: Initial public offering means you
13 can buy a whole or part value and make a lot of money
14 when we go public.

15 UNIDENTIFIED MALE: Oh, yeah.

16 MR. PAVONE: And you're still owners of this
17 company. That's what we'll do.

18 UNIDENTIFIED MALE: Let's do it.

19 MR. PAVONE: So, everyone thinks --

20 AUDIENCE: (Applause.)

21 MR. PAVONE: That where it starts from here.
22 And this company, as I was talking about Equifax is in
23 the backyard. Well, back in 1995, which was the FTC, the
24 Federal Trade Commission, has accused Equifax of
25 violating the Fair Credit Reporting Act. Can you believe

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 that?

2 So, the one complaint Equifax failed to
3 promptly delete inaccurate or unverified information from
4 reports after consumers complained and then failed to
5 prevent the immediate information from reappearing.

6 UNIDENTIFIED MALE: Uh-oh.

7 MR. PAVONE: What they're doing is is you write
8 a simple letter disputing, it'll come off temporarily and
9 they'd find out and they would put it back on. Why?
10 Because you're making a frivolous and irrelevant
11 complaints.

12 Now, let me clear up how this system works.
13 First of all, there's no law -- no law written on earth
14 that says Expedient, Transunion, Equifax, you have to put
15 a bankruptcy, your late payments, my delinquent accounts,
16 your charge-offs, your half million dollar tax lien,
17 shame on you. Okay.

18 Your 1.5 million dollar bankruptcy. Do you
19 know that information doesn't have to go on there? Are
20 you aware -- who is now aware of that? Who thinks that
21 that's the government --

22 UNIDENTIFIED MALE: That's right.

23 MR. PAVONE: -- and they got go on there.
24 That's Uncle Sam. I know that guy. Okay. We've got --
25 we've got to report. We've got to pay all that stuff.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 The law says this. Those credit reporting agencies want
2 to make a business of credit reporting. The information
3 they put on there better be 100 percent accurate or they
4 have to remove it. That's what the law says. And all we
5 want to do is let's follow the law. Okay.

6 So, that's -- that's what the story is.

7 Everything one thinks that oh, my God, this is a credit
8 reporting agency. Now, why would those companies want to
9 report information about you and get paid to do so? Why?

10 AUDIENCE: They make money.

11 MR. PAVONE: They make money. They charge --
12 companies like GMAC and all those major corporations,
13 Chase Manhattan, charge the money by reporting against,
14 you know, these people that make mistakes.

15 Well, the way that the disk works is we say
16 this belongs to Brian Johnson, 1.253 million dollar
17 bankruptcy. See, it takes a serious player to get to
18 that kind of debt. No, no. I don't know if you're aware
19 a Tom Monahan (phonetic) from -- that owns Dominos Pizza
20 back in Detroit. Mike Billinger (phonetic) owns Litter
21 Caesars. Okay. They filed bankruptcy and in '72, '73.
22 Right?

23 Now, your bankruptcy, you did it. Your tax
24 liens, you did it. My late payments, they belong to me.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Okay. But the disk will find a mistake that George Cole
2 is talking about in the entry process.

3 UNIDENTIFIED MALE: Uh-huh.

4 MR. PAVONE: Force them then to remove it.

5 That's how it works.

6 UNIDENTIFIED MALE: Hello.

7 MR. PAVONE: You don't say we already left
8 this. Oh, God, okay, I dispute this because -- I know
9 that some people have done that. (Inaudible) -- Brian.
10 Right. I dispute this because I put it in the mailbox
11 and my neighbor -- (inaudible) -- bam, hits my mailbox,
12 it never made it to the mail. Okay. I never got a
13 payment there on time. It's my neighbor's fault. Please
14 take this off.

15 UNIDENTIFIED MALE: Right.

16 MR. PAVONE: We find mistakes made in the
17 process and this is brilliant. It really is. And that's
18 all I want to know how to do. If I -- if I -- if
19 somebody can lay something down in front of me and say
20 put this together, I'll put it together. I'll find a
21 way. I'll find a way. I'll find a legal means. If it
22 wasn't for Judge McCree okay, getting me all the
23 information that I needed to put together this program.
24 And I hired six programmers throughout the
25 country to put the program together thinking that it's

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 worth \$300,000 or 20 million, sure. Not for sale. Okay.

2 UNIDENTIFIED MALE: Oh, yeah.

3 MR. PAVONE: So, when you turn on those
4 newspaper articles, tell your people about NCR Services.
5 We've got a lot of positive articles in the next five
6 years. Okay.

7 Central Michigan University, take control of
8 your financial future. How many people have heard of
9 Central Michigan University? Who's heard of it? Major
10 university. Okay. In Michigan. And that's where Dr.
11 John Graves has made this a course -- is John Graves
12 here? Where are you at? John, can you come up here for
13 a moment?

14 UNIDENTIFIED MALE: All right.

15 MR. PAVONE: Let's give him a round of
16 applause.

17 AUDIENCE: (Applause.)

18 MR. PAVONE: I taught this man everything he
19 knows. I taught him to walk and everything. John, thank
20 you. I just want to get up to the microphone and --
21 Bobby, where's our -- where's the lights -- is he here?
22 Bring those lights up a little bit. I just want John
23 Graves to explain what's happening with Central Michigan
24 University. This is his accomplishment.

25 So, any of these reps that have contacts with

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 universities, unions or any type of deals like that, this
2 is the man that -- Dr. John Graves, he's one of our board
3 members, too. Go ahead, John.

4 MR. GRAVES: Good morning. Is everybody
5 excited so far?

6 UNIDENTIFIED MALE: Absolutely.

7 MR. GRAVES: One of the problems that we have
8 in the auto industry and, of course, being out in
9 Detroit, we saw a real need to service a population in
10 the auto industry with the UAW, United Auto Workers, who
11 also have bad credit.

12 Majority of them were making \$70,000 to \$90,000
13 a year on the assembly line but they're spending \$1.10
14 for every dollar they make. And it becomes a real
15 problem when they retire and dropping that kind of money
16 down to \$22,000 a year including the Social Security.

17 So, we started to look at educational programs,
18 personal educational programs that could assist these
19 people. We didn't find any by the way. We didn't find
20 any in the high schools where we're teaching global
21 economics in case you're going to be on the president's
22 next cabinet when you graduate. But nobody is teaching
23 anybody how to survive. Went to the community colleges,
24 nothing. Went to the universities, nothing.

25 UNIDENTIFIED MALE: Nothing.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MR. GRAVES: We're not teaching people how to
2 stay out of trouble in this country. We'll allowing them
3 to get into trouble and to change more money and take the
4 American dream away from them for 10 years out of their
5 life. So, we wanted to design a program to put the
6 American dream and make it available again for a huge
7 population we were serving.

8 What we did was we got Central Michigan who
9 said they were interested in pursuing this and then we
10 merged that program with NCR, was the only program that
11 we could find that actually did what they said they were
12 going to do and that is Repair credit.

13 Because you can't teach people how to go into
14 the future and live if you can't teach them and take away
15 all of that negative -- their -- that baggage they've got
16 so they can start a new life. You're really missing the
17 boat.

18 So, we wanted to start with NCR. We want to
19 put this and make this available not only to everybody
20 out there that's in the auto industry but also everybody
21 that's on welfare, everybody who is trying to get their
22 lives back together. And we can do it through an
23 education program now or we can do it through the
24 services that you individually offer people.

25 I don't want you to forget that the educational

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 program that the secret to your success is developing a
2 down line so that you can get out there and service more
3 people. That's really what this is all about. But --
4 but to give you another tool to be able to do that.
5 That's what the educational program is a tool for you to
6 use.

7 We're starting to look at colleges down here
8 and universities and the main man that I'm working with
9 down here is George Cole. I don't want him to lose sight
10 of him and Paul Hill because those are the gentlemen that
11 you're going to have to go through so we can coordinate
12 this and keep control of it.

13 We don't want people going off on their own
14 because it just messes the system up. Please try to work
15 through them. I will work with you. And we'll try to
16 make this a success for everybody. Get your down line
17 put together. Get your base of operation put together.
18 Work with your up line and we're going to make it. Okay.
19 Thanks an awful lot.

20 AUDIENCE: (Applause.)

21 UNIDENTIFIED MALE: All right.

22 MR. PAVONE: Okay. Thank you. Is that enough
23 credibility for you so far? For all those people that
24 say oh, no, no, no, it doesn't work, okay, that's taking
25 it to another level. Thanks, John Graves. Okay. Let's

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 move on to the next slide.

2 Okay. I'm having a hard time seeing this one.
3 Okay. That says United Auto Workers, UAW. How many
4 people have heard of UAW? Okay. This program -- the
5 first course when John Graves brought it into the -- into
6 the Central Michigan University to the first union, he
7 received a letter from the president, benefits
8 representative and the education trainer.

9 And it says our local was the pilot for the
10 involved course, take care of your financial future. And
11 it was a course offered by Central Michigan University in
12 Louis College. It says I enrolled our benefits
13 representative, ESSP representative, and the education
14 training coordinator enrolled in the class for the
15 purpose of reviewing the class -- (inaudible) -- and
16 outcomes.

17 I am pleased to report that this class is
18 everything that they said it would be. Student credit
19 reports were cleaned up. That's awesome. That is a
20 marvelous letter. Their information is interesting and
21 useful in helping students to take control of their
22 finances. The instructors and guest speakers were
23 knowledgeable and entertaining and attention was high.

24 Based on the above, my brother union
25 representatives and I highly recommend this class to

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 everyone eligible. If you have any questions, I may be
2 contacted at and he left his phone number. And that note
3 was just written on October 15th, 1998. So, that's great
4 credibility.

5 UNIDENTIFIED MALE: Absolutely.

6 MR. PAVONE: And if these people don't believe
7 the unions, they shouldn't be driving cars, right? Okay.
8 The number one welfare reform state is what? Number one.

9 UNIDENTIFIED MALE: Not Georgia.

10 MR. PAVONE: Who loves talking here?

11 UNIDENTIFIED MALE: Not Georgia.

12 MR. PAVONE: Who is saying that? I hear
13 mumbling. Talk to me. Can you keep your voices down a
14 little bit, please? Anthony, keep them quiet?
15 Wisconsin. The number one welfare reform state.
16 Governor Tommy Thompson, who just got elected again, was
17 able to pull off a serious accomplishment through one of
18 our sales reps. His name is Carl Gene.

19 He's the president of OIC, Opportunities
20 Industrialization Centers. Have you heard of them? They
21 help minorities grow into business. Okay. (Inaudible) -
22 - we'll provide three million dollars a year to eight
23 citizens of Milwaukee for credit establishment and credit
24 repair assistance. You got the government paying for
25

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 credit repair? I need more credibility though, right?
 2 UNIDENTIFIED MALE: No.
 3 MR. PAVONE: I mean, how much more credibility
 4 do you need? Next slide, please. We're not here to
 5 convince people, we're going to sort them out. Your
 6 credit reports could be telling lies and Detroit News
 7 Printing Press back home did a great story about NCR
 8 Services talking about how it does work, how this is the
 9 only company that was able to help people, which we are.
 10 Next slide.
 11 Okay. But the question is still does it work.
 12 And it's amazing no matter how many times you show
 13 representatives reports and testimonials, they say I need
 14 more testimonials. We have more Transunion down here.
 15 We need more Transunion reports. We have Equifax here.
 16 We need more Equifax.
 17 When you have people asking you for that type
 18 of information, they want more and more information,
 19 they're trying to tell you that they want a way out of
 20 this business, they're not interested or they want to
 21 become a customer. Don't convince them. Sort them out.
 22 Move on to the next. You can sit here and try to
 23 convince -- you don't understand. Look at this. Do you
 24 see this?
 25 UNIDENTIFIED MALE: Yeah. All they know.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 that I'm that -- I'm First of America Bank, right, and
 2 I'm okay, Brian, I want my money. I'd be a lot nicer
 3 because you are a little more intimidating. I'd say sir,
 4 Mr. Johnson, please, can we have our money. You owe us
 5 \$11,660.
 6 UNIDENTIFIED MALE: Really.
 7 MR. PAVONE: Okay. I'm going to send George
 8 Colione over here to collect. And he says I -- you know,
 9 I just don't have the money. I can't afford to pay it.
 10 Yeah, but you owe us the money. That's a lie. That's
 11 written off. If I collect that money right there -- if I
 12 had the bank collect against him, I'm committing a crime,
 13 a federal crime.
 14 Do you guys have a place here in Atlanta, don't
 15 you? U.S.P. Atlanta? Okay. That's where I'll be.
 16 That's where those bankers go because it's against the
 17 law to do that. So, then, Brian, who do you owe it to?
 18 See, it's charged off. We wrote it off. You don't owe
 19 anybody that money. We took a tax break on it.
 20 I can hire a collection agency. Tirus, I need
 21 you to go to work for me. Okay. I want you to call and
 22 harass this guy. Drive him crazy like they did Bernie
 23 Pavone back 1988 with 32 phone calls a day.
 24 UNIDENTIFIED MALE: Wow.
 25 MR. PAVONE: No. I'm serious. And it wasn't

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 MR. PAVONE: Yes. You and I see. When you got
 2 all these people here that are ready to go and you're
 3 going you guys are walking out the door and you're
 4 letting them go but I'm going to convince her.
 5 Absolutely not. Okay. All right.
 6 A little credibility. This report was disputed
 7 on 11/5 in 1996. This is an Equifax credit report. Do
 8 you have Equifax down here?
 9 AUDIENCE: Yes.
 10 MR. PAVONE: You're going to read something in
 11 the newspaper that will a white rental Cadillac from Avis
 12 -- (inaudible) -- through the gate with NCR stickers all
 13 over it. All right. That's okay. You know what? It --
 14 I'll tell you what. They want us. They would love to
 15 buy us. We can't be bought. I love competition and
 16 making money. (Inaudible.)
 17 UNIDENTIFIED MALE: Okay.
 18 MR. PAVONE: Next slide, please. Here's --
 19 (inaudible). Can you see this? Is there anyone who
 20 cannot see this? Who can't see this? You better not be
 21 dropping back there. Okay. First of America Bank,
 22 charge off account for \$11,660. What does charge off
 23 mean?
 24 UNIDENTIFIED MALE: Gone.
 25 MR. PAVONE: Right. Written off. So imagine

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 my friends calling me anymore saying hey, let's go out.
 2 It was creditors --
 3 UNIDENTIFIED MALE: Ooh.
 4 MR. PAVONE: -- saying pay your money. So,
 5 Tirus, you're going to collect this money for me, okay,
 6 and I will pay you 30 cents on the dollar. Get whatever
 7 you can out of it and I will pay you contingent on what
 8 you collect.
 9 UNIDENTIFIED MALE: Wow.
 10 MR. PAVONE: That's how credit agencies work.
 11 That's how they are allowed to collect a debt. But then
 12 Brian says wait a minute. I'm an NCR representative and
 13 I am educated. Okay.
 14 And I know because this kit success training
 15 systems that I read and listened to those tapes that I
 16 will send you a cease and desist letter and you're not
 17 allowed to call me again which is true. Tirus, you call
 18 one more time and say Brian, this is Tirus. Enjoy your
 19 coffee for a couple of months but I'm not going to be
 20 calling you anymore. That's the only time you can call
 21 him, last phone call.
 22 UNIDENTIFIED MALE: That's right.
 23 MR. PAVONE: Is that amazing or what? Do you
 24 guys know about that?
 25 AUDIENCE: Yes.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 MR. PAVONE: Okay. (Inaudible, -- NCR knew
2 about that. And you know why I knew about that? Because
3 of Judge McCree, a very dear friend. Okay. So, you got
4 a charge off account for \$27,000. Charged off account
5 for \$65,000.

6 UNIDENTIFIED MALE: Good grief.

7 MR. PAVONE: Late payments here. Thirty days
8 late five times. Sixty days late four times. Ninety
9 days late one time. Now, how many times can you lose
10 your mail?

11 AUDIENCE: (Laughter:.)

12 MR. PAVONE: That's a little ridiculous, right?
13 So, what will the disk search for? We run our program.
14 We ask the disk to search for the entry process mistakes
15 and this entry of the charge off entry of \$11,660.

16 UNIDENTIFIED MALE: Wow.

17 MR. PAVONE: Now, as George told you,
18 everything about that disk is true. It's incredible.
19 God. It is. It's incredible. So, if you got a \$65,000
20 charge off account, we'll ask the disk to search for the
21 entry process in the charge off process. In that
22 account, legally removing that entire line of credit.

23 Now, you got late payments here. Okay. What
24 will happen for late payments? We'll search for the late
25 payment entry. Bring it in current. How can we do that?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Because by law, it's not supposed to be late. They
2 didn't enter it properly. The government does protect
3 us. We just need to know how to ask. Right?

4 UNIDENTIFIED MALE: Whoa.

5 MR. PAVONE: So, you got another closed account
6 for \$90,000. You got a charge off account for \$8700 and
7 the list goes on and on.

8 UNIDENTIFIED MALE: Good grief.

9 MR. PAVONE: Imagine that's your credit report
10 just for 10 seconds?

11 AUDIENCE: (Laughter).

12 MR. PAVONE: Can I see your credit reports? Is
13 that bad?

14 UNIDENTIFIED MALE: Whoa.

15 MR. PAVONE: Does that make you feel good? A
16 lot of people look at this, they stand up and they start
17 walking out. He's says that's got to be credible. My
18 credit is better than that. (Inaudible) -- do a little
19 bit better any ways? I know there are people out there
20 worse than me. Sure. The president of this company was
21 a lot worse than this. So, what would you pay?

22 UNIDENTIFIED MALE: Good grief.

23 MR. PAVONE: What do you think your customers
24 would pay to get their credit fixed? See, we know we
25 could charge \$10,000, \$20,000 for this service but we

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 don't. If we did, who would get taken care of? The
2 rich. The rich get richer. That's the way it's always
3 been. What happens to the little people?

4 UNIDENTIFIED MALE: Crunch.

5 MR. PAVONE: Oh. Brian, I'm a banker. What
6 was your daddy doing? I don't want to talk to you.
7 You're in my office, Brian. Back up. I'm a banker. Any
8 bankers in here? I'm not going to -- are you? You're a
9 banker? Well, you're a friend of Joe Capris (phonetic).
10 You're okay. All right.

11 You used to work at NBD? We used to call that
12 NBD, no big deal. Okay. No big deal. And she's a
13 friend of friend of Wade McCree's, too.

14 UNIDENTIFIED MALE: That's right.

15 MR. PAVONE: And you know what? It's kind of
16 funny because bankers laughed at me when I tried to get
17 financing for the nightclub deal. They laughed at me.
18 That same banker came in my office trying to do business
19 for NCR. They wanted us to move our bank from Huntington
20 Bank and Franklin Bank over to NBD.

21 UNIDENTIFIED MALE: Hum.

22 MR. PAVONE: And I called him in the conference
23 room. I said do you see this view. We were three
24 stories up. I said you don't recognize me. I said
25 remember Twist and Shout, the nightclub I tried to open.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Oh, yeah.

2 UNIDENTIFIED MALE: Oh, yeah.

3 MR. PAVONE: What happened with that? I lost
4 \$400,000. You see the view in this office? You have two
5 choices. The window --

6 UNIDENTIFIED MALE: Okay.

7 AUDIENCE: (Laughter.)

8 MR. PAVONE: -- or that door right there and I
9 mean it. He knew it. All right. These are true stories
10 I'm telling you because it gets a little frustrating to
11 see people laugh and you lost everything you had. And I
12 know you're involved -- (inaudible).

13 But how does it feel to put your head up high
14 and walk into a bank and say I've got good credit, not
15 thinking that 18 percent is good credit just because you
16 got approved but at the best available rate. That's what
17 we're doing. Here's how. Next slide.

18 UNIDENTIFIED MALE: Come on with it.

19 MR. PAVONE: Okay. Credit -- (inaudible) -- in
20 this form. Now, you've all seen this form. Okay. It's
21 an updated report. Along with this letter that comes
22 from Equifax that explains what an incredible job that
23 NCR Services has done, you'll get a fresh credit report.
24 Okay. And that's the way the creditors will view you.

25 Now, what happens if you happen to have a

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 bankruptcy on your charge or late payment. If you go
2 and fill out an application, they ask if you've ever
3 applied for bankruptcy, what do you do? No kidding. You
4 don't want to lie to them. You tell them yes. I have
5 filed for bankruptcy at all -- whatever they ask you for
6 be truthful and honest. They still can't hold it against
7 you. Okay. So, let's take a look at some results here.

8 UNIDENTIFIED MALE: Good grief.

9 MR. PAVONE: Next slide, please. Okay. First
10 America Bank, this account has been deleted.

11 UNIDENTIFIED MALE: Wow.

12 MR. PAVONE: America Bank, deleted. First of
13 America, deleted. Chrysler Credit, deleted. First of
14 America, deleted. Fleet Mortgage --

15 UNIDENTIFIED MALE: Wow.

16 MR. PAVONE: -- \$150,000 line of credit
17 deleted. Now, what would you pay? Three hundred ninety
18 five dollars or less. And don't think you're tricky by
19 charging someone extra money. Because we have two judges
20 on board of directors.

21 UNIDENTIFIED MALE: Okay.

22 MR. PAVONE: If you think that they will go to
23 the extreme to prosecute you, you have not met my mother
24 yet. She'll beat you up first and then prosecute you.

25 AUDIENCE: (Laughter.)

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MR. PAVONE: We have to help people and it's
2 about helping the little people because no one ever cared
3 about me. I know that. And I know what it feels like to
4 hurt. And if you think you're feeling pain, there's a
5 lot of other people out there that you know of that are
6 putting on a big front, wearing those Versace ties and
7 those Ferragamo suits and Gucci shoes. I got it made.
8 (Inaudible). Believe me, they need help. All right.
9 Nine out of 10 Americans 18 or older have bad credit.
10 Nine out of ten.

11 UNIDENTIFIED MALE: Good grief.

12 MR. PAVONE: There's a big market out there.
13 Get paid to help people. Next slide, please. So, as a
14 result of this \$350,000 has been deleted after just six
15 weeks. But Ashley asked a question. Does it really
16 work? Okay. I've heard that from George -- where's
17 George Corlione? George, where are you at? My cousin,
18 George. Stand up. (Inaudible.) Stand up, George.

19 Okay. How many times did you call me and drive
20 me crazy? You come to the office and visit us. He'd say
21 I need -- he goes I'm rep. I've been a rep for six
22 months. Does it really work? I need more proof. Okay.
23 Well, when you get your own done, you end up going on the
24 radio and it's George Corlione -- (inaudible).

25 AUDIENCE: (Applause.)

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: Right.

2 MR. PAVONE: I think -- I'd hang up the phone.
3 We were doing a conference call with him. Tom -- Tom was
4 --

5 UNIDENTIFIED MALE: Uh-oh. No, no, no.

6 MR. PAVONE: What's his name?

7 AUDIENCE: (Inaudible).

8 MR. PAVONE: That's him. George said we got a
9 conference call. He's dying to talk to you. I told him
10 National Credit Repair. George said we got disconnected.
11 Right. He wouldn't even talk to us. This was -- how
12 long was that, George?

13 GEORGE: (Inaudible).

14 MR. PAVONE: Who was that?

15 GEORGE: That was -- (inaudible).

16 MR. PAVONE: Okay. And then Tom Joiner ended
17 up coming through for so many of you've signed up and now
18 you're on his show.

19 GEORGE: Right.

20 MR. PAVONE: Network marketing.

21 UNIDENTIFIED MALE: That's right.

22 MR. PAVONE: It works. So, \$350,000. Can you
23 sell that?

24 UNIDENTIFIED MALE: Yes, sir.

25 MR. PAVONE: Would you have a problem selling

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 10 of those a week?

2 UNIDENTIFIED MALE: No.

3 MR. PAVONE: Would you want to bring people
4 into the business and have them self service and recruit

5 --

6 UNIDENTIFIED MALE: You better believe it.

7 MR. PAVONE: people -- (inaudible.)

8 UNIDENTIFIED MALE: That's why I'm here.

9 MR. PAVONE: Next slide, please. That's why
10 I'm here. The system works. We believe in this service
11 so much my mother is authorized a 110 percent money back
12 guarantee. (Inaudible) -- my mother. I adore my mother.
13 I adore her because she pulled me out of a bed. She
14 pulled me at 12:00 noon day after day coming to my room
15 crying and throwing everything at me to get out of bed.
16 (Inaudible). If it wasn't for her, nobody would be here
17 talking about NCR. Okay.

18 We've never had to pay that out. That's 110
19 percent money back guarantee. Now, that's credibility.

20 UNIDENTIFIED MALE: Yes, sir.

21 AUDIENCE: (Applause.)

22 MR. PAVONE: Now, imagine 5,000 new customers a
23 month coming through never having to pay that out one
24 time. Do you know why?

25 UNIDENTIFIED MALE: Good grief.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 AUDIENCE: (Inaudible).
 2 MR. PAVONE: It worked, didn't it?
 3 (Inaudible).
 4 AUDIENCE: (Laughter.)
 5 MR. PAVONE: I won't pay it back. Mom, give
 6 them their money back, you know. No. It works. I'm
 7 kidding with you. It works. Next slide, please.
 8 Okay. Now, importance of having good credit, a
 9 lot of people go to the car dealership and they say I've
 10 got good credit. I just got -- I just got approved.
 11 Now, how many people have heard of, I don't know, some of
 12 the big dealerships here Nelfar (phonetic) is back home.
 13 Nelfar is back in Detroit. The man is a multi, multi
 14 millionaire. He made money because he's brilliant. He's
 15 doing what the law says he can do, charged 25 -- up to 25
 16 percent in the state of Michigan.
 17 UNIDENTIFIED MALE: Wow.
 18 MR. PAVONE: Sad thing is, Tirus, you got
 19 approved. I got a car. My God, 1994 Cadillac. Cadillac
 20 Fleetwood. I got it -- (inaudible). What's your
 21 payment? Three fifty a month.
 22 UNIDENTIFIED MALE: Yoa.
 23 MR. PAVONE: You can drive a Mercedes for that.
 24 See -- (inaudible) -- I'm paying 14 percent of my car.
 25 Isn't that good? They said I've got credit. I've got

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 credit. And if I pay this, you know, I'm going to have
 2 established credit. Those are all lies. Times are
 3 changing. Federal Reserve. The Federal Reserve
 4 regulates these interest rates. See, those are not
 5 question marks. Those are interest rates. Okay.
 6 AUDIENCE: (Laughter.)
 7 MR. PAVONE: And the sad thing about that is
 8 who owns the Federal Reserve? We the people, right?
 9 UNIDENTIFIED MALE: Wrong.
 10 MR. PAVONE: Right? The Constitution, have you
 11 read it? We the people and God bless America. Yes, we
 12 do. Who do you think owns?
 13 UNIDENTIFIED MALE: Private investors.
 14 MR. PAVONE: Who?
 15 UNIDENTIFIED MALE: International bankers.
 16 MR. PAVONE: There you go. Rockefeller's,
 17 Dupont, -- (inaudible) -- Firestone, Abood Samaan, people
 18 like that.
 19 AUDIENCE: (Laughter.)
 20 MR. PAVONE: They own the Federal Reserve.
 21 There is my question. Alan Greenspan. And, you know, I
 22 bad mouth him. I am bad mouthing him 100 percent. Call
 23 Alan Greenspan and Alan, will you be able to drop those
 24 interest rates. It's amazing. He gets on CNN and he
 25 gets up there and he does this.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 UNIDENTIFIED MALE: That's right.
 2 MR. PAVONE: And -- (inaudible) -- sweating.
 3 Sell, sell, sell so, the stock markets drops, the
 4 interest rates go up.
 5 UNIDENTIFIED MALE: That's true.
 6 MR. PAVONE: Right around election time -- you
 7 know what they're going to do? Their politicians are
 8 going to get out there and make an announcement interest
 9 rates are dropping. I'm going to vote for that guy.
 10 That politician, he's dropping interest rates. After the
 11 election, they go right back up.
 12 UNIDENTIFIED MALE: Yep.
 13 MR. PAVONE: The Federal Reserve is owned by
 14 approximately 300 people. It's a private owned
 15 corporation. It will -- (inaudible).
 16 UNIDENTIFIED MALE: That's right.
 17 MR. PAVONE: But we have a way of fighting
 18 back, NCR Services. It's a means of fighting back.
 19 Because what happens is they want to keep all the data
 20 information on the hard reports because they happen to
 21 own banks, too. We don't own a bank, yet.
 22 UNIDENTIFIED MALE: Hello.
 23 MR. PAVONE: But we will.
 24 AUDIENCE: (Applause.)
 25 MR. PAVONE: But it will be one that says

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 foreigners, Italians, Arabs and black people are welcome
 2 in this bank to give you the best available bank rates.
 3 AUDIENCE: (Applause.)
 4 MR. PAVONE: I'm not afraid to talk about it.
 5 I won't try to cover it up. I'm serious. I'm serious.
 6 George is my cousin. I'm not afraid. I'm not ashamed.
 7 Don't deny it.
 8 UNIDENTIFIED MALE: No, that's true. It is.
 9 MR. PAVONE: No, George changed his name. It's
 10 not George Cole. Does anyone know his real name? George
 11 Cole's last name is really Corlione.
 12 AUDIENCE: (Laughter.)
 13 MR. PAVONE: He changed it. My mother is
 14 really upset with him still but that's okay. Let's talk
 15 money -- (inaudible). If I had \$100,000 and amortized it
 16 over a 30 year period, all right, let's just see how the
 17 -- (inaudible) -- best available bank rates at eight
 18 percent. And you're still going to pay \$264,000 in
 19 interest on that money. There's nothing you can do about
 20 it. You can earn a house through NCR Services. You can
 21 earn one. We'll build one for you.
 22 But -- I mean, this is the best it can do,
 23 eight percent. Let's just for easy math those are the
 24 numbers today. What happens is -- are there's any
 25 mortgage brokers here?

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 UNIDENTIFIED MALE: There should be.
 2 MR. PAVONE: You're doing what you're taught to
 3 do. Right? How many times -- he's already smiling.
 4 What's your name?
 5 DAVE: Dave Paul.
 6 MR. PAVONE: Dave -- what's your last name,
 7 David Jones. Okay. David Jones. David -- okay. And it
 8 happens because this is what -- this is the business.
 9 The nature of the business. We'll say -- I'm not saying
 10 he does this. (Inaudible). They'll call the customer
 11 and brag about the house. Look at it. Look that way,
 12 please. (Inaudible) -- house, got some kids --
 13 (inaudible).
 14 Okay. We're going to call everyone. In two
 15 weeks, come on down. You got the house. Oh, my God.
 16 There's good news, Brian. There's good news and, well,
 17 there's not so good news.
 18 UNIDENTIFIED MALE: Uh-oh.
 19 MR. PAVONE: The good news is that you're
 20 getting the house. You got approved but then there was a
 21 blemish on your credit report. You went to borrow from
 22 the bank and what happened was you got charged another
 23 point. Points are good. No, points are bad.
 24 AUDIENCE: (Laughter.)
 25 MR. PAVONE: See, that other point is going to

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 cost you \$...000. They don't tell them that. They just
 2 say that you're going to be at 9 percent interest. Nine.
 3 Nina. Nina, nine. Nine. Right. We're not in Vegas,
 4 Brian. We're not in Vegas.
 5 See, he's excited about it because nine is his
 6 number. He played ball in elementary school. He's like
 7 this is great. Thank you so much. And they charge him
 8 ten. His wife is like, oh, I want ten. That's a good
 9 number. I like five numbers. Charge me ten. How much
 10 interest are you paying \$315,000, at 12 percent interest
 11 \$370,000, and at 14 percent \$426,000 just in interest.
 12 When are you going to own the home?
 13 UNIDENTIFIED MALE: Never.
 14 MR. PAVONE: Never. You just keep paying it to
 15 interest.
 16 UNIDENTIFIED MALE: Right.
 17 MR. PAVONE: Sure you own that home. The rich
 18 get richer, not anymore. Next slide, please. Okay. Do
 19 you see an opportunity here, now, people? Now, the
 20 reason we talk about building it -- building an
 21 organization first as opposed to going out there and
 22 selling, because we're all sales people. I'll find 10,
 23 20 customers a week, right, and make -- take home \$3,000
 24 a week. That's a lot of money, isn't it?
 25 UNIDENTIFIED MALE: A little more than we're

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 making now.
 2 MR. PAVONE: It's true you can make that kind
 3 of money. We're not selling just phone time on phone
 4 cards and, like I said, these things that don't work.
 5 We're offering a service that everybody needs. Well,
 6 what happens when you stop selling?
 7 UNIDENTIFIED MALE: No money.
 8 MR. PAVONE: The checks stop rolling in.
 9 UNIDENTIFIED MALE: Um-hum.
 10 MR. PAVONE: So, we -- we really emphasize on
 11 building an organization first so you can sleep better or
 12 they can calling in and be late and still get paid.
 13 Right?
 14 AUDIENCE: (Laughter.)
 15 UNIDENTIFIED MALE: Ah, they're asleep. They
 16 all sleep.
 17 MR. PAVONE: Still get paid. So, can you find
 18 one person a month to come to this business?
 19 UNIDENTIFIED MALE: Yes.
 20 MR. PAVONE: Just one. I don't even ask you to
 21 bring two. Do you know why? I have a bunch of calls
 22 saying is NCR staffed enough. Well, we got a 40,000
 23 square foot facility where all the kits are put together
 24 and about a 7,000 square feet of office space, which
 25 we're looking for more space. We're growing at a rate of

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 400 percent and I have all these reps challenging me.
 2 Can you keep up with me? Can you keep up with us?
 3 UNIDENTIFIED MALE: Hello.
 4 MR. PAVONE: Okay. We're there. Okay. Just -
 5 - let me say right now is who wants to bring one rep
 6 month because we can't keep up, no. Bring 100 a month.
 7 Bring all you can. If you just brought one a month and
 8 everyone in your organization did the same thing --
 9 UNIDENTIFIED MALE: Right.
 10 MR. PAVONE: -- you will have 4,095 reps in
 11 your organization within one year --
 12 UNIDENTIFIED MALE: Good grief.
 13 MR. PAVONE: -- which you may say yep, that's a
 14 perfect world. That doesn't really work, does it? It
 15 doesn't. And really -- do you know it doesn't? Because
 16 everyone isn't going to do that. So, altogether -- how
 17 many veteran network marketers do we have? Okay. Do you
 18 know for a fact that -- if somebody came up to you -- and
 19 I forgot your name. I'm sorry.
 20 GENE: Gene -- (inaudible).
 21 MR. PAVONE: I'm sorry.
 22 GENE: Gene -- (inaudible).
 23 MR. PAVONE: Gene. I met you earlier. Okay.
 24 Gene -- Gino. Gino. Okay.
 25 AUDIENCE: (Laughter.)

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 MR. PAVONE: Gene, do you know for a fact that
2 if I came to you and said Gene, I just got into NCR
3 Services. I've been in a year. A year. I got 4,095
4 reps in my organization already. Gene is going to go is
5 that's it. See, in a perfect world, it comes to 4,095.
6 But the reality in this business is that you'll get -- an
7 organization like George Cole and all these leaders down
8 here and those leaders I mentioned earlier, Lorenzo and
9 Anthony. It will explode. That 4,000 is more is really
10 more like 40,000 in a year.

11 UNIDENTIFIED MALE: That's right.

12 MR. PAVONE: That's the real number. That's
13 very -- (inaudible). I'll keep it simple so you can all
14 understand it. The first month you bring a person. The
15 second month, that one person brings a person. All
16 you're doing each and every month is bringing one person
17 to the business. In twelve months, you have 4,095 reps.
18 Do you agree with me?

19 UNIDENTIFIED MALE: Yes.

20 MR. PAVONE: Okay. Next slide, please. Let's
21 talk about this opportunity and how you get paid. Okay.
22 That sales requisition, that's our sales representative
23 is offering a position in this company. It cost \$499 to
24 come into this business. Why? Because it costs a lot of
25 money to be able to operate in all North America.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 (Inaudible).

2 UNIDENTIFIED MALE: Um-hum.

3 MR. PAVONE: Okay. How do you involve five in
4 one small case -- (inaudible)? All the case --
5 (inaudible) -- the means for you to continue to bring
6 people in. Because if I recruited for -- (inaudible) --
7 and went on and on and no services were sold, what would
8 that be called? Pyramiding.

9 So, we went to the minimum, right to the limit.
10 Why? Because we can't help it. It's our nature at NCR.
11 And we said what -- we talked to the Attorney Generals on
12 a national level and said what is the minimum. Well, we
13 said we wanted to generate a normal following in 45 days,
14 either one credit repair customer. Can you find a credit
15 repair customer in 45 days? Yes or no.

16 UNIDENTIFIED MALE: Yes.

17 MR. PAVONE: Just one.

18 UNIDENTIFIED MALE: Oh, please.

19 MR. PAVONE: Not two because NCR can't keep up
20 with you guys.

21 UNIDENTIFIED MALE: Right.

22 MR. PAVONE: Four financial freedom service
23 customer in 45 days?

24 UNIDENTIFIED MALE: Yeah, right.

25 MR. PAVONE: Four NCR communicative customers

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 in 45 days? Make sure you get a brochure when you go on
2 break. Or three long distance customers in 45 days? We
3 don't care if it's not available just yet. The key to
4 this business if you want to do it real quick and you
5 don't have a credit repair customer waiting for you,
6 three long distance customers.

7 UNIDENTIFIED MALE: That's right.

8 MR. PAVONE: If I sign you up today and you
9 switch your phone and I give you two dozen letters of
10 authorization and I say give me two more customers by
11 tomorrow and then I'll fax you -- (inaudible). I just
12 made 90 bucks at the starting position.

13 UNIDENTIFIED MALE: Bang.

14 MR. PAVONE: Qualifying. That's the easiest.
15 And you're probably saying why would they do that at NCR,
16 they're crazy. We are. We admit it. We know it. We
17 know that's easy and we are paying more money. Because
18 now one company -- and I know you've seen other network
19 marketing companies that never did anything like this,
20 giving you 45 days, sleep for 40 days, show up late.
21 (Inaudible). Everybody at NCR Services. Okay.

22 UNIDENTIFIED MALE: Okay. That will work.

23 MR. PAVONE: All right. So, sleep for 40 days,
24 41, 42, 43. Say you know what. I think I'm going to get
25 a credit repair customer. I'll work. They just qualify.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Checks are paid weekly, \$90. That's the starting
2 position. Next slide, please.

3 It gets real healthy. Regional sales
4 requisition is our next earned corporate position. Okay.
5 When you have four direct qualified sales reps, five
6 personal financial customers or 15 long distance
7 customers. I said -- this not a corporate position. I
8 apologize. My mistake. Okay.

9 You have four direct qualified sales reps, five
10 personal financial customers or 15 long distance
11 customers --

12 UNIDENTIFIED MALE: Um-hum.

13 MR. PAVONE: -- those are not and's, those are
14 or's. Okay. Because they're saying you can get in the
15 top position in this company through the division. Write
16 this down. Six telephone customers equals one financial
17 customer.

18 UNIDENTIFIED MALE: Hello.

19 MR. PAVONE: And you can merge them together.
20 Because some people only have four credit repair
21 customers, okay, but they have 15 -- 14 or 12 phone
22 customers. We merge you. At that point, your direct
23 cash bonuses go up to \$140.

24 UNIDENTIFIED MALE: Yes, sir.

25 MR. PAVONE: That gets a little healthy.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: Um-hum.
 2 MR. PAVONE: You've not seen a comp done like
 3 this.
 4 UNIDENTIFIED MALE: Nope.
 5 MR. PAVONE: Abood Samaan wrote the comp plan.
 6 UNIDENTIFIED MALE: Yeah.
 7 MR. PAVONE: Okay. (Inaudible) -- okay.
 8 Between him and John, they wrote down the numbers and ran
 9 it. There's never been a compensation plan like this
 10 ever.
 11 UNIDENTIFIED MALE: That's right.
 12 MR. PAVONE: Now, something really neat happens
 13 here. It's call a roll ups. You guys know what roll ups
 14 are? Those little candies that you get. Every time this
 15 happens, we send you a box of roll ups. No. What a roll
 16 up is -- I'm kidding. A roll up is this. I bring you to
 17 the business and qualify you. I make \$140. I bring you
 18 and qualify \$140, \$140, \$140, \$140.
 19 UNIDENTIFIED MALE: Um-hum. Um-hum.
 20 MR. PAVONE: Are you people going to bring more
 21 people in this business? Yes. As you bring people to
 22 the business and qualify them, each and everyone you
 23 bring, which means her, which means you and you and you,
 24 I make \$50 all the way to infinity.
 25 UNIDENTIFIED MALE: Hello.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 MR. PAVONE: The pinnacle at NCR Services will
 2 be over 4,000 sales representatives every week signing up
 3 paying \$499 and qualifying.
 4 UNIDENTIFIED MALE: Oh, yeah.
 5 MR. PAVONE: Numbers, I can't figure it out.
 6 I'm not that smart. That's why I got a calculator.
 7 Okay. But my point is this. That's a lot of money and
 8 that's what we're trying to explain to George Cole,
 9 Lorenzo, Anthony. These are the things that we're
 10 talking about. Okay. Billy Brown. This is the way he
 11 seminars. The organization. This is a way you people
 12 sit here will take over a country. Balance the budget.
 13 Okay. Next slide, please.
 14 It gets a little healthier here. When you
 15 become an executive sales rep, that averages you eight
 16 direct qualified sales reps and five personal financial
 17 customers. Well, you already had your financial
 18 customers, didn't you?
 19 UNIDENTIFIED MALE: Yep.
 20 MR. PAVONE: You don't need anymore financial
 21 customers.
 22 UNIDENTIFIED MALE: Ah-ha.
 23 MR. PAVONE: If you're doing
 24 telecommunications, you need 25 direct long distance
 25 customers. At that point, your direct capital called

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 acquisition bonuses are \$200. Now, doesn't that kind of
 2 force you to keep going out there recruiting? Because
 3 some companies won't even allow you to go -- (inaudible)
 4 -- binary or matrix. A matrix system is you can go five
 5 wide and six deep. Right. Pay \$5,000 -- (inaudible).
 6 It's called financial supremacy for 99 cents. No thanks.
 7 Okay. What we have -- back up one, John.
 8 UNIDENTIFIED MALE: Back it up.
 9 MR. PAVONE: Okay. Can you hit reverse on
 10 that? Hit it again. Push it.
 11 UNIDENTIFIED MALE: Back. Back, back, back.
 12 MR. PAVONE: Trip on your sweater. George,
 13 take care of him. Hit reverse there, John. This is very
 14 high tech stuff. Okay. One more. I think we were at --
 15 here we go. Okay. \$200. Now, the roll up -- remember
 16 if was earning \$50? That converts to \$110 all the way to
 17 infinity. You could never keep up with your
 18 organization, people. Okay. You can't -- you'd never.
 19 So, if I've got people right here, one, two,
 20 three, four, five, six, seven, eight people that I know
 21 and they go out there and bring people in and qualify
 22 them, well, I'm making \$110 off each and every one of
 23 you.
 24 UNIDENTIFIED MALE: That's right.
 25 MR. PAVONE: But do you think maybe you'd get,

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 I don't know, 10 people in your organization a week
 2 joining up? People, the number is very conservative.
 3 UNIDENTIFIED MALE: They don't get it.
 4 MR. PAVONE: That's \$11,000 a week.
 5 UNIDENTIFIED MALE: That's right.
 6 MR. PAVONE: It's simple math. How can we
 7 afford to do that? Because we are the company. We're
 8 not a representative of nothing. We own the services
 9 that we market so we can give you a little stronger
 10 commission. That's the only way we're not going to go
 11 broke. We can afford to pay more out. Okay. Next
 12 slide, please.
 13 Presidential sales requisition. Now, the
 14 reason that Paul Hill is here --
 15 UNIDENTIFIED MALE: Um-hum.
 16 MR. PAVONE: -- okay. John Graves is here
 17 because -- well, he doesn't really have much of an
 18 organization yet. He's here just to talk to you and help
 19 you out. He'll can get the education stuff going. Paul
 20 Hill is here because, number one, he loves you or number
 21 two, because when he's a presidential sales rep, which he
 22 is, his direct cash is \$275 which you can't see down here
 23 is a total \$185 rolls up.
 24 UNIDENTIFIED MALE: Good grief.
 25 MR. PAVONE: I want to tell you guys something.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 Paul Hill is going to make \$185 off each and everyone of
2 you that comes into this business with Paul.

3 UNIDENTIFIED MALE: That's right.

4 MR. PAVONE: Okay. \$185. So, when you get a
5 chance, hit him up for a loan. If you don't have any
6 money to get into this business, you go see Paul. Common
7 sense, you know. \$185 to infinity. Now, imagine just
8 100 signing up a week.

9 UNIDENTIFIED MALE: Oh.

10 MR. PAVONE: Is that \$18,500? This is real
11 people.

12 UNIDENTIFIED MALE: That's right.

13 MR. PAVONE: Next slide, please. Our highest
14 earning corporate position is presidential sales rep.
15 That happened to me -- I'm sorry, six presidents
16 corporate executives. When you have six presidents and
17 six -- (inaudible). Okay. They don't have to be direct
18 to you. This would be somebody I never even met before,
19 just like the executives.

20 UNIDENTIFIED MALE: Right.

21 MR. PAVONE: It could be somebody that's in
22 Santa Barbara, California laying out getting a suntan
23 today. They just got presidential while I became a
24 corporate executive. Now, who I bring in directly and
25 qualify, I make \$300. But now that roll up converts to

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 \$210. \$210. Doesn't it kind of force you to help the
2 organization? Okay. Next slide, please.

3 Now, let's become sales reps. Every time you
4 sell a credit repair and four financial freedom service,
5 the cost is going up to \$399. It was \$395 is still \$395
6 until further notice. It will go up soon to \$399. Why?
7 Financial freedom, I'm sorry, is \$399. So, if somebody
8 gives you -- if your customers gives you a hard time and
9 say it says \$395, don't argue with them. Just sell it
10 for \$395. We'll take it out of our commission, not
11 yours.

12 My point is this. We put together a beautiful
13 album. Did you see that when you walk into financial
14 freedom service? That is the college -- that is part of
15 the college course. Okay. It's the same course, only
16 it's a workbook format where they can do a self taught
17 thing at home because our company wants to educate people
18 and so do we. We need to educate our people. So, that's
19 what financial freedom service is. Financial freedom
20 service is a debt management program, isn't it?

21 UNIDENTIFIED MALE: Yes.

22 MR. PAVONE: What it really is is a sorting
23 process to determine if Brian Johnson is a potential
24 customer -- respective customer needs debt management.
25 He wants it. If he doesn't qualify for debt management,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 what does he need? Therapy. He needs bankruptcy. You
2 can say bankruptcy in here. Okay. Bankruptcy. You need
3 bankruptcy, Brian, because that bank doesn't work for
4 you, that's your only alternative to really getting out
5 of those debts that are active debts.

6 So, he files bankruptcy. Relieves himself from
7 \$50,000 worth of debt. Brian, that's going to on for 10
8 years. If -- if National Credit Repair really did work,
9 we could help you out, Brian.

10 UNIDENTIFIED MALE: Yeah, right.

11 MR. PAVONE: Do you see my point? That's why
12 we're allowing to sell the service of credit repair.
13 Right. She can't afford \$250 or \$395. Do you have \$200?
14 Yes. Can you come up with \$200? Yes. Can you, \$200?
15 Yes. See, she's friends with these two. So, I tell her
16 -- what's your name? Sharon. How are you doing?
17 Sharon, do me a favor. You find me -- find me two
18 customers, we meet tomorrow at my store, okay, here in
19 Atlanta, find me two customers. If you come up with \$200
20 and you come up with \$200. That's called three for.
21 That's how I make \$150.

22 UNIDENTIFIED MALE: Yep.

23 MR. PAVONE: Why would NCR sell it for so
24 cheap?

25 UNIDENTIFIED MALE: Come on.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MR. PAVONE: Because everyone I know has to be
2 able to afford this. See, if she couldn't -- I want to
3 sell it to her for \$395, she can't afford it. I still
4 want her as a customer, correct?

5 UNIDENTIFIED MALE: Um-hum.

6 MR. PAVONE: All right. So, when you get to
7 Brian Johnson, you're going to say Brian, you need
8 financial freedom service because it's still the sorting
9 process and you have to pay that money in order to go --
10 get you the service. The monies you pay for \$395 to pay
11 for financial freedom is knocked off the cost of
12 bankruptcy, without having the inflated costs and it's a
13 true savings of \$395 where it normally costs seven.
14 Okay. It costs \$300. Okay. Is that fair? Okay.
15 That's what it is.

16 Now, he may say well, if I'm getting financial
17 freedom service, why can't I get National Credit Repair,
18 like a two for one, and I'll pay \$250 for financial
19 freedom and \$250 for the credit repair? You can do that.
20 You're at training today.

21 UNIDENTIFIED MALE: Hello.

22 MR. PAVONE: And I still make the \$150.

23 UNIDENTIFIED MALE: Ha, ha, ha.

24 MR. PAVONE: If I haven't confused you enough
25 yet, let me continue. All right. Gene -- I'm sorry.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 You'll earn every time you sell these services of \$150.

2 UNIDENTIFIED MALE: Um-hum.

3 MR. PAVONE: You also earn organizational fame.

4 Five roll ups deep. Every time you sell a service, I
5 make \$20. You sell all 20, 20, 20, 20. Okay. Level
6 two, every time this level here sells a service, \$15.
7 Level three, \$10, level four \$10, level five \$10. One,
8 two, three, four, five. There will be approximately
9 10,000 people in that arena. Ten thousand
10 representatives working for you in that arena. That's a
11 lot of money.

12 Something unique happens here when you achieve
13 a corporate executive position. The bottom drops out.
14 You earn what's called leadership bonuses. You'll earn
15 \$20 all the way to infinity. Where is my level five?
16 One, two, three, four, five. This level deep right back
17 here.

18 Right. When I achieve a corporate executive
19 position, the bottom drops out. I will earn \$20 all the
20 way to infinity on each and every one of these. Okay.
21 All over North America --

22 UNIDENTIFIED MALE: Wow.

23 MR. PAVONE: -- including Canada. All right.
24 Financial planning services coming soon to Atlanta,
25 Georgia because we're setting up a store here for George

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Cole and a. the orders will be processed there. Every
2 time you find a mortgage customer and we close them, you
3 earn \$300.

4 UNIDENTIFIED MALE: Oh, yeah.

5 MR. PAVONE: Now, if you are working for a
6 mortgage company, quit. No, I'm kidding.

7 AUDIENCE: (Laughter.)

8 MR. PAVONE: Work for a mortgage company. Be
9 true to the company you're working with because you're a
10 mortgage expert. We're not trying to sway you to just
11 come and do mortgages through us. I don't want your
12 business. I'll be honest with you, I don't want anyone's
13 business if you work for another mortgage company. Be
14 true to the company you're working for. Okay. There's
15 enough money in NCR Services. You don't need to do that
16 to the people that took care of you. Okay.

17 But those that are not in the mortgage
18 business, I really don't understand the process and
19 closing aspect of it. All you need to do is take five
20 minutes and spend it with that customer as opposed to an
21 hour and a half in a process or an hour in a process.

22 At the closing, at 14 percent, because you do
23 have bad credit, I'm sorry to break the news to you but
24 you do. You're going to close at 14 percent today, you
25 make \$300. Bring him down 5 percent in the next month

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 and a half, another \$300. We'll bring him down a couple
2 months later down to nine percent, \$300. Every time we
3 bring it to a better point, okay, that sales rep makes
4 \$300. So, you don't have to go in closing either. You
5 just sign it and see her one time and you're all done.

6 UNIDENTIFIED MALE: Here, here.

7 MR. PAVONE: And every time --

8 UNIDENTIFIED MALE: You're going to get it.

9 MR. PAVONE: -- (inaudible) -- best available
10 or best rate --

11 AUDIENCE: (Applause.)

12 MR. PAVONE: -- you make \$300. So, in theory,
13 again -- (inaudible) -- NCR Services, this is the first
14 network --

15 UNIDENTIFIED MALE: You get \$1200.

16 MR. PAVONE: -- marketing mortgage company in
17 the history of North America.

18 UNIDENTIFIED MALE: Just like he said.

19 MR. PAVONE: There's a lot of first here,
20 people. Okay.

21 UNIDENTIFIED MALE: They don't -- they don't
22 hear it.

23 MR. PAVONE: Now, the next slide, please.

24 Okay. Long distance usage. I'm sure you've seen this
25 before.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: Yes.

2 MR. PAVONE: This is real common. Same thing
3 as some of those other companies. You earn 2 to 8
4 percent off your customer's phone bills that you sign up
5 directly. We do pay five levels deep to a quarter
6 percent. Okay. Level six you earn one percent. Level
7 seven five percent. Infinity pays the bill on your
8 achieved corporate executive position. You earn a half
9 percent all the way to infinity. All the way to infinity
10 when you achieve corporate executive position. Next
11 slide, please.

12 Okay. The NCR communicator. This is
13 incredible. How many people here have ever tried to
14 telemarket? How many people, Brian, were you calling a
15 day? I don't mean to pick on you. I can't help it. All
16 right.

17 BRIAN: Three hundred.

18 MR. PAVONE: Three hundred a day. Wow.

19 UNIDENTIFIED MALE: That's smoking.

20 MR. PAVONE: That's a lot of people. How long
21 does it take you to do that? All day. So, how do you
22 get a chance to sell services when you're talking on the
23 phone all day? You can't. You set up appointments.
24 That's a good concept. I like that. Let me ask you what
25 you like better, this unit here? Okay. Next slide.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Okay. This unit here is incredible. See, with
2 this unit here, it never takes a coffee break. It never
3 calls in sick. It never has -- (inaudible) -- a day. It
4 never asks for a raise. It never gets discouraged or for
5 less than \$8 a day. That's a rare machine. And it will
6 call 4,000 people a day for you.

7 UNIDENTIFIED MALE: Hello.

8 MR. PAVONE: Four thousand a day with a
9 prerecorded message. What do you want to say, Brian?
10 Remember that script you were saying to 300 people? It
11 will be the same script if you want. Okay. That unit
12 sells for \$7,000, \$6995.

13 UNIDENTIFIED MALE: Yep.

14 MR. PAVONE: Seven thousand dollars. You can
15 lease it or you can buy it. You can sell it, too.
16 You're an NCR sales rep.

17 UNIDENTIFIED MALE: Um-hum.

18 MR. PAVONE: Now, everyone that you lease or
19 sell --

20 UNIDENTIFIED MALE: You make \$800 bucks.

21 MR. PAVONE: -- okay, your commission on that
22 is \$800.

23 UNIDENTIFIED MALE: \$800. That's right.

24 MR. PAVONE: Eight weekly. I admit, not a bad
25 commission. See, you may not be able to get approved on

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 a lease. Why not? You got bad credit. It's another fee
2 finder. All right. Here is a way you offer it to
3 somebody that can't get a lease and he needs credit
4 repair. Fix the credit, come back in a couple of months
5 and sell the unit. So, every customer that you find
6 that's like this, every time you, personally, sell one of
7 these, you sell one, \$800.

8 If you sell one a week, if you're lazy, sure
9 you can. Get a little aggressive, sell a few a week.
10 That's about \$2400. But every time your organization
11 sells one -- Right. This is my organization. I'm get to
12 sleep in. I was sleeping in. Every time you sell one on
13 level one -- on level one, every time you sell one \$500,
14 \$500, \$500. You sell two a week, I'll make \$1000 off you
15 a week. Understand.

16 UNIDENTIFIED MALE: Um-hum.

17 MR. PAVONE: This is my next level, level two.
18 This level right here. The roll. Every time that level
19 sells one, I'll make \$200. Not bad money. When level
20 three sells one, I'll make \$100 -- four hundred a level,
21 five \$100. Do you understand the kind of money we're
22 talking about? NCR will be out there.

23 And what it does is it calls that person says
24 Brian, it's going to call your house. You pick it up.
25 If you have less than perfect credit and in need of

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 credit repair, please say yes now. Yes. And it leaves
2 me your number. I can call you back at the end of the
3 day. Push a button and get a redial and call you back.
4 The next slide, please.

5 Okay. This is NCR's incentive plan. We'll
6 build you a half a million dollar custom home when you
7 achieve the corporate executive position and meet the
8 following requirements. Now, why isn't Jamway and Mary
9 Jane -- Kay or whatever, those companies, why don't they
10 build you half a million dollar home? Why not? Because
11 in order for us to intrigue the saturated market of
12 network marketers that I've heard about in this thing,
13 network marketing, we have to do of something different.

14 UNIDENTIFIED MALE: Yeah.

15 MR. PAVONE: They can afford to give it. I
16 think -- I think Amway might be to afford maybe to build
17 you a half million dollar home when you achieve that
18 position when they're doing 7.4 billion dollars a year.
19 I don't know how many zeros that is but it's a lot.
20 Okay.

21 Our car allowance here is \$800 a month that's
22 available at all positions. And what is that? That's
23 approximately 364 credit -- financial customers and
24 you're down the line every month. Is that easy enough
25 for you?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 UNIDENTIFIED MALE: What a --

2 MR. PAVONE: I've seen personally.

3 UNIDENTIFIED MALE: Group.

4 MR. PAVONE: That's when you're dominant.

5 UNIDENTIFIED MALE: Right.

6 MR. PAVONE: Okay. Who's got a brand new car?
7 Who's got one? Who wants one? Who wants one? I do.
8 Okay. So, if you got a new car, you may say I don't need
9 that 800 bucks or will you hire someone to wash and wax
10 it for you and vacuum it out? You still get the \$800 a
11 month. Expense allowance is \$2,000 to \$4,000 a month.
12 That's available at the corporate executive position.

13 Vacation pay. \$3,000 paid trip for two any
14 where in the world. When you find 30 mortgage customers
15 in a year or 30 in six months or 30 in two months, every
16 time you find 30 mortgage customers that close, you get
17 \$3,000. Paid trip for two any where in the world you
18 want to go.

19 UNIDENTIFIED MALE: Hum.

20 MR. PAVONE: Okay. Go to Europe. You can go
21 to Italy and visit some of George's relatives. You can
22 go to -- (inaudible) -- and get a hotel -- Joe Joe's
23 Motel with the money. That's your money. Do whatever
24 you want with your vacation.

25 Retirement plan. We offer a comprehensive

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 financial retirement plan through Meryl Lynch. How many
2 people here do not have a retirement plan? I just
3 started one. Retirement plan for my kids I don't have
4 yet. Okay. My family. All right. Some day I may
5 retire. It's important because you get write offs and
6 you start earning some money, you need a retirement plan.

7 Now, you might say I don't know anything about
8 it. I really can't afford just to set one up. When you
9 achieve presidential salesman requisition, you contract
10 with Meryl Lynch, we pay to have your retirement plan set
11 up for you. What's that other network company that
12 started that?

13 UNIDENTIFIED MALE: Uh-um.

14 MR. PAVONE: What's the name of it? Anybody
15 remember? That's where we're at. Another first. Okay.
16 We got to do things different. Next slide, please.

17 Okay. There's -- there's your home. That's
18 Abood's home when he achieved presidential sales
19 requisition, you get that house for a month. All right.
20 You got to stay with Abood for a month.

21 UNIDENTIFIED MALE: Oh, man.

22 MR. PAVONE: A little punishment. Now, that's
23 your -- there's your half million dollar home. Next
24 slide, please. Car allowance. That's George Cole when
25 he was smaller. Next slide, please. Okay.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Another first. Now, we've heard of companies
2 like All State, Liberty Mutual, State Farm and AAA.
3 Independent agent. What's an independent agent? Just
4 like you. Reps of NCR Services are the same thing, just
5 a different word.

6 Now, how many people here have thought about
7 franchise? You can say the F word in here. Franchise.
8 Franchise. There you go. Have you ever dreamt about it?
9 Somebody throw out some ideas.

10 UNIDENTIFIED FEMALE: McDonald.

11 MR. PAVONE: Jack Donalds. Is that what you
12 called them? Jack Donalds. Okay. What else?
13 McDonalds. Great jobs. Subway. I like that. Subway.
14 Right. Or Bulkway -- way or any way. This way. That
15 way. Come on. Whatever you want. My mind is if you
16 like your franchise, you have to put money up or they
17 ain't going to look at you.

18 We are Jack Donalds. And if you want this
19 name, it's going to cost you \$200,000 for the name and
20 then you have to buy F F and E. These stands for
21 furniture, fixtures and equipment. That will cost you
22 another \$300,000. Do you happen to have a million
23 dollars?

24 UNIDENTIFIED MALE: Cost more than that.

25 MR. PAVONE: Okay. Not as an NCR rep. Okay.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 All right. We'll talk about that a little later that I
2 need from you. All right. My point is this. They sell
3 you on the dream. They say you can open up one of those
4 stores. Oh, All State -- you're interested in an All
5 State Agency? Okay. \$100,000 cash in the bank. Hold on
6 a second. Let me just go over here to my friend over
7 here and borrow the money and we'll start an All State
8 Agency.

9 NCR does something entirely different. We said
10 let's let the representatives earn it. It's something
11 that our forefathers talked about years ago but then they
12 got all messed up playing around in the White House and
13 lost focus and track of what really has to happen here.
14 People helping people.

15 So, we know we can sell this concept here in
16 NCR Service Center for \$20,000, \$30,000. I know that.
17 Who would pay \$20,000, \$30,000 for that? Don't put your
18 hands down. You have a check today? All right. Just
19 write a check for \$2,000 and we'll start you out. Okay.
20 See, we said we're going to let our representatives earn
21 the store. Has anybody heard of HFC?

22 UNIDENTIFIED MALE: Oh, yeah.

23 MR. PAVONE: Household Financial Centers.

24 UNIDENTIFIED MALE: Yep.

25 MR. PAVONE: Do I have to tell you who owns

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 those? Rocko what?. He owns Chase Manhattan, too, and
2 Kleenex and Chevron, Arco, Amoco. Anytime you see a red,
3 white and blue logo on a gas station, that is Rockefeller
4 family. Those people that own the Federal Reserve.
5 Right. But don't worry, we the people control the
6 country. Sure we do. We will when we're done with them.

7 Okay. So, we said this. HFC has 360
8 locations. What they do is they charge high interest and
9 they get you coming in and say we're going to get you the
10 mortgage, short term loan. You need \$3500? Oh, you can
11 pay it off in two months, 24 percent. No problem. She's
12 not going to pay it off in two years. We know that.
13 You've got the note for probably five years.

14 We said let's compete. I like the concept. I
15 like HFC. I like that. They've only got 360 locations.
16 They've been around for 100 years. A hundred years.
17 Okay. So, if they've got a good concept of a mortgage
18 store or whatever it is, let's say that's where we got
19 the idea from. I walked into one of their stores and got
20 all their information. I want to work for you. I want
21 to work and here's my credentials.

22 I got all their information, even the layout of
23 their store. And they caught me. I did. And I said we
24 will be calling NCR Services and National Credit Repair.
25 We'll let our representatives, next slide, earn their

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 store.
 2 How many people here will achieve corporate --
 3 I'm sorry, executive position in this company? What's
 4 executive? Can you give me eight representatives?
 5 UNIDENTIFIED MALE: Yep.
 6 MR. PAVONE: Eight representatives. Okay. And
 7 five customers, unlimited time? Yes or no.
 8 AUDIENCE: Yes.
 9 UNIDENTIFIED MALE: Yes.
 10 MR. PAVONE: All right. When you do that, earn
 11 executive in this company, you're authorized to open your
 12 own NCR Service Center. The truck doesn't come with it.
 13 Okay. And I'll tell you, it works. Okay. The toughest
 14 sales person that I know personally, I had an honor to
 15 meet and I adore her, is Mary Kay. Where are you at?
 16 Stand up, Mary Kay. That's Dr. Grave's mother. She's --
 17 (inaudible).
 18 AUDIENCE: (Applause.)
 19 MR. PAVONE: Okay. I love you, Mary Kay. She
 20 literally -- her store is right next to this busy party
 21 store. And she stands out there are lunch time and says
 22 come here, you need me. People go what. You have bad
 23 credit. I know you do. Come on in. Don't be
 24 embarrassed. We all have bad credit.
 25 AUDIENCE: (Laughter.)

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 UNIDENTIFIED MALE: Okay.
 2 MR. PAVONE: And I'm not kidding you, on their
 3 lunch break, these hard working employees are signing up
 4 for credit repair. She'll sell five or six on a Friday.
 5 Okay. She sold three business in one store. She's tough
 6 as nails. I've never seen anything like it. The -- the
 7 point is that we know you can find 20, 30 customers a
 8 week with a store, couldn't you?
 9 UNIDENTIFIED MALE: Oh, yeah. Oh, yeah.
 10 MR. PAVONE: Well, let's see if there was only
 11 20. Isn't that \$3,000 a week? Net profit. But you got
 12 to pay overhead. What is your rent on that? Well, rent
 13 is \$1,000 a month. Can you afford it if you take in
 14 \$12,000 that month to pay \$1,000?
 15 UNIDENTIFIED MALE: Yeah.
 16 MR. PAVONE: I got one better for you. You
 17 don't have to pay the \$1,000 either.
 18 UNIDENTIFIED MALE: Huh?
 19 MR. PAVONE: Because inside that store, those
 20 desks are rented out. There's four desks in there.
 21 Because the store owner, Mary Kay says these people that
 22 don't -- you're not an executive yet, are you? Rent a
 23 desk from me. \$300 a month. Get your own desk with a
 24 phone.
 25 And now you have a retail presence. It will

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 help you close them as opposed to saying hey, we're going
 2 down to Big Boy or Burger Jack and I'll sign you up
 3 there. And they'll go what, credit repair, I'm not going
 4 to go to Burger Jack and sign up for credit repair. But
 5 they're going to come to a store, won't they? They feel
 6 more comfortable, right? Everything they see is NCR.
 7 UNIDENTIFIED MALE: Exactly.
 8 MR. PAVONE: Okay. Can you afford the \$300 a
 9 month? He says no. What about your friend? Why don't
 10 you split it? See, you can split the desk, too. You can
 11 pay \$150, you can pay \$150. Co-op the desk.
 12 UNIDENTIFIED MALE: There you go.
 13 MR. PAVONE: You pay \$300. Okay. Two people
 14 can co-op a desk. Share it. No problem. Now, I am the
 15 one that can afford that. Now, who do you that -- that
 16 \$300 a month to? Not Abood.
 17 UNIDENTIFIED MALE: The rental company.
 18 MR. PAVONE: Not NCR. Not -- yes. To Mary
 19 Kay. Mary Kay pays the rent with that. She goes into
 20 the deal not up side down, right side up. It's never
 21 been done before. Another first. We give you the
 22 stores. You'll owe us the money later. We appreciate
 23 you. Okay. Next slide, please.
 24 Everyone who owns a store has a training
 25 facility in there. Working on a Saturday like this

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 morning, they're doing this seminar on a smaller scale.
 2 Now, the word spreads out, doesn't it?
 3 UNIDENTIFIED MALE: That's nice.
 4 MR. PAVONE: Okay. Next slide, please. Okay.
 5 On the back of our policies and procedures, I don't know
 6 if McDonalds or any of those other companies offer this.
 7 Did Subway offer you a money back guarantee like if you
 8 don't like our subs? No. Okay. We do.
 9 If you don't like this business, in 30 days, it
 10 says on the back of your contract, the back of your
 11 policies and procedures. It says the independent rep may
 12 return the literature and sales aid in a reusable and
 13 resalable condition anytime within 30 days of purchase
 14 and receive 100 percent refund.
 15 UNIDENTIFIED MALE: Hum.
 16 MR. PAVONE: A 100 percent refund. Your money
 17 back if you don't like the business. If you don't like
 18 it, you say I don't like it. Why don't you like it? All
 19 right. Well, because you pay me in checks.
 20 AUDIENCE: (Laughter).
 21 MR. PAVONE: And I have to go to the bank and
 22 cash it and then I got to set up an account and I got to
 23 write checks and I got to hire an accountant now to watch
 24 my money. I don't trust my accountant. I got to go out
 25 and hire another accountant to watch my accountant count

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 my money. It's too big for me. It's n. for me. Well,
2 this business is not for everybody, not everyone is for
3 this business.

4 UNIDENTIFIED MALE: Um-hum.

5 MR. PAVONE: We know that. Okay. Next slide,
6 please. Okay. How do you get started? Okay. First,
7 you got to answer a question. How many people here, I
8 know Dr. Graves does, has a Ph.D.? Raise your hands.
9 Okay.

10 Well, how many -- how many graduated from
11 college with their Masters Degree? Okay.
12 Congratulations. How many graduated with their Bachelors
13 Degree? How long did it take you? These are all part of
14 qualifications. These are important questions. Because
15 if you don't ask the right question, you can't join up.
16 How long did it take you?

17 UNIDENTIFIED FEMALE: Four years.

18 MR. PAVONE: Four years? Twenty years. You --
19 well, it took me about 11 years to get my Bachelors
20 Degree. I'm in the Masters Program right now.
21 (Inaudible) -- board -- the revisory board at Eastern
22 Michigan University which John Graves just signed up as
23 another university. I barely got through it.

24 My point is this. You don't need a college
25 education. This is not one of those companies where it

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 says -- (audible) -- you can't come working like that.
2 Wear your work books and ripped up jeans because you're
3 real people. Everyone needs this service.

4 How do you get started? You complete your
5 independent rep agreement. That's all you do. You sign
6 up. You take a step. Then you call your friends and
7 relatives and set up a sales network. Go to your
8 neighbor that ran into your mailbox.

9 UNIDENTIFIED MALE: Right. Right.

10 MR. PAVONE: Right. Give him a -- (inaudible)
11 -- because of that one night. Christmas. You should not
12 have been driving and you drove -- (inaudible). Go over
13 there apologized and make them an NCR rep.

14 UNIDENTIFIED MALE: Um-hum.

15 MR. PAVONE: Okay. You complete the NCR
16 training program. Step three is done. It's that basic.
17 We can make it real confusing for you and talk all this
18 real big stuff and big words that the president of this
19 company doesn't even understand. Now, he's got to go to
20 John Graves, what does that mean. We're simple people.
21 Okay. But there's only one way to be able to get to the
22 first step but you got to take that step. It says day
23 meet day.

24 Next slide, please. See, NCR services is
25 looking for leaders of global vision. We are the world's

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 premier financial and telecommunications, network
2 marketing company. We are literally building a rep and
3 customer base in every little part of the world.

4 How are we doing that? How is that possible?
5 Well, soon we are going to Europe, Africa, Australia, New
6 Zealand and the Pacific Red. And it's those people that
7 heard this presentation before remember me saying the
8 means of doing that is through telecommunications.
9 That's why we bought a long distance company and that's
10 why we're selling that NCR communicator.

11 You can sell it throughout the world. I just
12 found out that Equifax is going to Chili, to Venezuela,
13 and several South American countries. Can you imagine
14 that to start credit reporting?

15 UNIDENTIFIED MALE: Oh, man.

16 MR. PAVONE: You know what that means.
17 Amazing. You know, we will be there so quick they won't
18 know what hit them. That's how we're going to grow. So,
19 do you see an opportunity here today?

20 UNIDENTIFIED MALE: Yes.

21 AUDIENCE: Yes.

22 MR. PAVONE: If there's anyone that says no,
23 don't be shy. Raise your hands and say I don't like it
24 because we know this business is not for everybody.

25 UNIDENTIFIED MALE: That's fine.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 MR. PAVONE: And like I said earlier you got to
2 go through this business. See, we're seeking the old
3 leader -- leaders is easier for me to say, you know what
4 I'm saying? Leaders with global vision because --
5 because I joke about it. I had a representative raise
6 their hand after the presentation. A huge seminar we
7 did. And go ahead and bring my phone to a mic. Go
8 ahead, talk to me. I'm expecting a big exciting -- what
9 color is that? And I joke about this but this really
10 happened.

11 I said what color is what. That. And I said
12 come here, come up here. What are you talking about in
13 front of, you know, 500 people. Who is this? Green.
14 That's the color of my bedroom when I was a kid. I --
15 can I get the number on there? I thought that was a
16 joke. And I'm thinking to myself some people just don't
17 see it. Do you think you missed the point?

18 AUDIENCE: (Laughter.)

19 MR. PAVONE: Okay. We're not about decorating
20 then. We're not going to decorate houses. We're talking
21 about buying them and saving money on them. Maybe they
22 missed the point. Do you have global vision? Okay.

23 So, today, right now I'm at the point I'm going
24 to go over -- okay. Okay. 12:30. We're not that far
25 behind. Okay. I know you're hungry. So, what we're

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 going to do this time, we take a break. Okay. We take a
 2 break. Don't leave the room yet. I want you to get with
 3 the person, gather around with the person that brought
 4 you here, all the prospects who are thinking about
 5 getting involved. The training will start at -- George,
 6 what time do you want to start at, 12:30? Let's start at
 7 1:30. 1:30, George, promise. 1:45, promise. We'll give
 8 them time to sign up. Okay.

9 (The taping was concluded.)

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 C E R T I F I C A T I O N O F T Y P I S T

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MATTER NUMBER: 012-3199
 CASE TITLE: NATIONAL CREDIT REPAIR
 TAPING DATE: NOVEMBER 1998
 TRANSCRIPTION DATE: APRIL 7, 2003

I HEREBY CERTIFY that the transcript contained
 herein is a full and accurate transcript of the tapes
 transcribed by me on the above cause before the FEDERAL
 TRADE COMMISSION to the best of my knowledge and belief.

DATED: APRIL 7, 2003

Christine White

CHRISTINE M. WHITE

C E R T I F I C A T I O N O F P R O O F R E A D E R

I HEREBY CERTIFY that I proofread the transcript for
 accuracy in spelling, hyphenation, punctuation and
 format.

Elizabeth M. Farrell

ELIZABETH M. FARRELL

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

FEDERAL TRADE COMMISSION

FEDERAL TRADE COMMISSION

INDEX

MATTER NO. 0123199
TITLE NATIONAL CREDIT REPAIR
DATE RECORDED: FEBRUARY 12, 2000
TRANSCRIBED: OCTOBER 29, 2002
PAGES 1 THROUGH 23

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

VIDEOTAPE:
Business Opportunity Call
PAGE:
3

CD-ROM RECORDING
BUSINESS OPPORTUNITY CALL

FOR THE RECORD, INC.
603 POST OFFICE ROAD, SUITE 309
WALDORF, MARYLAND 20602
(301)870-8025

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

In the Matter of:
National Credit Repair Matter No. 0123199
February 12, 2000

The following transcript was produced from a
videotape provided to For The Record, Inc. on October 21,
2002.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PROCEEDINGS

BUSINESS OPPORTUNITY CALL

MARCO CARBALLO: Hey, Rodney, can you hear me
okay?
RODNEY SCHRAMM: I can hear you great.
MARCO CARBALLO: Okay. You ready to get this
thing started?
RODNEY SCHRAMM: Let's do it.
MARCO CARBALLO: Okay. We're going to block
everybody out. Hold on one second.
(Brief pause.)
MARCO CARBALLO: Rodney.
RODNEY SCHRAMM: Marco.
MARCO CARBALLO: How's it going, buddy?
RODNEY SCHRAMM: Awesome. I'm doing great.
Great callers on this evening.
MARCO CARBALLO: Oh, we loved it, we loved it.
RODNEY SCHRAMM: Dwayne McGill (phonetic) was
awesome, wasn't he?
MARCO CARBALLO: Yes, he was. Well, first of
all, I want to introduce myself to everybody on this
leadership conference call, this conference call with ICR
Services. Welcome to ICR Services Business Opportunity
Conference Call.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 We are really fortunate today to have a special
2 guest with us from -- right from the corporate office,
3 Supervisor of Rep Support, Rodney Stramm (phonetic).
4 Rodney, say hi.

5 RODNEY SCHRAMM: Schramm (phonetic), hi,
6 everybody.

7 MARCO CARBALLO: I like Stramm.

8 (Laughter.)

9 MARCO CARBALLO: Rodney, it's great to have you
10 on this call tonight.

11 RODNEY SCHRAMM: Oh, it's great to be here,
12 really.

13 MARCO CARBALLO: Excellent. In the next 30
14 minutes, what we're going to do is we're going to share
15 with you a business opportunity where the person that
16 told you to make this phone call -- either you're looking
17 for three things in this business. You're looking for
18 either more money, more immediate type of cash income,
19 more time or you're looking to help a lot of people, and
20 that's what you can achieve in this business.

21 In the next 30 minutes, we're going to share
22 with you the corporate overview outline of ICR Services.
23 First, I want to tell you a little bit about myself.
24 Then I'm going to turn the phone call over to Rodney and
25 he's going to introduce himself.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 First of all, my name is Marco Carballo
2 (phonetic), I'm a presidential rep with ICR Services, and
3 about one year and six months ago, I was introduced to
4 this opportunity. I worked in the fitness industry.
5 That's my background. I have tried a lot of different
6 types of opportunities, the get-rich-quick type
7 opportunities and I failed at all of them. And, Rodney,
8 I do appreciate you buying some of those products that I
9 had in my garage.

10 RODNEY SCHRAMM: (Inaudible) actually.

11 (Laughter.)

12 MARCO CARBALLO: I've still got a couple left,
13 though, you know.

14 RODNEY SCHRAMM: I've got a few left myself.

15 (Laughter.)

16 MARCO CARBALLO: We could do a swap.

17 RODNEY SCHRAMM: Right.

18 MARCO CARBALLO: But what happened is when my
19 sponsor shared this opportunity with me, he told me it
20 was doing credit repair. My first reaction was, it's
21 illegal, you're going to go to jail. But I told him, I
22 said, well, before you go to jail, at least repair my
23 credit. So, I became a customer and the first month I
24 had nine items deleted off my credit report. That's all
25 it took.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 I got in the business. Within three months, I
2 supplemented my income enough to quit my job, and now,
3 one year and six months later, I've been a full-time dad,
4 I work right from home, and this business has helped me
5 build a nationwide organization.

6 Rodney, I want to turn this call over to you to
7 tell a little bit about yourself.

8 RODNEY SCHRAMM: Basically, my name is Rodney
9 Schramm. I come from basically a restaurant background
10 in the sense of dealing with professionals in a
11 professional atmosphere.

12 Network marketing, I've had about two and a
13 half years of experience with. I've had some great
14 opportunities presented to me as well. I did decently
15 well in it. I was really excited about the network
16 marketing opportunity. I needed to learn a little bit
17 more before I believed I could actually excel and prosper
18 in this business.

19 Well, Bernie Pavonè came across my path and
20 I've known Bernie for about 12 years now, and we kind of
21 crossed paths, oh, about two or three years, and we kind
22 of catch up on old times, and Bernie came in to an
23 establishment I was working at and told me what was going
24 on. Well, I had a good knowledge of what was going on in
25 network marketing, and I saw Bernie's opportunity and I

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 was just flabbergasted. I'm like, oh, my God, does he
2 have a niche or what.

3 So, basically, I hooked up with Bernie, started
4 working in rep support, putting some great ideas to --
5 into action from my background in network marketing, and
6 just looking forward to doing some great things with
7 everyone out there.

8 MARCO CARBALLO: You know, Rodney, we love you.

9 (Laughter.)

10 MARCO CARBALLO: Let's get into the opportunity
11 now, okay? Let's talk about the evolution of ICR
12 Services. How did the company -- how did ICR Services go
13 to ICR Services? Well, first of all, ICR Services was
14 co-founded back in 1988 by Gloria Tactac, who's the
15 Chairperson and CEO, and Bernie Pavonè, who's the
16 President.

17 Way back in 1988, Bernie Pavonè wanted to open
18 up a nightclub in the City of Detroit, it was called the
19 Baja Beach Club. He invested \$400,000 of his hard-earned
20 money and what happened is the City of Detroit was
21 supposed to back him dollar for dollar. Well, they
22 backed out on the deal. They went with another investor
23 and Bernie lost all of his money. As you know, he faced
24 a lot of credit litigation, bankruptcy.

25 And one of the attorneys working on that deal

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 was attorney Wade McCree, who's now Judge McCree out of
2 the 36th District Court out of the City of Detroit.
3 Judge McCree does sit on the Board of Directors here at
4 ICR Services. And back then in 1988, he educated Bernie
5 on the Consumer Credit Bill of Rights as well as the Fair
6 Credit Reporting Act. What happened is Bernie started
7 working with a lot of success on his personal credit
8 reports and started helping his family members and
9 friends.

10 From that point, that's where NCR Services was
11 born, right out of his own basement. And what happened
12 is just three years ago, Bernie developed a computer
13 software system where he hired six of the top computer
14 programmers in the country and designed a flowchart. And
15 basically what this computer system does is it searches
16 for the data entry inaccuracies during the entry process
17 by the three main credit reporting agencies, Equifax,
18 TransUnion and Experian. And from that point, Abood
19 Samaan became partners with NCR Services in 1995 and
20 financed the company to go national.

21 Now, we're an international company. We went
22 from NCR Services to ICR Services, which is Canada. We
23 are now available in Canada. And what happened is they
24 debated, should we go on infomercials, direct sales.
25 Well, they went into network marketing.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

10

1 MARCO CARBALLO: And the thing is, they had a
2 fantastic idea. They said, let's compile information
3 from credit granting businesses, which is the businesses
4 you pay your bills to. Let's collect this information
5 and let's sell it to other credit granting businesses in
6 order for profit. In order for them to do what? So,
7 they can charge you, the consumer, higher interest rates.

8 That's just what they are. They're reporting
9 agencies. They collect information and sell it.

10 Now, in order to protect us, the consumer, from
11 unfair credit reporting, the government put the Fair
12 Credit Reporting Act in place to regulate those three
13 multi-billion dollar companies. They're privately held
14 companies.

15 The biggest loophole in our system, though, is
16 who polices the Fair Credit Reporting Act. You, the
17 consumer. It's up to you, your brother, your neighbors,
18 your aunts and uncles and friends, you have to police and
19 regulate your own credit report to make sure those three
20 credit reporting agencies are complying with all the
21 Federal and State laws put in place to protect you.

22 Now, when's the last time you read the Fair
23 Credit Reporting Act? Well, let's start with one of the
24 Federal laws states that if you find any type of
25 inaccurate, obsolete or outdated information on your

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 this is a three -- two and a half, three
2 year old network marketing company, but we've been in
3 business for 12 years. And if you haven't heard about
4 the Home Business Journal, get the September/October
5 issue, 1999. It listed the top 25 business opportunities
6 to get involved in for the new millennium. Well, number
7 one was what? Network marketing. Number six of the top
8 25 for the new millennium was credit repair. So, we've
9 got the best of the best. Number one and number six.
10 So, that's really exciting.

11 Now, let's talk a little bit -- you see, Credit
12 Repair and Consumer Advantage is just one of our
13 services. It's our niche right now. But we came aboard
14 with all these other products and services that you can
15 offer to your customer as well. Now, you might have
16 heard a lot of negative publicity about credit repair.
17 Rodney, I know you and I both thought credit repair was
18 illegal when we heard about it.

19 Well, let's talk about the credit reporting
20 agencies. The credit reporting agencies, Equifax,
21 TransUnion, Experian, that's just what they are, they're
22 companies. Rodney, you and I could have started
23 TransUnion 30 years ago. We'd be multi-billionaires
24 right now.

25 RODNEY SCHRAMM: That would be incredible.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

11

1 credit report and you bring it to the three credit
2 reporting agencies' attention, they must do one of two
3 things. They must correct that or they must delete it.

4 Now, the biggest misunderstanding in the
5 history of this country is the difference between
6 accuracy and inaccuracy. See, what happens is experts
7 say 90 percent of what's on consumers' credit reports are
8 inaccurate. That doesn't mean that you don't owe these
9 debts. What it does mean is they're not accurately being
10 reported.

11 Now, what do we mean by accuracy? Well,
12 Rodney, have you known somebody who's filed bankruptcy
13 before?

14 RODNEY SCHRAMM: Yes, I have.

15 MARCO CARBALLO: Okay. And can we tell them to
16 go write a letter to Equifax and TransUnion and tell them
17 to deny they filed that bankruptcy?

18 RODNEY SCHRAMM: No.

19 MARCO CARBALLO: No, we can't. It's theirs, it
20 belongs to them. So, how could our company help someone
21 who's got a charge-off, who's got bankruptcies,
22 repossessions that actually belongs to them? Well, it's
23 during the entry process. We're not disputing whether or
24 not they filed that bankruptcy. But the three credit
25 reporting agencies have over 300 laws they must comply

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 with, verification laws, before they enter one piece of
2 derogatory information. And that's what the disk search
3 is for, is all of those data entry inaccuracies.

4 See, let's just suppose Equifax, TransUnion and
5 Experian, from the date you filed that bankruptcy at the
6 courthouse, they must verify your name, your address,
7 your Social Security number, your date of birth. They
8 must verify the court records as well.

9 Well, what if they enter on the 61st day. They
10 inaccurately reported that information. It's a Federal
11 violation because they're not in compliance. Therefore,
12 it makes your bankruptcy on your credit report
13 inaccurate. But to you, it's accurate. And that's what
14 the disk search is for.

15 And some people out there -- I remember when I
16 deal with some of the major corporations they say, oh,
17 you guys found a loophole in the system. Well, you know
18 what, let me tell you about another loophole. Rodney,
19 you got a dollar bill on you?

20 RODNEY SCHRAMM: Right there.

21 MARCO CARBALLO: Is that all you have is a
22 dollar bill? What does it say on it?

23 RODNEY SCHRAMM: Federal Reserve.

24 MARCO CARBALLO: Federal Reserve note, right?
25 See, the people -- the U.S. consumers out there think we

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Well, what about the perfect business?
2 Wouldn't you say a perfect business is one where you
3 don't have any type of inventory, no shipments or
4 deliveries, no collections, no customer risk, no payroll,
5 no quotas, no merchandise to purchase, no confusing math
6 or paperwork, and most important, no experience
7 necessary.

8 I mean, Rodney, I know you and I went through
9 all those types of companies where we're trying to push
10 products and have them -- you know, try this, it will
11 make look ageless in a couple days.

12 RODNEY SCHRAMM: A tough sell, let me tell you.

13 MARCO CARBALLO: Right. And we don't have that
14 in this business. We have a service that nine out of ten
15 people need 18 years or older. The service sells itself.
16 I'm going to turn this phone call over to you, Rodney,
17 but I want to go over one quick thing about credibility
18 with our company.

19 Some people say, well, what type of credibility
20 does your company have. We had an independent rep with
21 ICR Services, Inc., Dr. John Graves, and this guy
22 pioneered the whole concept of taking education to
23 colleges. See, who gets a lot of credit cards? College
24 students. We all did. And what happens is we think it's
25 free money and we charge up all of our credit cards and

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 own this money, you know. The Federal Reserve is nothing
2 but tenure we use to pay for goods and services. Who
3 owns our cash? Our cash is owned by the Federal Reserve.
4 Who owns our Federal Reserve system? The Federal Reserve
5 is owned by 300 families, Rockefellers, DuPonts,
6 Rothschilds, Firestones. It goes on and on. Three
7 hundred rich people. And any time they want to make
8 money on your house, when you want to get a car, on a
9 loan, their leverage, their loophole is the credit
10 reporting system, which are privately held. So, it's
11 nothing but a business and we're here to play their game,
12 too.

13 ICR Services is the Fair Credit Reporting Act
14 police, and that's basically it in a nutshell just for
15 our credit repair service. That's what the disk does.

16 Well, let's talk about the company. It's based
17 out of Livonia, Michigan. It's a debt-free company with
18 national infrastructure, state-of-the-art hardware and
19 software, solid professional management team, and let's
20 talk about the perfect business. If you like what you
21 hear at all tonight and you say, wow, this sounds
22 interesting, get with the person who told you to make
23 this phone call and check out our corporate website,
24 www.icrserv -- without the E -- .com, icrserve.com. It's
25 got a wealth of information on there.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 we don't pay them back, and then we're burdened for seven
2 to ten years with bad credit.

3 Well, so, he implemented what we call our
4 accredited college course at Central Michigan, now at
5 Lewis College and Henry Ford Community College. This is
6 a \$1,330 accredited college course where students can
7 enroll and they get their credit repaired through our
8 company and they learn about debt management and how to
9 get the best available bank rate and be responsible with
10 their bills.

11 Well, what happened from that whole pioneering
12 there is the president of Ford Local 723 also took the
13 course and now Ford, General Motors and Chrysler offer
14 employees -- it's approved nationwide that their
15 employees can take this program as a benefit paid through
16 their (inaudible). But it's up to us as independent reps
17 to set up all the plans throughout the country. So, talk
18 about huge potential for you as an independent rep to
19 capitalize on this opportunity. So, it's just amazing
20 what he's done with this whole concept.

21 Now, I just want to touch on the Credit Repair
22 Consumer Advantage Program. Guess what your customer
23 gets for enrolling in our credit repair service? It's
24 \$399 for Consumer Advantage, so what they're receiving is
25 that entire college education course in a self-taught

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 course. That's a \$1,330 value that they receive for
2 as low as \$200 and no more than \$399. They're receiving
3 that entire course. They're getting an education. At
4 the same time, they're getting the credit repair. For
5 one full year, they receive our service. So, you cannot
6 beat that.

7 I want to turn Rodney over to go into the other
8 services and then we're going to close up this call.
9 Rodney, your turn.

10 RODNEY SCHRAMM: Thanks, Marco. Yeah, we've
11 got a Financial Freedom Service, which is a debt
12 negotiation and reduction service. We do a personal
13 financial analysis, we do financial education,
14 consolidation of monthly payments through negotiations
15 with your creditors, and there's a huge, huge interest
16 savings that goes along with that program.

17 We're also implementing now the ICR Legal Care
18 Program that should be available to us real soon. We had
19 some great news from the home office today, as a matter
20 of fact, and that should be coming up real soon.

21 And Financial Lending Service. We're going to
22 be working along with a company now that will offer 39
23 states with the mortgage service where you can hook up
24 people with mortgages and build an income that way, also.

25 We also have ICR Telecommunications, our

For The Record, Inc.
Waldorf, Maryland
(301) 870-8025

1 Unidial Program, incredible savings there. It involves
2 some state-to-state calls, also Internet service to go
3 along with that. There you go, Marco.

4 MARCO CARBALLO: Okay. And, actually, we do
5 have one product, too, that we market.

6 RODNEY SCHRAMM: Ahhh.

7 MARCO CARBALLO: You forgot about that?

8 RODNEY SCHRAMM: Oh, the Communicator. Marco
9 knows much about the Communicator. He has one himself.

10 MARCO CARBALLO: Yeah, that's one of my
11 favorites. Actually, it's the only product ICR does
12 market. It's the ICR Communicator. Basically, the way
13 this machine works is it calls up to 4,000 numbers a day
14 with a professional, prerecorded voice and it offers
15 whatever service you're trying to market, whether it be
16 credit repair, mortgages, debt reduction, business
17 opportunities. It costs less than \$8 a day. You get
18 unlimited free technical support via a toll-free number,
19 and free unlimited scripts for owning this machine. It's
20 a leasable product as well. So, that's just another way
21 for us to expand our business.

22 Now, the next think you're probably saying is,
23 how do I make money in this business, because that's what
24 I want to know. I don't want to wait two to five years
25 before I see any money. Well, there's immediate weekly

For The Record, Inc.
Waldorf, Maryland
(301) 870-8025

1 cash income you earn by rendering the services, whether
2 you're marketing the Consumer Advantage Credit Repair or
3 the Financial Freedom, Financial Lending, you are paid
4 weekly.

5 Let me give you an example. On the Credit
6 Repair Consumer Advantage alone, it sells for \$399 for
7 the service. You earn a \$150 commission off of that.
8 That's 40 percent.

9 So, do you think you can find maybe three
10 people with less than perfect credit a week? Absolutely.
11 And what's that to you? That's \$450 a week, over \$1,600
12 monthly income to you. That's supplemental income.
13 That's immediate cash right there.

14 Now, let's talk about the other two income
15 streams. There is recruiting bonuses and there's long-
16 term residual income. Now, what I mean by recruiting
17 bonuses, in this type of business, in network marketing,
18 by referring our services to other people, whether
19 they're in the credit industry or whether they're just
20 looking to earn some immediate cash income, by you
21 referring this program to them and they come aboard as an
22 independent rep, you get paid a one-time bonus for
23 recruiting them provided that they qualify within a 45-
24 day time frame. What I mean by qualifying is they have
25 to render one of our services within 45 days.

For The Record, Inc.
Waldorf, Maryland
(301) 870-8025

1 Now, the third income stream is this: What if
2 that person goes out there and markets services as well?
3 If they go out and they market credit repair and they
4 process a couple customers? Well, you get paid residuals
5 on their efforts as well. And that's the beauty of this
6 program is you're getting paid, you're duplicating
7 yourself. So, that's really powerful in this business.

8 So, let's talk about the premium incentive
9 plan. There's also a half a million dollar house, a
10 bonus program when you achieve the corporate executive
11 position. There's also a \$2,000 to \$4,000 expense
12 allowance at the corporate executive position. You can
13 earn an \$800 a month car allowance at any position.
14 There's a bond requirement there. And they also have a
15 retirement plan that they set up through Merrill Lynch
16 when you achieve the presidential position.

17 Now, you might be saying, well what's
18 corporate, what's presidential. Get with the person who
19 told you to make this phone call and they'll go into the
20 compensation plan with you. It's also available via our
21 website. Again, it's www.icrserv -- without the E --
22 .com.

23 Now, I want to also go into support. What type
24 of support am I going to get? And that's what we're all
25 asking. What am I going to get when I get involved in

For The Record, Inc.
Waldorf, Maryland
(301) 870-8025

1 this opportunity? How can I -- I don't . . . nothing
2 about business and that was myself. That's what I was
3 thinking.

4 Well, just to let you know, when I got involved
5 in this opportunity, they had folders when we signed up
6 in the business, and there was no website, there was no
7 conference calls, there was no virtual voice system.
8 See, you've got the system in place now. We've got these
9 nationwide conference calls held twice a week. We've got
10 leadership calls going once a week. We also have
11 business opportunity briefings going on nationwide,
12 regional and national events being held. And we also
13 have a virtual voice system, fax on demand as well, and
14 an e-mail training system. We also have a prerecorded
15 infomercial.

16 So, you have all these supplies put in place to
17 help you build your business. So, I mean -- you got to
18 forgive me. I get excited when I talk about this thing
19 and I just start rambling on. But the business -- the
20 opportunity is there if you like what you -- if you like
21 what you hear, get with the person who told you to make
22 this phone call, because I'm going to tell you something,
23 it's going to change your life. It really is. I just
24 love telling people about this opportunity. It's simple,
25 it's duplicatable. Follow the system that we've got put

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 change your life. Just take care everybody. We'll see
2 you on the beach of the world.

3 RODNEY SCHRAMM: See you at the top, everybody.

4 MARCO CARBALLO: Okay, bye-bye.

5 RODNEY SCHRAMM: Bye now.

6 (The business opportunity call was concluded.)
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 in place. . .n't recreate the wheel.

2 Rodney, anything before we close out here?

3 RODNEY SCHRAMM: No. It's always an honor,
4 Marco. Thank you very much for inviting me.

5 MARCO CARBALLO: Rodney, I'll tell you
6 something, it was great having you on this phone call. I
7 really appreciate your support. And that's really
8 important, at the corporate office, the support you get
9 from them. You know, Rodney is just -- you're awesome.

10 RODNEY SCHRAMM: Thanks, buddy.

11 MARCO CARBALLO: And we appreciate you for
12 everything you've done. And for those of you who don't
13 know, Rodney is implementing another benefit for us as
14 ICR reps, a self-replicating website. So, that's just
15 some powerful things for us where you're going to be able
16 to sign up reps and process customers via the Internet.

17 So, these are things that we've got coming
18 aboard for you as independent reps. I'll tell you, I
19 wish I could tell you some of the other things we've got
20 coming, but I can't.

21 (Laughter.)

22 MARCO CARBALLO: But this is an amazing,
23 amazing business. And I know you probably have a lot of
24 questions. So, check the website out and get with the
25 person who told you to make this phone call. It will

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

CERTIFICATION OF TYPIST

1
2
3 MATTER NUMBER: 0123129
4 CASE TITLE: NATIONAL CREDIT REPAIR
5 TAPING DATE: FEBRUARY 12, 2000
6 TRANSCRIPTION DATE: OCTOBER 29, 2002

7
8 I HEREBY CERTIFY that the transcript contained
9 herein is a full and accurate transcript of the tapes
10 transcribed by me on the above cause before the FEDERAL
11 TRADE COMMISSION to the best of my knowledge and belief.

12
13 DATED: OCTOBER 29, 2002

14 *Elizabeth M. Farrell*

15
16 ELIZABETH M. FARRELL

17
18 CERTIFICATION OF PROOFREADER

19
20 I HEREBY CERTIFY that I proofread the transcript for
21 accuracy in spelling, hyphenation, punctuation and
22 format.

23 *Kathy J. De MENT*

24
25 KATHY J. DE MENT

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

MATTER NO. 0123199

TITLE NATIONAL CREDIT REPAIR

DATE RECORDED: AUGUST 30, 2001
TRANSCRIBED: SEPTEMBER 10, 2001
REVISED: NOVEMBER 30, 2001

PAGES 1 THROUGH 90

NATIONAL CREDIT REPAIR SEMINAR
DALLAS, TEXAS

FOR THE RECORD, INC.
603 POST OFFICE ROAD, SUITE 309
WALDORF, MARYLAND 20602
(301)870-8025

I N D E X

1
2
3
4 SEMINAR: PAGE:
5 With National Credit Repair 3
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

FEDERAL TRADE COMMISSION

In the Matter of:
National Credit Repair Matter No. 0123199
August 30, 2001

The following transcript was produced from a
live tape provided to For The Record, Inc. on September
6, 2001.

APPEARANCES:

ON BEHALF OF THE FEDERAL TRADE COMMISSION:

CURTISTENE McCOWAN, INVESTIGATOR
Federal Trade Commission
Southwest Region
1999 Bryan Street, Suite 2150
Dallas, Texas 75201
(214)979-9382

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

PROCEEDINGS

CURTISTENE McCOWAN: I am Curtistene McCowan,
C-U-R-T-I-S-T-E-N-E, last name, M-C-C-O-W-A-N, Senior
Investigator in the Federal Trade Commission's Southwest
Regional Office. Today's date is August 30th, 2001. I
am preparing to attend a seminar sponsored by National
Credit Repair at 7:00 p.m. The location is 9330, that is
9-3-3-0, LBJ Freeway in Dallas, Texas in the Abrams
Center Bank Building, Abrams, A-B-R-A-M-S, Center Bank
Building.

(Brief pause while entering seminar.)

JOY SMITH: Linda.

LINDA NELSON: Hi.

JOY SMITH: Hi, I'm Joy Smith with National
Credit Repair.

LINDA NELSON: How are you?

JOY SMITH: I'm doing wonderful. Thank you so
much for coming because with this weather --

LINDA NELSON: Um-hum.

JOY SMITH: -- we've had a lot of
cancellations. So, we're going to move (inaudible) to
our office (inaudible).

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 LINDA NELSON: Oh, okay.
 2 JOY SMITH: Why don't you follow me? I believe
 3 you're the last one standing.
 4 LINDA NELSON: Oh, Lord.
 5 JOY SMITH: But, you know, you're one of the
 6 ones that were meant to get in.
 7 LINDA NELSON: Yes.
 8 JOY SMITH: Well, thank you so much for taking
 9 the time to come out.
 10 LINDA NELSON: Well, thank you.
 11 JOY SMITH: What do you do?
 12 LINDA NELSON: Well, I'm at home right now.
 13 JOY SMITH: Outstanding.
 14 LINDA NELSON: Yeah. So, I'm coming to see
 15 what I might be able to do to help me.
 16 JOY SMITH: Interested in a business
 17 opportunity?
 18 LINDA NELSON: Well, it's strictly a business
 19 opportunity?
 20 JOY SMITH: No, it's not. It's both.
 21 LINDA NELSON: Okay, okay.
 22 JOY SMITH: We have credit repair products, and
 23 then we'll talk about how you can make some extra money
 24 by --
 25 LINDA NELSON: To be honest, I just want to

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 hear -- Linda and see what I can find out.
 2 JOY SMITH: Sure, wonderful. We like it when
 3 it's just a couple of us, that way we'll really focus in
 4 answering any of your questions.
 5 LINDA NELSON: Oh, okay. What's your name?
 6 JOY SMITH: My name is Joy Smith.
 7 LINDA NELSON: Joy Smith, Joy Smith. Okay.
 8 So, we're (inaudible)?
 9 JOY SMITH: Yeah.
 10 LINDA NELSON: Hi, how are you?
 11 JOY SMITH: This is Linda Nelson.
 12 LINDA NELSON: How are you?
 13 JAMAL: Okay.
 14 LINDA NELSON: And your name is Jamal?
 15 JAMAL: Jamal.
 16 LINDA NELSON: Nice to meet you.
 17 JOY SMITH: Have a seat.
 18 LINDA NELSON: So, we don't have anybody else?
 19 Am I it?
 20 JOY SMITH: I said you are the last one
 21 standing.
 22 LINDA NELSON: Are you kidding?
 23 JOY SMITH: I'm not kidding at all.
 24 LINDA NELSON: Oh, my goodness.
 25 JOY SMITH: Well, today, mid-day -- have a

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 seat, please.
 2 LINDA NELSON: Okay, okay.
 3 JOY SMITH: Mid-day, the weather was much
 4 worse.
 5 LINDA NELSON: Um-hum.
 6 JOY SMITH: And I've had a lot of
 7 cancellations. Hey, I was wondering whether or not I was
 8 going to be able to make it back across town in time
 9 myself.
 10 LINDA NELSON: Oh.
 11 JOY SMITH: And then things started to clear
 12 up.
 13 LINDA NELSON: Okay.
 14 JOY SMITH: I have to ask you, your pendant is
 15 so captivating. What is that?
 16 LINDA NELSON: A Delta Sigma Theta pin.
 17 JOY SMITH: Oh, okay. That's beautiful.
 18 LINDA NELSON: Thank you.
 19 JOY SMITH: It's beautiful.
 20 JAMAL: What's your name again?
 21 LINDA NELSON: Linda Nelson.
 22 JAMAL: (Inaudible).
 23 LINDA NELSON: Um-hum.
 24 JAMAL: What part of town do you live in?
 25 LINDA NELSON: I live close to downtown, yeah,

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 yeah.
 2 JAMAL: How long you been there?
 3 LINDA NELSON: Pardon me?
 4 JAMAL: How long you been down there?
 5 LINDA NELSON: Oh, shoot, not too long. I
 6 guess about the last three, three and a half years.
 7 JAMAL: What do you like about it down there?
 8 LINDA NELSON: I thought it was going to be
 9 closer to my work until I had no work.
 10 JAMAL: Oh, really?
 11 JOY SMITH: Where were you working?
 12 LINDA NELSON: Well, I was working for a
 13 small company, a start-up company. You know how all of
 14 these --
 15 JOY SMITH: Don't say dot com.
 16 LINDA NELSON: Dot com, yeah.
 17 JOY SMITH: Oh, my.
 18 LINDA NELSON: Well, listen, I don't want to be
 19 out too late, so if I'm it. . .
 20 JOY SMITH: You're it, so we can get started,
 21 and like I said, again, this is where we have our most
 22 fun, when we can do it in a one-on-one setting.
 23 LINDA NELSON: Yeah, yeah.
 24 JOY SMITH: Jamal, do you want to get started
 25 with (inaudible)?

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 LINDA NELSON: So, I came -- I came to
2 find out about, you know, just whatever I can find it and
3 then see what -- how I might be able to use the
4 information.

5 JAMAL: Do you know someone with bad credit or
6 (inaudible) credit?

7 LINDA NELSON: Yes, I do. Me.

8 JAMAL: Oh, you?

9 LINDA NELSON: Um-hum.

10 JAMAL: Okay. Well, join the majority.

11 LINDA NELSON: Okay.

12 JAMAL: The majority of the people do have
13 messed up credit.

14 LINDA NELSON: Okay.

15 JAMAL: Now, what we found out is just
16 repairing the credit is not necessarily the solution to
17 the problem.

18 LINDA NELSON: Um-hum.

19 JAMAL: The problem comes from education.
20 Consumers have to be educated about credit, really
21 educated about finances. And that's something they're
22 not teaching in schools, you know, they really don't
23 teach you about finances in school.

24 LINDA NELSON: Um-hum.

25 JAMAL: They teach you how to basically learn

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 how to work for somebody, but they don't teach you about
2 once you get paid, how to budget.

3 LINDA NELSON: Um-hum.

4 JAMAL: They don't teach you budgeting in
5 school. You usually learn that from the hard knocks, you
6 know, messing up and so forth. So, we have a lot of
7 people -- well, the majority of the people, you know,
8 have less than perfect credit. So, it's a big market and
9 also a big problem, you know.

10 And what we do is we want to make sure that the
11 clients that we deal with are educated. So, once the
12 credit is repaired, they don't fall back into that same
13 situation again.

14 LINDA NELSON: Hmm.

15 JAMAL: You know. I can ask you -- I'm going
16 to ask you some questions just to -- you know, this is
17 what we do to kind of find out where to go, you know.

18 Is credit repair legal?

19 LINDA NELSON: That's what I came to find out
20 and you're asking me questions. I came to find out from
21 you all.

22 JAMAL: You're not sure?

23 LINDA NELSON: No, I'm not.

24 JAMAL: Okay. Credit repair is legal, okay?

25 According to the Fair Credit Reporting Act of 1970, it

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 was passed by the Government, Section 1681, you know,
2 lets you know that it's legal, credit repair is legal.
3 What you can't do -- see, the Fair Credit Reporting Act,
4 when someone reports your credit, they have to do it
5 fair. There's a right way and a wrong way to report your
6 credit. It has to be done according to the laws that was
7 passed in the Fair Credit Reporting Act.

8 So, the credit bureaus -- for instance, the
9 three major credit bureaus, TransUnion, Equifax and
10 Experian --

11 LINDA NELSON: Um-hum.

12 JAMAL: -- those are the three major ones,
13 that's their business. Their business -- they make money
14 off of selling your information. When they go through
15 those type of transactions and share your information,
16 show your information to creditors, they must do it
17 according to the Fair Credit Reporting Act. It has to be
18 done fairly, okay?

19 LINDA NELSON: Okay.

20 JAMAL: So, you may have things on your -- you
21 may have negative information on your credit report.
22 What can be challenged is not that you did it, you may
23 have, you may have, you know, paid some things late, you
24 know. A lot of people have repossessions, they may have
25 bought a car and didn't pay and it got repossessed and

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 it's on there. Yeah, you may have, you know, done these
2 things. Then you have some people that have things on
3 their credit report and they didn't do it. There's a lot
4 of credit theft going on, okay?

5 So, if it's -- the method is what's challenged.
6 Whatever's on your credit report, it can be challenged to
7 see if they did it, they put it on there according to the
8 Fair Credit Reporting Act. According to the Fair Credit
9 Reporting Act, they have to follow over 326 guidelines
10 before they add anything to your credit, okay?

11 For instance, I'll give you an example as far
12 as if they repo -- you know, someone repos your car --

13 JOY SMITH: According to the Fair Credit
14 Reporting Act, if your car is repossessed, before an item
15 -- a derogatory is placed on your credit that says
16 repossession, Ford Motor Credit, for example, according
17 to the Fair Credit Reporting Act, they're supposed to go
18 to two or three of your neighbors, knock on their door,
19 and get character witnesses from them to determine
20 whether or not you are, in fact, a delinquent person, so
21 to speak, or if you've fallen on bad times, maybe you've
22 lost your job or had some medical problems, and then they
23 have the option of not placing that information on your
24 credit report.

25 But they're first to send out an investigator

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 to your area, and then if they decide to put it on your
2 credit report, they are then supposed to send you a
3 certified letter verifying name, address, Social,
4 birthdate and whether or not an item being added to your
5 credit, either good or bad, is, in fact, your activity.

6 LINDA NELSON: Um-hum.

7 JAMAL: Another one is, before they add
8 anything to your credit, they're supposed to send you a
9 certified letter in the mail to let you know, we're about
10 to add this onto your report, because they have -- for
11 instance, there's a lot of John Smiths. They have to
12 verify, you know, that this is actually John Smith that
13 was part of this type of activity, filed for this type of
14 loan and so forth. They have to verify that.

15 Now, have you ever got anything in the mail?

16 LINDA NELSON: Yes.

17 JAMAL: You have? And they say, we're about to
18 put this on your credit. You have?

19 LINDA NELSON: Yes.

20 JAMAL: Okay.

21 JOY SMITH: You've received certified from the
22 credit reporting companies?

23 LINDA NELSON: Not credit reporting companies.

24 JAMAL: That's what we're talking about.

25 LINDA NELSON: Okay, okay.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 L: The credit bureaus.

2 LINDA NELSON: Okay. Oh, I'm sorry.

3 JOY SMITH: Not the collectors and not the --
4 so, for example, the collector might call you and say,
5 hey, if you don't pay this by this date, then we're going
6 to add this to your credit report.

7 LINDA NELSON: Oh, okay.

8 JOY SMITH: That's a separate issue altogether.

9 LINDA NELSON: Okay.

10 JOY SMITH: The credit reporting companies like
11 Equifax, they're supposed to send you a letter.

12 LINDA NELSON: Oh, no, not that (inaudible).

13 JAMAL: Right.

14 JOY SMITH: Most people don't.

15 LINDA NELSON: Uh-uh.

16 JAMAL: See, it costs -- it costs them a lot of
17 money to remove those items off of your report. They are
18 in business -- they make money, billions of dollars a
19 year, to report and sell your information. It costs a
20 lot of money to take it off, so they're not really, you
21 know, enthusiastic about this removal of things off your
22 credit report.

23 Now, another question, you know, I like to ask
24 people, because these are a lot of things people -- can
25 you repair your own credit?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 LINDA NELSON: I would hope so, but I don't
2 know whether or not I can. And again, that's what I was
3 hoping that I'd hear tonight.

4 JAMAL: Right. It is legal to repair your own
5 credit. Okay?

6 LINDA NELSON: Um-hum.

7 JAMAL: But it's just like when you -- you have
8 a car, do you work on your own car when there's a
9 problem?

10 LINDA NELSON: I wish. No.

11 JAMAL: Huh?

12 LINDA NELSON: Uh-uh.

13 JAMAL: It's possible, you know, for you to go
14 get the manual, and it may take time and a lot of trial
15 and error, you know, but it's possible, okay? Just like,
16 you know, when you want a house, do you build your own
17 house? It's possible, you know, if you gain the
18 knowledge. But it's also time-consuming and that's
19 not -- you know, we don't have a lot of time to be doing
20 these things.

21 LINDA NELSON: Um-hum.

22 JAMAL: That's why -- you know, same thing with
23 credit repair. It's possible to do yours, but the time
24 that it's going to take, you know, it's best to leave it
25 to the professionals just like you would a car or, you

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 know, you want to be with your house. You know, you
2 leave it to the professionals.

3 LINDA NELSON: Hmm.

4 JAMAL: The credit bureaus know the game, you
5 know, when individuals try to repair their own. They
6 know how to wear you out, you know, they know how to
7 delay, they know how to frustrate you until you just, you
8 know, throw your hands up. As a matter of fact, I'm
9 going to give you an example.

10 Okay, this is -- show her this. Do you need
11 this? This is an example of somebody who -- now, it's
12 one thing of having done whatever's on the report, but
13 what about those that didn't do it. Do you realize how
14 many people have items on their credit report and they
15 did not do it?

16 LINDA NELSON: No.

17 JAMAL: You got to realize -- you know, if
18 you've never looked at your credit report, you never know
19 what's on there, you never know why they're denying you.
20 It's very important to find out what's on your credit
21 report.

22 LINDA NELSON: Um-hum.

23 JAMAL: Now, this is an example of somebody
24 that looked at their credit report, you know, had A-1
25 credit, and found out the hard way about this system.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 JOY SMITH: And this article is from October
2 5th, 1999, CBS News.

3 UNIDENTIFIED FEMALE: I'm sorry (inaudible).

4 JOY SMITH: Thank you. Four years ago, someone
5 stole Carol Mixen's identity and ruined her credit.
6 She's a court reporter working in Shreveport, Louisiana.
7 The impostors were 500 miles away in Houston shopping on
8 credit cards in her name. That was four years ago. Her
9 credit is still in shambles. When she applied for a
10 mortgage, the answer was forget it.

11 This is the bank where I banked for 20 years,
12 Mixen says. They told me, oh, the numbers just don't add
13 up, she says, adding, she really thinks it was her credit
14 report.

15 Before the fraud, Carol and her husband, Billy,
16 had a perfect credit history. The Mixens did what fraud
17 victims are supposed to do. After two painstaking years
18 writing all the letters, their credit was cleared, or so
19 it seemed. Just last spring, as they prepared to build a
20 new home, yet another mortgage fell through. Of the
21 three leading agencies that track consumer credit, only
22 Transunion had given them a clean report. The other two,
23 Equifax and Experian, rerecorded the old fraudulent debt.

24 What Carol Mixen found was that even when you
25 prove to the credit bureaus that someone has stolen your

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 don't make money by saying good things about you. It's
2 the negative information system. They score the
3 negative.

4 What still makes the Mixens laugh is that every
5 week they get offers for more credit cards addressed to
6 the impostors. For the people who ran up the bad credit,
7 credit is available while the Mixens still have -- the
8 Mixens' credit is still no good. It makes you wonder how
9 someone could be, what's the word, besides stupid, says
10 Billy Mixen. And their nightmare continues. Despite the
11 fact that the Mixens are suing the credit bureaus, their
12 latest report from Experian still lists two fraudulent
13 charges and warns creditors that the Mixens are a credit
14 risk.

15 Experts say you can take these steps to protect
16 yourself from identity theft, and this -- and this --

17 LINDA NELSON: Hmm.

18 JOY SMITH: That's the biggest problem he's
19 talking about (inaudible).

20 JAMAL: See, now, you got to think about it.
21 That's a case where she didn't even do it and they still
22 wouldn't take it off there. Now, what if you did it? Do
23 you think they're going to be enthusiastic about taking
24 it off? That's the bad thing, okay?

25 And, you know, I mentioned taking it to a

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 identity and hang up bad debt, there's no real delete
2 button in the credit bureau computers. That bad
3 information is still stored in your name.

4 None of the credit bureaus would comment on
5 Mixen's case because the Mixens are suing Equifax and
6 Experian. But Transunion agreed to demonstrate how their
7 fraud investigations work. In most cases, manager Diane
8 Terry said, if the consumer can document fraud,
9 Transunion will block the bogus charges from reappearing
10 on a credit report. We do have a suppression function
11 and we do confirm fraud. When we confirm fraud, we do
12 suppress that information, she says.

13 Experian and Equifax told CBS News the same,
14 but Transunion says that in some cases, fraud charges can
15 still resurface. It can happen, although it's the
16 exception, Terry says.

17 They don't -- they just don't give a damn --

18 LINDA NELSON: (Laughter).

19 JOY SMITH: -- says Dave Swack, who is Carole
20 Mixen's lawyer. The credit bureaus could solve this
21 problem, but don't, because correcting the information
22 costs too much money, he said.

23 LINDA NELSON: Hmm.

24 JOY SMITH: When a credit bureau says, we're on
25 this, we're all over it, Swack said, that's a joke. They

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 professional. You also got to be careful -- you know,
2 there's a lot of scams out there.

3 LINDA NELSON: Um-hum.

4 JAMAL: I mean, just not too long ago, the
5 Federal Government went in and had to put at least 180
6 different companies on notice because they was using
7 deceptive practices, you know, to draw people in. What
8 they're doing is they're preying on people that have
9 financial difficulties --

10 LINDA NELSON: Um-hum.

11 JAMAL: -- you know, and are in kind of a
12 desperate situation. So, you got to watch out for that,
13 too.

14 Okay. Another mind exercise is, what are some
15 of the reasons why good people may have bad credit?

16 LINDA NELSON: Maybe health problems or --
17 that's one I can think of.

18 JAMAL: That's a very good one.

19 LINDA NELSON: Unexpected, you know.

20 JOY SMITH: Um-hum. Losing their job.

21 LINDA NELSON: Yeah. Well --

22 JAMAL: Lay-offs.

23 LINDA NELSON: Yeah.

24 JAMAL: See, these are -- you're naming some of
25 the things that people have no control over.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 JOY SMITH: Did you say in my , Linda?
 2 LINDA NELSON: Losing a job, um-hum.
 3 JOY SMITH: Um-hum.
 4 JAMAL: What else?
 5 JOY SMITH: We said identity theft.
 6 LINDA NELSON: Right.
 7 JAMAL: What about divorce?
 8 LINDA NELSON: Um-hum.
 9 JOY SMITH: Oh, absolutely.
 10 JAMAL: That causes it, you know.
 11 LINDA NELSON: Yes.
 12 JAMAL: What's another one? You know what
 13 another is? Lending money to people, helping other
 14 people. They may not pay you back in time and that holds
 15 your bills off, you know.
 16 LINDA NELSON: Um-hum.
 17 JAMAL: Those are things.
 18 LINDA NELSON: Um-hum.
 19 JOY SMITH: Bad investments.
 20 JAMAL: Bad investments.
 21 LINDA NELSON: Right.
 22 JAMAL: You know, this is -- so, you can see
 23 why 90 some odd percent of the people that have bad
 24 credit are less than 30. They're not -- you know, it's
 25 just like, just because you have a lot of money don't

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 mean that . . . don't have less than perfect credit.
 2 LINDA NELSON: Um-hum.
 3 JAMAL: You know, a lot of people, the more
 4 money you have, it's just the more bills you have, you
 5 know. And 87 percent of the millionaires in this country
 6 file for bankruptcy at least once.
 7 LINDA NELSON: Hmm.
 8 JAMAL: Eighty-seven percent of the
 9 millionaires. This is a huge --
 10 LINDA NELSON: Right, um-hum.
 11 JAMAL: -- you know what I'm saying, problem.
 12 JOY SMITH: Problem.
 13 JAMAL: Because on their way getting to where
 14 they needed to go, everybody stumbles and has problems.
 15 LINDA NELSON: Um-hum.
 16 JAMAL: You know. But, you know, you're not
 17 alone, okay? So, these are some of the things. But
 18 you're familiar with credit scores?
 19 LINDA NELSON: Somewhat. Not that familiar
 20 with it except that I know when you apply for credit,
 21 that's -- I guess that's how they determine who gets it.
 22 JOY SMITH: Um-hum.
 23 JAMAL: Can you read some of this?
 24 JOY SMITH: Um-hum.
 25 JAMAL: I just highlighted some of the -- you

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 know, so --
 2 LINDA NELSON: Hmm.
 3 JAMAL: You basically -- everybody's really a
 4 number now. Okay? When you go to -- when you do
 5 anything really, anything that's social, you know, which
 6 identifies you, or your credit score, or if you go in to
 7 get insurance, it's your insurance score.
 8 LINDA NELSON: Hmm.
 9 JAMAL: It's a number. It's not personal
 10 anymore. You see?
 11 LINDA NELSON: Um-hum.
 12 JAMAL: They pull it up on the computer, they
 13 see your score and you are judged and your character is
 14 judged according to this number, this score. But what
 15 about -- okay, what are the things that make up this
 16 score? What are the, you know, different reasons why
 17 they would come up -- or how they would come up with this
 18 number, okay?
 19 LINDA NELSON: Um-hum.
 20 JAMAL: People are being judged according to
 21 their score. But then, see, it's impersonal. They're
 22 not taking into account, I have bad health --
 23 LINDA NELSON: Um-hum.
 24 JAMAL: -- which caused my bills, you know, to
 25 fall behind. Hey, this number is really identifying,

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 okay, I got laid off, I had no control over that. It's
 2 not personal, it's a number, and that's not really good,
 3 okay?
 4 Go ahead.
 5 JOY SMITH: This comes from Money Magazine.
 6 JAMAL: I'm sorry, it's called a FICO score.
 7 LINDA NELSON: FICO score.
 8 JAMAL: Yeah. You heard of that?
 9 LINDA NELSON: Um-hum.
 10 JAMAL: Fair Isaac --
 11 JOY SMITH: There is no single cut-off point
 12 below which no lender will help you out. True, some
 13 lenders will only consider people with low credit risk,
 14 but others target the sub-prime market, and some handle a
 15 wide range of borrowers. In general, FICO scores come
 16 from -- FICO scores from 680 to 800 are considered good.
 17 JAMAL: Okay, let me just say one thing.
 18 LINDA NELSON: Um-hum.
 19 JAMAL: So, it says they're willing to help
 20 people that they don't consider a big risk, you know,
 21 first and foremost. Sub-prime is the ones with the bad
 22 credit, you know. Everybody -- they're (inaudible)
 23 something for those is what they're saying.
 24 LINDA NELSON: Um-hum.
 25 JOY SMITH: You've heard where people will say,

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 we specialize in sub-prime loans?
 2 LINDA NELSON: Um-hum.
 3 JOY SMITH: Have you ever heard that?
 4 LINDA NELSON: Um-hum.
 5 JOY SMITH: If your score falls between 620 and
 6 679, which is considered slightly below average, you may
 7 be subject to higher rates and lenders may request more
 8 collateral --
 9 JAMAL: What was the first one?
 10 JOY SMITH: The first one was 680 to 800,
 11 considered to be traditional -- considered to have good
 12 credit by traditional lenders.
 13 JAMAL: Okay. So, you know, you got to find
 14 out what your score is. You got to find out, when they
 15 running your credit and they looking up at you --
 16 LINDA NELSON: Um-hum.
 17 JAMAL: -- what is it that they see? Because
 18 they're not obligated to tell you and they're not
 19 obligated to give you, you know, your report.
 20 LINDA NELSON: Hmm.
 21 JOY SMITH: Have you ever tried to look at the
 22 screen when they're pulling up your information at the
 23 bank?
 24 LINDA NELSON: Um-hum.
 25 JOY SMITH: And they will not let you see it.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JAMAL: Right.
 2 JOY SMITH: Below 620 --
 3 JAMAL: Let me just say, on that, you get
 4 higher interest rates, and we're going to talk a little
 5 bit about interest rates.
 6 LINDA NELSON: Okay.
 7 JAMAL: Okay? Because people really don't
 8 understand the magnitude, you know, and the impact of
 9 higher interest rates, you know, that we paying.
 10 LINDA NELSON: Um-hum.
 11 JAMAL: So, they saying, we won't turn you
 12 away, you know, you got decent credit.
 13 LINDA NELSON: Um-hum.
 14 JAMAL: But you're going to get a higher
 15 interest rate, higher than the person that has 800, you
 16 know.
 17 LINDA NELSON: Um-hum.
 18 JAMAL: And you're going to probably have to
 19 put a downpayment down. Where's this guy, he can walk in
 20 and say, I want that, no downpayment, no -- you know, get
 21 him in and out.
 22 LINDA NELSON: Um-hum.
 23 JAMAL: In this range right here, you're going
 24 to be in there a little longer, you know. They'll have
 25 you in there a day -- you know, the majority of the day,

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JA NELSON: (Laughter).
 2 JOY SMITH: And that's because they don't have
 3 to let you see it according to the law.
 4 JAMAL: So, you know, this report is letting
 5 you know -- some of them vary, but it's giving you a
 6 range, an idea, and you've got to find out what your
 7 score is.
 8 LINDA NELSON: Okay.
 9 JAMAL: If it's between -- just giving you an
 10 example, 800 -- or 680 or 800, then you can walk into any
 11 place and say I want that, and they're going to say, go
 12 ahead.
 13 LINDA NELSON: Hmm.
 14 JAMAL: You know.
 15 JOY SMITH: And give you low interest rates,
 16 possibly no money down, and --
 17 LINDA NELSON: Um-hum.
 18 JOY SMITH: But that's the loan situation.
 19 LINDA NELSON: Um-hum.
 20 JAMAL: Okay.
 21 JOY SMITH: Now, for those people that have
 22 scores between 620 and 679, which is considered slightly
 23 below average, you may be subject to higher rates and
 24 lenders may request more collateral before they will
 25 approve a loan.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 you know what I'm saying?
 2 LINDA NELSON: Um-hum.
 3 JAMAL: Because that's the way it is. Okay, go
 4 ahead. This -- now, this one is the lower one.
 5 JOY SMITH: Below 620, this group is considered
 6 sub-prime. Lenders will want to make more -- will want
 7 more money down and charge higher interest rates. Most
 8 consumers' FICO scores fall between 300 and 850. The
 9 higher score, of course, the better risk you are for the
 10 bank. Sixty percent score above 700. Twenty-seven
 11 percent score between 600 and 699, and 12 percent score
 12 between 500 and 599.
 13 If you score a 590 and want to buy a car, you
 14 may still be able to get a car loan, but at a higher
 15 interest rate. If the average rate on a five-year car
 16 loan is 8 percent at the time you apply, you may get a
 17 loan for 13 percent.
 18 JAMAL: Is that it on --
 19 JOY SMITH: Um, hold on one second. That means
 20 you might pay up to \$5,000 more for your car. And when
 21 you're buying a house, the difference between a good
 22 score and a poor score can translate to well over
 23 \$100,000 over the life of a 30-year mortgage.
 24 JAMAL: Here's another one for your
 25 information.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JOY SMITH: Okay. This is also talking about
2 your credit score. In general, you are likely to be
3 considered a better credit risk if your FICO score is
4 higher. Under mortgage lending guidelines, for example,
5 a score of 650 or above indicates very good credit
6 history. People with these scores will usually find
7 obtaining credit quick and easy and will have a good
8 chance of getting to get it on favorable terms.

9 Scores between 620 and 650, average FICO
10 scores, fall in this range, indicate basically good
11 credit, but also suggest to the lenders that they should
12 look at the potential borrowers to assess any particular
13 credit risks before extending a large loan or a high
14 credit limit.

15 People with scores in this range have a good
16 chance at obtaining credit at a good rate, but may have
17 to provide additional documentation and explanation to
18 the lenders before a large loan is approved. This means
19 that their loan closing may take longer, making their
20 experience more like that of borrowers in those days
21 before credit reporting.

22 TONY: Hey.

23 JOY SMITH: Hello, come in and have a seat.
24 Tony, thank you for coming. We're going over some
25 information about FICO scores, which is the credit score

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 determine what you're going to get, you know, as far as
2 interest rates or even showing you how you would be
3 treated.

4 LINDA NELSON: Um-hum.

5 JAMAL: Okay? How you doing, Tony?

6 TONY: I'm doing all right, man.

7 JAMAL: Okay.

8 TONY: (Inaudible).

9 JOY SMITH: Joy Smith, I'm sorry.

10 JAMAL: And Jamal (inaudible). Okay. So,
11 another question, these are -- these jog our memory or
12 open up our mind, okay? What are some of the negative
13 effects of having bad credit?

14 JOY SMITH: What do you think, Tony?

15 TONY: Interest rates, I done found that out.

16 JAMAL: All right, interest rates, right.

17 JOY SMITH: Nowadays, you can't get a job in a
18 lot of places if you've got too bad of credit.

19 LINDA NELSON: Um-hum, um-hum.

20 JAMAL: Because they run your credit.

21 LINDA NELSON: Um-hum.

22 JAMAL: And we have, you know, documentation
23 they give you, certain reasons why these same people that
24 have bad credit are more likely to steal from the
25 company, you know, they're more likely to quit, you know,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 that you're given based on your credit standing.

2 TONY: Okay.

3 JOY SMITH: So, I'll just back up a little.

4 Scores between 620 and 650, average FICO scores fall in
5 this range, indicate basically good credit, but also
6 suggest to lenders that they should look at the potential
7 borrowers to assess any particular credit risks before
8 extending a large loan or high credit limit. People with
9 scores in this range have a good chance at obtaining
10 credit at a good rate, but they may have to provide
11 additional documentation and explanation to the lenders
12 before a large loan is approved.

13 This means that their loan closing may take
14 longer, making their experience more like that of
15 borrowers in the days before credit scoring, when every
16 individual was researched.

17 A score below 620 may prevent a borrower from
18 getting the best interest rates as they may be considered
19 a greater credit risk, but it does not mean that they
20 can't get credit. The process will probably be
21 lengthier, and as noted, the terms may be less appealing,
22 but often credit can still be obtained.

23 I believe that's it for this article.

24 JAMAL: Okay. So, basically showing you this
25 number, this FICO score, you know, is going to kind of

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 early. So, it's like, once again, they're judging your
2 character according to that report.

3 LINDA NELSON: Um-hum.

4 JAMAL: Okay. What are some other reasons or
5 negative effects of having bad credit?

6 LINDA NELSON: Not being able to purchase the
7 things that you really -- maybe some of the things you
8 need, not just the things you want.

9 JAMAL: Right.

10 JOY SMITH: Right. I've got an interesting
11 one. We had a client come in last Saturday trying to get
12 into law school.

13 LINDA NELSON: Hmm.

14 JOY SMITH: And they ran his credit and denied
15 him access to school. His application and everything was
16 fine, but his credit was bad.

17 LINDA NELSON: Um-hum.

18 JAMAL: What about health insurance?

19 JOY SMITH: High premiums.

20 JAMAL: You know, they run in (inaudible). So,
21 this is where we're going. This is why I like to ask
22 this question, so you can start to see the magnitude.
23 Health insurance companies -- credit companies deal with
24 your FICO score. Insurance companies have -- they deal
25 with the FICO, but theirs are even a little more

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 extensive.
 2 LINDA NELSON: Hmm.
 3 JAMAL: Okay? They have what they call an
 4 insurance score, and they're not obligated to tell you at
 5 all. As a matter of fact, they don't even really give
 6 that information to the consumers.
 7 LINDA NELSON: Okay.
 8 JAMAL: So, when you come in there, they
 9 running this information on you, they look at the score.
 10 Okay? Are they going to extend it to you, you know,
 11 right away or are they going to -- you're in the range
 12 where, okay, we'll give it to you, but you're going to
 13 pay a higher premium.
 14 LINDA NELSON: Um-hum.
 15 JAMAL: Or they're not going to give it to you
 16 at all, okay?
 17 What are some of the other things? Auto
 18 insurance, all insurance, home insurance, auto insurance,
 19 health insurance, life insurance, all these.
 20 JOY SMITH: (Inaudible).
 21 JAMAL: This is where they're going with it
 22 now. They're running -- you know what I'm saying,
 23 running credit because they feel that the Fair Isaac,
 24 that's the FICO score, the Fair Isaac is like they
 25 believe that this number really determines your

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 good indicator of the likelihood that a policy holder
 2 will file an auto insurance claim. There are some
 3 theories -- these are some of the theories.
 4 Someone having financial problems could be
 5 under more stress, which could lead to more accidents.
 6 Others theorize that someone who handles personal
 7 finances well is likely to be conscientious about
 8 their -- other aspects of life including their driving
 9 and their car maintenance. After all, you've got the
 10 credit, so what's the worry? Maybe plenty.
 11 I'm sorry, let me back up just a little. Now,
 12 maybe you're shrugging all this off, after all, you've
 13 got good credit, so what's the worry? Maybe plenty. The
 14 figure insurers use to evaluate you, your insurance
 15 score, is similar to the credit score, but it's not quite
 16 the same, and just because you have a good credit score,
 17 doesn't necessarily mean you've got a good insurance,
 18 says Craig Watts, spokesman for Fair Isaac, the company
 19 that developed the FICO score, which provides formulas to
 20 be used to crunch insurance scores to the three credit
 21 bureaus.
 22 Your insurance score gives a greater weighting
 23 factor -- gives a greater weighting to factor such as
 24 whether you've paid your bills on time and for how long
 25 you've done so, he says. Both credit reporting industry

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 character, .y?
 2 Let me see if I can find some information just
 3 to show you -- now, we can understand, you know, car
 4 dealerships and so forth, they running your credit. But
 5 we're not used to, you know, like insurance companies.
 6 Let me show you how they think. Let's see if I can
 7 (inaudible).
 8 JOY SMITH: If I can say this while you're
 9 looking for it, again, judging your character based on
 10 your FICO score. For example, they believe that you're
 11 more likely to have a car accident if you have bad credit
 12 because you're under more stress, and that you're more
 13 likely to file a claim if you've got bad credit.
 14 JAMAL: There's something in this (inaudible).
 15 JOY SMITH: This comes from Smart Money
 16 Magazine. The -- excuse me. The title is, Guess Who's
 17 Looking at Your Credit Report. But these days, having
 18 some black marks on your credit report may mean more than
 19 paying higher interest rates on your credit card. I'm
 20 jumping around so we can just get the gist of it.
 21 LINDA NELSON: Um-hum.
 22 JOY SMITH: These days, as many as 92 percent
 23 of the 100 largest personal automobile insurance use
 24 credit information to underwrite new business. Most
 25 insurance companies argue that a credit report can be a

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 and the insurance industry can do a better job at
 2 educating consumers about the relationship between credit
 3 history and the insurance rates, Watts concedes.
 4 JAMAL: Because it's a lot more that goes into
 5 it that, you know, they won't reveal. It's just like a
 6 lot of our people are, like, hey, I've got good credit,
 7 why do when I walk in there I still have problems with
 8 these people? It's because there's a lot of racial
 9 profiling that goes on, too.
 10 LINDA NELSON: Um-hum.
 11 JAMAL: You know? If you live in a certain
 12 area, you know, you're a certain race, and all that
 13 matters to them. These are certain things they're not
 14 going to reveal to you.
 15 LINDA NELSON: Um-hum.
 16 JAMAL: But it goes on. If you go in -- if you
 17 walk in there, there's a lot of people, a lot of brothers
 18 and sisters, they go in, you know, they good credit and
 19 they have businesses and they walk in there and try to
 20 get a loan and why is it they can't get a loan? Because
 21 there's a lot of racial profiling that goes off into
 22 that, too, you know.
 23 LINDA NELSON: Um-hum.
 24 JAMAL: Just to keep in mind.
 25 JOY SMITH: During her research -- a Mrs.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 Detweiller recently wrote a consumer pamphlet on
2 insurance scores for Marvest.org, an online debt
3 management service. During her research, she came across
4 a 1999 study of insurance agents and companies in
5 Virginia that stated 16 percent of new applicants were
6 denied coverage because of their poor credit, while 19
7 percent of policies were not renewed for the same reason.

8 What really troubles me is that if you have
9 unusual circumstances or go through some tough times,
10 that could cost you in many, many ways, Detweiller says,
11 and that's scary for the average consumer.

12 And what about those other ways spotty credit
13 could hurt you? True, it's somewhat easier to see a
14 correlation between poor credit and property insurance
15 claims, for example. For example, someone under
16 financial duress might be tempted to claim the loss of a
17 valuable possession. In a more extreme scenario, a poor
18 credit report might cost you a job. As many as 42
19 percent of employers do credit checks on employees before
20 hiring them, according to the 1998 survey by the Society
21 of Human Resource Management.

22 There's an assumption that people with poor
23 credit histories are more likely to steal, says Lynn
24 Nemsma, president of Partners For Performance, a small
25 human resource management consulting firm. Still

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 LINDA NELSON: Um-hum.

2 JAMAL: Right. So, we mentioned a few things.
3 Some people can't get cars, and it's -- you know, it's
4 very necessary to have a car to get around, especially if
5 you have a job.

6 LINDA NELSON: Um-hum.

7 JAMAL: You know, not having a car will hinder
8 -- you know, it won't just totally shut it down, but it
9 will hinder it, you know.

10 LINDA NELSON: Um-hum.

11 JAMAL: Some people can't get an apartment.
12 Don't you know that -- I'm going to give -- this a real
13 funny one.

14 JOY SMITH: (Laughter).

15 JAMAL: But there are some long distance
16 companies that will run your credit, and if you've got
17 bad credit, you can't get their long distance.

18 LINDA NELSON: Um-hum.

19 JAMAL: Now, this one's real funny. Somebody
20 came in here the day before yesterday and they said, you
21 know what, I'm not going to name which church or
22 whatever, you know, maybe you do, maybe you don't know,
23 to be one of the usher boys, unless you have good credit,
24 you can't be.

25 JOY SMITH: To be on the usher board, they run

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 considerin... the uses to which your credit report can
2 be put, it's all the more important that you follow the
3 standard issue financial planners advice and review the
4 credit report once a year. The fact is as many as 29
5 percent of all credit reports contain serious errors
6 according to the 1998 report by the Public Interest
7 Research Group.

8 And based on feedback from trial attorneys who
9 have sued the credit bureaus, the Public Interest
10 Research Group, a consumer advocate, thinks the
11 percentage is probably much higher. In fact, we know --

12 JAMAL: It's a lot higher.

13 JOY SMITH: Yeah. It's -- as a matter of fact,
14 we know it's four times higher than that, almost. Ninety
15 percent of all Americans have outdated, false or
16 erroneous information on their credit report, and that
17 was a statistic put out by Equifax themselves. And
18 that's all the more troubling in light of the increasing
19 impact a bad credit report can have.

20 It's outrageous that the credit bureaus are
21 claiming that their scores are accurate enough to take
22 people's lives and screw with them like this, and that's
23 an honest report. There's so many different ways that
24 credit will affect your ability to maneuver and function
25 in life.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 your credit, they do a credit check.

2 LINDA NELSON: The church?

3 JOY SMITH: Yes.

4 JAMAL: Yes. And this is a huge church.

5 LINDA NELSON: Hmm.

6 JAMAL: Look how everybody -- you know, this is
7 how having, you know, negative credit, bad credit is
8 really affecting, and it's only going to get worse
9 because the rest of the industries are picking this up,
10 you know, to -- you know, a lot of them are tired of
11 losing money or whatever, so they judge you according to
12 this score in your report.

13 LINDA NELSON: Um-hum.

14 JAMAL: But they're not taking in account, once
15 again, like you read that report, some of these things
16 are not yours. They're not taking into account some
17 people -- there's a lot of layoffs. I mean, look at, we
18 have how many layoffs a month? We're talking about
19 hundreds of thousands between the different companies.

20 JOY SMITH: I'll give you an example. Nortel
21 is scheduled for 50,000 layoffs by the end of the year,
22 50,000.

23 LINDA NELSON: Um-hum.

24 JOY SMITH: People come in to work -- I have a
25 colleague who works in an accounting program here in the

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 city, and they came to work on Monday at .0 and at
 2 10:00 they had shut down the office. They didn't tell
 3 anybody in advance. All of the management came in from
 4 the corporate office for this company -- as a matter of
 5 fact, this company is housed in this building -- and
 6 walked in and laid off 30 people. They said, we're
 7 really sorry, business is bad, we've got to let you go.
 8 What happens to their bills and how will that affect
 9 their credit?

10 LINDA NELSON: Hmm.

11 JAMAL: We had a young lady who was in here the
 12 day before yesterday, and -- like I said, we already
 13 understand about if you did do these certain things, and
 14 I'm going to explain about what accuracy is according to
 15 the Fair Credit Reporting Act. But she was in here the
 16 other day and we was helping her out and she had -- she
 17 found -- she pulled her report and found somebody had
 18 rented an apartment in her name. All this time, she
 19 never knew, and she -- the apartments was across the
 20 street from her.

21 LINDA NELSON: Hmm.

22 JOY SMITH: (Inaudible).

23 JAMAL: You know, she went over there and the
 24 landlord said, oh, I remember her, and there was some
 25 other girl and she was -- yeah, she was in here for about

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 a month and she had to evict her, you know. But she's
 2 walking around trying to get credit and getting denied,
 3 not knowing what's on her report, you know.

4 LINDA NELSON: Um-hum.

5 JAMAL: Because of something somebody else did.

6 LINDA NELSON: Hmm.

7 JAMAL: Okay. Now, let me see. Now, you
 8 mentioned, for instance, interest rates and, you know, if
 9 y'all don't mind, we can talk about that a little,
 10 because that's one of the main things, okay? When we say
 11 how does bad credit affect you, you know, it's not to
 12 say that you can't get a car because you can. There's
 13 some -- well, there's a car salesman that will sell
 14 anybody, you know what I'm saying, something. Okay?

15 You're not going to get the best rate, but
 16 you're going to pay -- you're going to get the car,
 17 you're just going to pay a very high interest rate, you
 18 know, and a big downpayment. It's not to say you can't
 19 get a house, you're just going to pay a real high, you
 20 know what I'm saying, interest rate and you're going to
 21 have put a big downpayment. So, you're going to pay
 22 more. You're going to pay more upfront and you're going
 23 to pay more down the line, okay?

24 Now, what we're going to do is, you know, a
 25 little more exercise to kind of understand the magnitude

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 of high interest rates, okay? Now, you go in and you
 2 borrow -- okay, this is a question.

3 Okay, you go in and you borrow \$100,000 to get
 4 a home, okay? You borrow a \$100,000 to get a home and
 5 they give you a good rate. The rates are a little lower
 6 right now, they're going to go back up, but 8 percent.
 7 They're giving you an 8 percent, you know, interest rate.
 8 Okay? How much do you think -- how much money in
 9 interest do you think you're going to pay back over a 30-
 10 year period? Because they usually like to set them as
 11 30-year mortgages.

12 If you borrow \$100,000, how much money interest
 13 do you think you will pay back in that 30-year period?

14 Okay, as a matter of fact, I'm going to make it multiple
 15 choice. A, \$150,000; B, \$175,556; or C, \$262,375.

16 I'll repeat it again. You borrow \$100,000.
 17 They give you an 8 percent interest rate. How much money
 18 in interest, because they gave you that 8 percent, how
 19 much do you think you're going to pay back in interest?
 20 A, \$150,000; B, \$175,556; or C, \$262,375.

21 LINDA NELSON: C.

22 TONY: A.

23 JAMAL: You think C?

24 LINDA NELSON: Um-hum.

25 JAMAL: \$262,375. And you said A?

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 TONY: Um-hum.

2 JAMAL: About \$150,000? Well, she's right.
 3 (Laughter).

4 JOY SMITH: (Laughter).

5 JAMAL: \$262,375. But guess what? That's
 6 considered good. Okay?

7 LINDA NELSON: Thirty years, right?

8 JOY SMITH: Right, that was a 30-year loan.

9 JAMAL: Now, let's just go up one percent
 10 higher, 9 percent, okay? At 8 percent, you're going to
 11 pay back in interest \$262,375. Go up just one point, 9
 12 percent. You borrow \$100,000 at 9 percent interest rate,
 13 you know, 30-year, you know, mortgage. How much do you
 14 think you're going to pay back? A, \$265,073; B,
 15 \$300,000; or C, \$287,481.

16 I'll repeat it again. A, \$265,073; B,
 17 \$300,000; C, \$287,481. One percent higher.

18 LINDA NELSON: Whatever the higher one was.

19 TONY: B.

20 JAMAL: B? \$300,000?

21 LINDA NELSON: Oh, no, I'm sorry. I think it's
 22 the 200 and -- was it 280 something?

23 TONY: Yeah.

24 LINDA NELSON: Yeah.

25 JAMAL: She's good.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JOY SMITH: (Laughter).
 2 LINDA NELSON: Yeah.
 3 JOY SMITH: You've got those numbers in your
 4 mind.
 5 LINDA NELSON: I was just trying to go 30
 6 times.
 7 JAMAL: Okay, she's right. You're going to pay
 8 \$287,481, which is from an 8 percent to a 9 percent,
 9 that's a \$25,406 difference.
 10 LINDA NELSON: Hmm.
 11 JAMAL: Now, that's just 1 percent. Let's go
 12 up one more. Ten percent. If you borrow \$100,000, a 30-
 13 year mortgage, at 10 percent -- remember, 8 percent was
 14 \$262,375. Now, 10 percent, do you think it will be A,
 15 \$295,652; B, \$296,475, or C, \$313,293. Want to hear it
 16 again?
 17 LINDA NELSON: The third choice.
 18 JAMAL: The third, \$313,293?
 19 LINDA NELSON: Um-hum.
 20 JAMAL: She's right again.
 21 JOY SMITH: (Laughter). (Inaudible).
 22 JAMAL: Nobody ever did this. (Laughter).
 23 She's right. And that's just one more, you know, point,
 24 okay?
 25 LINDA NELSON: Um-hum.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 AL: Which is a difference of \$50,918. See,
 2 we're starting to see the magnitude of higher and see --
 3 we're usually higher than that. Now, what about 12
 4 percent, okay? \$315,700; B, \$332,396; or C, \$366,620.
 5 LINDA NELSON: (Inaudible). It's getting
 6 higher and higher.
 7 TONY: (Inaudible).
 8 LINDA NELSON: No, I'm not.
 9 JAMAL: A, \$315,700; B, \$332,396, or C,
 10 \$366,620.
 11 JOY SMITH: B.
 12 LINDA NELSON: I'd say B.
 13 JAMAL: C.
 14 LINDA NELSON: Whatever the highest is.
 15 JOY SMITH: (Laughter). I thought it was a
 16 trick question.
 17 JAMAL: Yeah, \$366,620. Once again, there's a
 18 difference, you've got at 8 percent, \$262,375.
 19 LINDA NELSON: Um-hum.
 20 JAMAL: Ten percent's going to be -- no, 12
 21 percent's going to be a difference of \$104,245.
 22 LINDA NELSON: Hmm.
 23 JAMAL: Now, we're going to do one more.
 24 Fourteen percent. I'll just give you this one. Fourteen
 25 percent, you're going to pay \$421,626 at 14 percent.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 Now, that's usually where we at, up in the 14 up to what,
 2 21 percent interest.
 3 LINDA NELSON: Um-hum.
 4 JAMAL: So, from \$625 -- I'm sorry, \$262,375,
 5 somebody with good credit, you know, will get that rate.
 6 Somebody with bad will get beyond -- will be paying
 7 almost -- will be paying actually over a half a million
 8 dollars.
 9 See, a lot of times, you know, we thinking off
 10 of impulse, just give me the car, I don't care about the
 11 interest rate or whatever. They're like, okay, you know.
 12 Or you're like, I want my payments to be such and such a
 13 month. You know, they going to make their money. You
 14 say, oh, those payments are too high, so here, lower the
 15 monthly payment, raise up that interest rate, he's going
 16 to make his money somehow. Or how also can he come,
 17 okay, okay, okay, (inaudible) to the interest rate.
 18 Okay, let me lower the interest rate, you know --
 19 JOY SMITH: Increase the downpayment.
 20 JAMAL: Increase the downpayment. He going to
 21 make his money. He going -- because he got that option
 22 to play with you because your credit's bad, you know.
 23 So, I'm showing it's basically -- it's like
 24 captivating having bad credit. It's so -- it's too many
 25 things you can't do, you're limited. That's why it's

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 real important to get it taken care of. Okay?
 2 What -- I think we already talked about that,
 3 the percent, the actual percent of people who have bad
 4 credit. It's a very big misconception that because
 5 people have money, they don't have bad credit. We have
 6 dealt with millionaires that have bad credit, okay? So,
 7 do you think it's: A, 10 percent; B, 40 percent; or C,
 8 90 percent of the people? What do you think, Tony?
 9 TONY: I even got a question right here. We'll
 10 go with B.
 11 LINDA NELSON: (Laughter).
 12 JOY SMITH: (Laughter).
 13 JAMAL: (Laughter). B, 40 percent?
 14 TONY: Um-hum.
 15 JAMAL: It's actually C, 90 percent.
 16 LINDA NELSON: Wow.
 17 JOY SMITH: I always go with C, Tony. Always.
 18 (Laughter). I remember that from school, too.
 19 JAMAL: Okay. Here's a good one. You might
 20 not know it -- I mean, you might know it, you might not.
 21 But it's something that, you know, I didn't realize as I
 22 was coming up, you know. Every time you apply for any
 23 credit, it causes an inquiry on your report. Now, does
 24 that help your score or hurt your score?
 25 TONY: I think it hurts it.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JAMAL: What do you think?
 2 LINDA NELSON: I heard that, too.
 3 JAMAL: It hurts it?
 4 LINDA NELSON: Um-hum.
 5 JAMAL: Yeah, it does.
 6 JOY SMITH: Tony got one right.
 7 (Laughter).
 8 JOY SMITH: All right.
 9 JAMAL: It hurts it, it hurts your score.
 10 Every time you go out and you apply for any credit and
 11 you're turned down, it hurts your score, okay? A lot of
 12 people go out and they shop for cars, for instance. You
 13 know, they go to this car dealership, nothing sounds good
 14 to them, and they go -- and a lot of times in the same
 15 day. Every time you apply, it puts an inquiry on your
 16 report and it lowers your score. People don't realize
 17 that. And guess what? Car salesmen or any of the
 18 creditors ain't even going to tell you. They're not
 19 going to tell you. Just give it to me -- give me your
 20 information, I'm going to run it. I can't --
 21 TONY: My credit union, they'll tell me.
 22 JAMAL: Huh?
 23 TONY: My credit union told me.
 24 JAMAL: Huh?
 25 TONY: My credit union.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 Experian. Why? Because they all might have different
 2 things on your report.
 3 One place might pull your report and they're
 4 like, oh, okay, not bad. If you go to another place,
 5 they're like no way. Why? Because this company has one
 6 thing on your report and that one has another.
 7 JOY SMITH: And then when you get into merged
 8 reports, which is a combination of all three, then the
 9 information gets even more confusing. That's why it's
 10 important to order all three individually.
 11 LINDA NELSON: Um-hum.
 12 JAMAL: One question -- another question. Are
 13 the credit bureaus part of the government?
 14 LINDA NELSON: I don't think so.
 15 JAMAL: Hmm?
 16 LINDA NELSON: I don't think so.
 17 JAMAL: Okay. What do you think, Tony?
 18 TONY: I thought they were.
 19 JAMAL: (Laughter). He's convinced now they
 20 are.
 21 JOY SMITH: (Laughter).
 22 JAMAL: (Inaudible) no, they're not. People
 23 think that they are. Credit bureaus or credit companies
 24 are companies. They're in business to make money selling
 25 your information. And they make billions of dollars a

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 ... SMITH: Your credit union told you that?
 2 TONY: Yes, um-hum.
 3 JAMAL: So, as a matter of fact, Linda, they
 4 consider if you apply for four things in a 12-month
 5 period, that's suspicious.
 6 LINDA NELSON: Hmm.
 7 JAMAL: It actually lowers your score. Okay?
 8 Let's see, do you know the -- can you name the three
 9 major credit bureaus?
 10 TONY: Nope.
 11 LINDA NELSON: You mentioned them earlier.
 12 Experian is the one here, right?
 13 JOY SMITH: Um-hum. (Inaudible).
 14 LINDA NELSON: Yeah.
 15 JAMAL: Okay, Experian and you have TransUnion
 16 and then Equifax. Those are the three major ones.
 17 LINDA NELSON: Um-hum.
 18 JAMAL: So, when you get your report, most
 19 likely it will be coming from those three. Those are the
 20 three biggest, okay?
 21 If you apply for credit and you get denied --
 22 for instance, today, if you've been denied within the
 23 past 60 days, you can get a free credit report to find
 24 out what's on your report. But it's important to get all
 25 three from all three companies; TransUnion, Equifax and

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 year by doing it. That's what they do. They sell your
 2 information to creditors. That's why they came up with
 3 the Fair Credit Reporting Act because they was like,
 4 these guys are getting out of hand with this information,
 5 just selling, you know, and trading the information and
 6 all, gathering all this information about you and then
 7 just -- you know, and now you're being judged as a person
 8 today according to it.
 9 JOY SMITH: In fact, the Fair Credit Reporting
 10 Act was established in part because credit companies were
 11 giving out information on prominent politicians and
 12 senators, so they said, whoa, we need to do something to
 13 regulate this activity. But, in fact, common people like
 14 myself and you are still being affected by their ability
 15 to swap and switch our information around.
 16 JAMAL: So, unfortunately, this is the society
 17 we live in, is where it's come to. Now, it's not a shame
 18 of having bad credit, it's keeping it. That's the shame.
 19 Okay? If you want to -- you know, like I said, it's the
 20 education, that's what we're going over, being educated,
 21 you know. Because if somebody came one day and said,
 22 boom, okay, you got a clean credit report, but you don't
 23 have the education, you're going to go out there and do
 24 the same things again. You might go out that day and
 25 apply at this place, this place and, you know, put them

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 inquiries right back on there, you know. I'm saying,
2 on one day, and, you know, bad in the same situation, not
3 knowing.

4 But it's the education that's important, so we
5 can turn around and help, you know, our loved ones, help
6 our children and so forth, so they don't fall into the
7 same situation we did. Okay?

8 Now, what I did is kind of did a brief
9 overview. You know, there's more information that will
10 just empower you and you'll feel so good, because a lot
11 of people just don't like being taken advantage of, and
12 I'm pretty sure that's one reason y'all are here, you
13 know, tired of being pushed around and taken advantage
14 of. And, you know, if you have the knowledge, you know,
15 can't nobody really take advantage of you because you
16 know. You can only really be taken advantage of if you
17 don't know. See, they prey on the ignorant. What we
18 don't know is how they get us, you know.

19 What, you know, I did is kind of just did a
20 brief overview on the importance of having, you know, a
21 decent credit report, and also we didn't cover much of
22 it, but having our finances together. Now, that's
23 something that has to be taught to us because it has not
24 been taught to us, you know. A lot of -- like I said, a
25 lot of us, we learn through trial and error. But, you

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 know, nobody told us how important it would be in a --
2 you know, in later life. Okay?

3 So, Joy is kind of covering some information on
4 solutions, you know, to help. It's not -- it's not
5 hopeless and we are excited about being able to offer a
6 solution to this problem. Okay?

7 JOY SMITH: Thank you. I'm going to grab
8 something (inaudible).

9 JAMAL: That's if you're, you know, willing to
10 hear (inaudible).

11 JOY SMITH: This is the good part, I think, in
12 terms of -- Jamal gets to bring the bad side of the
13 problem, the effects of negative credit, and now it's
14 nice when we can lighten up and talk about the solutions.
15 What can we do once you've got less than perfect credit?
16 How can you move forward in terms of correcting that
17 situation?

18 Well, we're independent representatives for ICR
19 Services. ICR stands for International Credit Repair.
20 We have three premier products that will assist people or
21 creditors or -- I'm sorry, debtors or consumers in their
22 situations with less than perfect credit and we'll go
23 over all three.

24 First and foremost, as Jamal mentioned, we are
25 an education company. We want to empower people with the

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 information that they need to maintain their credit. We
2 can help them obtain a better credit rating, but once we
3 get it for them, we want to help them maintain it. Like
4 he said, you don't want to go out and put a bunch of
5 inquiries on your record again.

6 I would hate to see one of our customers come
7 back to us in six months and say, Joy and Jamal, thank
8 you so much for your help, my car just got repossessed,
9 my house got foreclosed on, could you put me through that
10 credit clean-up so I can go back and get me another
11 house? That's what we don't want. It's a vicious cycle.
12 It's time for that cycle to stop. So, we can empower
13 people with information.

14 The first thing is the Consumer Advantage
15 Series, and it is a four-part educational series that's
16 being taught at UNLV, the University of Michigan, and
17 they're starting to teach it at other colleges around the
18 country, in part because we all know about -- I'm sure
19 (inaudible) familiar with how easy it is to get a credit
20 card on a college campus.

21 LINDA NELSON: Um-hun.

22 JOY SMITH: They pass them out like candy. As
23 a matter of fact, if you will pull the article, I'll just
24 show it (inaudible), students are now committing suicide
25 over their credit card debt, and, in fact, college kids

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 are filing for bankruptcy in record numbers based on
2 that.

3 And I'll tell you what, part of the reason why
4 we're involved in this (inaudible), or for me personally,
5 is that I'm not only a representative for the company,
6 but I'm a prior student.

7 LINDA NELSON: Hmm.

8 JOY SMITH: When I was in college --
9 (inaudible). When I was in college, I discovered when
10 Discover gave me a \$700 credit card that I could spend
11 \$700 in one day.

12 LINDA NELSON: (Laughter).

13 JOY SMITH: And I discovered that without a
14 job, there was no way for me to pay Discover back. And
15 unfortunately, myself and many of my friends were in that
16 same situation. Now, I took it home to my mother and she
17 said, you got a bad situation going on. She said, I
18 don't have no extra money to pay your credit card bills,
19 whereas the credit card companies are hoping that the
20 parents will then pick up the ball and then pay for it
21 for these kids.

22 Well, increasing numbers of people are not able
23 to financially do that. As we know, many Americans
24 simply live paycheck to paycheck. Most of our people are
25 living paycheck to paycheck. So, when I came home with a

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 \$700 credit card bill, my parents said, . . . you're going
2 to really ruin your credit, but there was nothing else to
3 do beyond that. Then I went to college and got out and
4 moved on to other things, and that Discover card bill
5 lingered on until I found this product and this company.

6 So, the Consumer Advantage Series is a four-
7 part series that will talk to you about debt reduction,
8 about obtaining and maintaining good credit, about how to
9 reestablish your credit once you go through the credit
10 repair process, and our company comes with 110 percent
11 money back guarantee for this product.

12 Now, Consumer Advantage is coupled with
13 National Credit Repair, and that's what we're most widely
14 known for, although the education part is the power.
15 Now, the National Credit Repair is, in fact, the credit
16 repair program where we put a person through the program
17 for an entire year. The company will continue to review
18 and repair on your credit report for one full year. In
19 doing so, they like -- a lot of people refer to us as
20 enforcers. We are enforcers of the Fair Credit Reporting
21 Act. We make sure that Equifax, Experian and TransUnion
22 have accurately placed items on your credit report.

23 Now, Jamal was talking earlier about the
24 definition of accurate. Now, what that means is,
25 according to the Fair Credit Reporting Act, there are 326

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 guidelines at Equifax, Experian and TransUnion are
2 supposed to follow when they put something onto your
3 credit report. If they do not follow these guidelines --
4 whether or not the debt is yours is not the issue. But
5 if they don't follow these guidelines, in fact, that
6 information is not accurate according to the law. It was
7 not accurately or legally placed onto your credit report.

8 JAMAL: Right. Let me give you an example.
9 It's like say you get stopped by a police officer and you
10 were speeding, you know, you was doing 60, 65 in a 45,
11 and he stopped you and he gave you a ticket. Okay. But
12 on that ticket he misspelled your name, and you took him
13 to court and they threw it out. It's not the fact that
14 you were speeding, but he didn't accurately --

15 JOY SMITH: Report that you did it.

16 JAMAL: -- report it.

17 JOY SMITH: Absolutely.

18 JAMAL: They would throw it out. It has to be
19 done accurately. He didn't -- that's not you. They have
20 to be thorough about what they do. Same thing. That's
21 what we're saying with the credit bureaus. Some of the
22 things -- some of the things, you know, that's on there
23 may have been things that you did, but when they put it
24 on there, they didn't do it according to these 326
25 guidelines. Okay?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Why? Because they're in the business of
2 selling information. They make millions of entries a
3 day. They don't have time, first of all, to go through
4 all of that. Okay? And guess what? Here's what you got
5 to understand about the financial industry. When you
6 have bad credit, is that good or bad for them?

7 That's good for them. Why? Because when you
8 have bad credit, we can charge you higher interest rates
9 and we make more money on you. It's good for them. They
10 want you to have bad credit.

11 Why do you think they're on the college
12 campuses? They're trying to get them early.

13 LINDA NELSON: Hmm.

14 JAMAL: To mess up their credit because they
15 can charge higher interest rates and that's more money.
16 See the game?

17 TONY: Um-hum.

18 JAMAL: It's a game.

19 JOY SMITH: It seems hopeless, but it's not.
20 So, we were talking about following those 326 guidelines.
21 Now, ICR has the proprietary software, and when I say
22 proprietary, I mean it's only available to our company
23 and to our representatives. This software is insured for
24 more than \$250 million, and insured by the Lloyds of
25 London. The founder of this company, Bernie (inaudible),

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 developed this software, and what this software does is,
2 it will do the checks and balances and see which or
3 whether or not laws were violated when items were placed
4 on your credit report.

5 JAMAL: Can I say this? Do you mind watching a
6 short video? It's not that long.

7 LINDA NELSON: (Inaudible).

8 JOY SMITH: Well, let me just quickly talk
9 about financial freedom and then that will be a good
10 segue.

11 JAMAL: Okay.

12 JOY SMITH: So, that's how the credit repair
13 program works. Now, you may be asking how fast does it
14 work. We had a customer that had 15 lines of
15 derogatories on his credit report. In the first 3 months
16 in our program, 12 of those lines were removed, and
17 they're still working to remove those last 3. Some
18 people have results as fast as 45 days. Some people take
19 up to the full year. And when you think about it, let's
20 put that in perspective. Me, personally, it took me
21 about 12 years to ruin my credit. So, a year to get it
22 back in good standing is not a lot of time.

23 So, it can happen fast --

24 JAMAL: There's this one guy, he works for
25 AllState (inaudible), okay (inaudible). (Inaudible).

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 Even people with lenders have bad credit. Okay? Bankers
2 have bad credit. Car salesmen, you know. Everybody's
3 plagued by this.

4 Now, this guy goes -- he went through the
5 company, he had 39 negative items on his credit, and 38
6 of them was removed, and this was in a three-month
7 period. You think he wasn't happy? Um-hum.

8 Another guy, Eric Francois, after going through
9 the service, he went out -- you know, he had -- he had
10 some, you know, some nice things on his credit report and
11 things he had paid off, but it seems the negative was
12 played in his report. You know, the negative outweighs
13 the good on that, you know. So, the company goes through
14 and gets those negative items removed and the good stays
15 on there. He was able to buy two houses and two cars.
16 As a matter of fact, he's part of the company now.

17 JOY SMITH: And when you have your own personal
18 successes like Eric and the other gentleman, Edwin, hey,
19 you shout it from the mountain tops. It's like finding
20 the cure for cancer. How can you not talk to people
21 about this business? And that's --

22 JAMAL: If we called Eric up right now, he
23 wouldn't -- he wouldn't get off the phone.

24 JOY SMITH: Let me talk to them, put them on
25 the phone. Yeah, he does. Because it so very profoundly

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 affects people's lives, just like that.

2 Now, the last service, quickly, it will go over
3 it a little on a video, but I'll just give you a preface.
4 Pardon me. Financial Freedom Services. Now, there are
5 some changes coming in the bankruptcy laws. But we also
6 know that Americans right now are filing bankruptcy in
7 record numbers, even down to our college students. Our
8 Financial Freedom Services is a debt negotiation and
9 reduction service, and it actually assists people with
10 financial counseling and helps to reduce their debt down
11 to pennies on the dollar.

12 I'm sure you've all heard of CCCS, Consumer
13 Credit Counseling Services. Now, once you get that --
14 get into that program, that debt consolidation program,
15 you get a big red flag put into your credit report
16 because it's actually entered into your credit report
17 that you're going through the CCCS Program and you are a
18 huge credit risk. When a lender sees that you're going
19 through program, they don't want to touch you with a 10-
20 foot pool, because they know that you've got a bad
21 history, you've got some situations, and now you're
22 paying this \$900 or \$1,200 a month to consolidate your
23 debt, and they will not give you a loan.

24 Even just --

25 JAMAL: That's just as bad as not even going to

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 them in the first place. A lot of people are very angry
2 at that, you know. They think they're doing a good thing
3 and --

4 JOY SMITH: Paying their bills off.

5 JAMAL: Yeah, paying their bills off,
6 consolidating their bills and so forth, and then they go
7 on and try and apply and they're like, we're not dealing
8 with you, you know. You are judged according to your
9 report. We can see that -- we see the type of person you
10 are. You're trying to get right now, but we see how you
11 are.

12 LINDA NELSON: Um-hum.

13 JOY SMITH: Well, in fact, that particular
14 company is funded on the back end by the credit card
15 companies. They do not work for the consumer. They work
16 for the creditor. Now, Financial Freedom Services is a
17 consumer driven service. It works on behalf of the
18 debtor in assisting you in a debt situation. It does not
19 place any red flags or items on your credit report to
20 say, hello, hello, they're doing debt consolidation and
21 they're a big risk. It doesn't do anything like this.

22 JAMAL: Right. The debt just disappears.

23 JOY SMITH: Right. In 18 to 36 months, you
24 become completely debt-free, zero. You owe no one any
25 money, and this is, you know, changing people's lives,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 allowing them to keep their homes and their cars and not
2 file bankruptcy, but still be able to pay off their debt.
3 And a lot of people need this service before they need
4 credit repair. They need to get their bills paid.

5 I like the analogy that Jamal uses. Once we
6 take this to credit repair, say you have, for example, a
7 repossession from Ford Motor Credit. Now, you can go to
8 Toyota and get a car, but what if you really like the
9 Expedition? You can never go back to Ford because you've
10 got to pay that debt. If you owe the debt, it's your
11 responsibility as an upstanding, moral citizen to pay
12 your debt because it is, in fact, yours.

13 JAMAL: Right. It's up to you to --

14 JOY SMITH: Right. That debt is yours.

15 JAMAL: It's like you got a clean report now,
16 you know, I don't know if you have paid anything good off
17 or not, some people haven't ever paid anything good, so
18 their report would just list the negative items
19 (inaudible) have to go into detail, you know. Some have
20 paid some things off, so the negative comes off and the
21 good, you know, will be on there.

22 JOY SMITH: Well, can I say this?

23 JAMAL: Uh-huh.

24 JOY SMITH: One of the things I mentioned -- I
25 mean, I missed, was that if you do have open accounts

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 that you're paying on and say, for exam~~p~~ from a layoff
2 or another unfortunate situation, you might be 30 or 60
3 or 90 days behind, and that's indicated on your credit
4 report. Once you go through the credit repair program,
5 those items are updated to say current, never late. And
6 that is huge in terms of assisting people in being able
7 to maneuver in life.

8 You know, they say that, again, you're not able
9 to work productively if you've got that less than perfect
10 credit, or you're going to have a car accident. The
11 people are judging you improperly or judging your
12 character improperly, and we can assist to level the
13 playing field. Give people a fair chance to get a second
14 chance, to get a second start on life.

15 Now, this is an interesting segue, Linda, as we
16 were talking earlier, this is also a business
17 opportunity. You can supplement your income on a part or
18 full-time basis by sharing information, empowering other
19 people, and helping them to get a second chance. So,
20 this is a brief video. It's about 12 minutes long. It
21 will talk about the company and about the income
22 potential that's there.

23 JAMAL: Right. Would you rather run it on here
24 or --

25 JOY SMITH: You know what, I think that since

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 we have such a small group, we're going to run it on the
2 computer screen.

3 JAMAL: (Inaudible).

4 JOY SMITH: You got it.

5 JAMAL: About this guy, 30 days, he was in --
6 no, it was 45 days (inaudible), he's still in the process
7 of (inaudible). It's exciting (inaudible).

8 JOY SMITH: Tony, if you want to slide over to
9 that side.

10 JAMAL: Pull it up. Pull that up. Oh, this is
11 (inaudible).

12 JOY SMITH: No, no, no, wait one second before
13 you do it, because (inaudible).

14 JAMAL: What do you do, Linda?

15 LINDA NELSON: I was with a dot com company.
16 It really was -- we tried to have a little business
17 ourselves, but --

18 JAMAL: Like a home-based or something?

19 LINDA NELSON: Um-hum.

20 JAMAL: Okay. What do you do, Tony?

21 TONY: I work for a (inaudible).

22 JOY SMITH: Oh, okay.

23 TONY: (Inaudible).

24 JOY SMITH: Oooh.

25 JAMAL: (Inaudible).

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 TONY: Yeah, you'll be (inaudible) if you don't
2 do the right thing.

3 JAMAL: It's certain areas, I know we have
4 tried before --

5 JOY SMITH: They were not --

6 TONY: (Inaudible).

7 JOY SMITH: This area is not (inaudible).
8 You'll have to double check that for me.

9 TONY: It's probably not (inaudible) based
10 around here somewhere.

11 JOY SMITH: I think not, I think not.

12 TONY: (Inaudible).

13 JOY SMITH: Yep. (Inaudible).

14 (Brief pause while video is prepared for
15 viewing.)

16 JAMAL: Here's a real instance -- really some
17 good information is really, really empowering. It's easy
18 to read. That's the best thing I like about it. You
19 know, when I first got it, I was like, oh (inaudible)
20 more information (inaudible), it's too thick. But when
21 you start going through it, it's really simple.

22 JOY SMITH: Ignore that technical difficulty.
23 (Inaudible). There we go.

24 LINDA NELSON: Will we get to take one of those
25 to look at?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 JOY SMITH: Oh, you can definitely have this.

2 LINDA NELSON: The book? The flier or
3 whatever?

4 JOY SMITH: You can have the flier without
5 question. It will give you a synopsis on our business
6 and what our purpose is. The booklet, the Consumer
7 Advantage Package, is for sale and we'll go over all the
8 prices after the video.

9 Now, it's digital because it's made for
10 Internet transmission.

11 (Video played.)

12 (Music playing.)

13 (First portion inaudible.)

14 MALE ANNOUNCER: People are in trouble all over
15 the world. Many are in debt, living paycheck to
16 paycheck. All of them (inaudible) high interest rates in
17 the form of credit cards, mortgages and car loans. They
18 can't save. They're under stress and aren't able to
19 fulfill their duties.

20 All of this translates into a very big
21 opportunity, an opportunity to help you (inaudible) your
22 financial and personal life, and while helping others.
23 There's an incredible opportunity that's knocking for you
24 to fulfill your dreams.

25 UNIDENTIFIED MALE: With the powerful

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 opportunity (inaudible) you have the opportunity to work
2 from home, get a full-time (inaudible) and (inaudible).
3 (Inaudible).

4 UNIDENTIFIED FEMALE: I can benefit from the
5 efforts of others (inaudible) for me, and also utilizing
6 this service is something that everyone (inaudible).
7 Helping other people empower other people has been an
8 awesome (inaudible).

9 UNIDENTIFIED FEMALE: (Inaudible). It changes
10 their life. It gives them a second chance at life.

11 UNIDENTIFIED MALE: (Inaudible).

12 UNIDENTIFIED FEMALE: (Inaudible).

13 MALE ANNOUNCER: Now there's a company that
14 can protect your credit report from inaccurate, erroneous
15 or obsolete entries. ICR Services can help you, your
16 family, your friends and everyone alleviate the stress
17 that is affecting their lives. And with this
18 extraordinary business, ICR Services can help you build a
19 sales organization while helping customers build their
20 credit and assist them with a wide variety of their
21 financial and telecommunications needs.

22 How is it possible to accomplish this? It all
23 started with Bernie (inaudible), an entrepreneur who had
24 a problem, and like all true entrepreneurs he created a
25 solution.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 BERNIE: Back in 1988, I was 24 years old and
2 (inaudible). (Inaudible) and he's also a member of
3 (inaudible). And what happened was I lost everything I
4 had and (inaudible) had educated me (inaudible).
5 (Inaudible) research (inaudible) was that the credit
6 reporting agencies were making a lot of mistakes. So, I
7 created two different programs and (inaudible) entries
8 and forcing the credit reporting agencies to (inaudible)
9 remove that. (Inaudible) searching for erroneous
10 information (inaudible) a program (inaudible).
11 (Inaudible).

12 MALE ANNOUNCER: Now it was time to help
13 others. In 1988, Bernie, along with his mother, Gloria
14 (inaudible) founded National Credit Repair.

15 GLORIA: I was helping a few friends with their
16 credit, and before I knew it, there were strangers coming
17 to the house saying, can you help me fix my credit?
18 That's when I realized, hey, this is a business. So, we
19 opened a small office and my son had already developed
20 this incredible (inaudible). With that, we realized we
21 had this tool to help millions of people, and now all we
22 needed was (inaudible).

23 MALE ANNOUNCER: In 1995, Gloria and Bernie met
24 (inaudible) and together as co-founders, they chose
25 cooperative marketing, a \$100 billion global industry

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 with unlimited distribution possibility, as the vehicle
2 for their credit repair business. The genesis of the ICR
3 Services phenomenon, a \$1 trillion financial industry, a
4 \$250 billion global telecommunications industry, a \$100
5 billion cooperative marketing industry, a leadership team
6 dedicated to helping others reach their financial dream,
7 a recipe for success.

8 UNIDENTIFIED MALE: We're the only cooperative
9 marketing company that does not sell (inaudible) and
10 provides services for the consumer. (Inaudible) and
11 financial services (inaudible).

12 UNIDENTIFIED MALE: ICR Services is a great
13 opportunity for you. All you have to do is what they
14 give you to do. Bernie and (inaudible) told me, do this,
15 this and this. I did it and I did executive level in
16 three years.

17 UNIDENTIFIED MALE: I met Bernie (inaudible)
18 working for the Better Business Bureau. I've seen more
19 integrity in that man than I've seen in anything else.
20 (Inaudible) today is fantastic, but I know down the road,
21 it's just unbelievable.

22 MALE ANNOUNCER: Now you can be part of the
23 team that is building the most successful company in the
24 industry, (inaudible) for cooperative marketing. Help
25 your friends and family while building an incredible

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 business for yourself as an independent representative of
2 ICR Services. It's the perfect business for you. There
3 is no overhead, no expensive inventory, no shipments or
4 deliveries, no collections, no customer risk, no payroll,
5 no merchandise to (inaudible), no confusing math or
6 paperwork, and best of all, no experience necessary.

7 ICR provides an amazing success training
8 system, as well as local, regional and national and
9 international training events and conventions that will
10 help you launch your business in today's fastest growing
11 industry. Cooperative marketing, the exclusive choice of
12 ICR Services is nothing short of phenomenal. With
13 revenues increasing a staggering 73,000 percent in just
14 the past five years. ICR's growth relies on the success
15 of its independent representatives and stands ready with
16 training and support unparalleled in the industry.

17 ICR offers a retail agency and corporate
18 training center programs to empower the representatives
19 with an outstanding opportunity (inaudible) from a retail
20 or corporate environment.

21 UNIDENTIFIED MALE: (Inaudible) involved in ICR
22 (inaudible). It's easy to get started and very low risk
23 involved. The marketing program that we've designed
24 allows our independent representatives to build their
25 business and earn immediate cash as well as long term

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 residual income.
 2 MALE ANNOUNCER: Not only does ICR offer one of
 3 the most incredible compensation plans available,
 4 including immediate cash income and long term residual
 5 income, ICR Services also offers one of the most
 6 impressive incentive plans in the industry, including a
 7 variety of awards and recognitions, paid vacation,
 8 (inaudible) interest, \$800 a month car lease program
 9 available at all positions, a retirement program.

10 ICR Services will pay for a comprehensive
 11 program (inaudible) presidential sales representative
 12 position, a variety of legal services offered to
 13 presidential and corporate executive representatives, a
 14 \$2,000 to \$4,000 per month expense allowance, available
 15 at the corporate executive position, and ICR Services
 16 will build you a \$500,000 custom home when you achieve
 17 the corporate executive position, and meet the
 18 requirements.

19 (Music playing.)

20 UNIDENTIFIED MALE: There's opportunities for
 21 everybody.

22 UNIDENTIFIED MALE: If you are a person that
 23 wants to work at your own pace, you want to start your
 24 own business, be your own boss (inaudible), this is the
 25 place to do it. It's a (inaudible) which I really enjoy

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 a lot. It (inaudible).

2 UNIDENTIFIED MALE: This company will have its
 3 services one day in every school across America and every
 4 home across America.

5 UNIDENTIFIED MALE: It's one of the few
 6 opportunities in which you can actually (inaudible) all
 7 the experience you started with in any type of business
 8 and not have to start over. No experience necessary,
 9 which is very important to (inaudible).

10 UNIDENTIFIED MALE: (Inaudible) realize
 11 (inaudible) compensation, everything we need (inaudible).

12 UNIDENTIFIED MALE: It feels like a family, and
 13 in that kind of environment, anybody can succeed.

14 MALE ANNOUNCER: ICR Services has many
 15 departments to keep you on the cutting edge of the
 16 cooperative marketing industry. Representative support,
 17 distributor services, training and field support,
 18 customer service, retail agency developments, marketing,
 19 research and development, telecommunications and Internet
 20 services.

21 UNIDENTIFIED MALE: (Inaudible) great deal of
 22 pleasure out of watching our representatives, many of
 23 whom have had credit obstacles in their lives, when they
 24 repair and have their own credit repaired, working with
 25 (inaudible) corporations and taking that enthusiasm and

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 obtaining better interest rates for themselves, lowering
 2 their own credit, improving their personal financial
 3 (inaudible). We get tremendous satisfaction out of that.

4 MALE ANNOUNCER: Are you ready for this
 5 (inaudible) but not by yourself? Are you ready to work
 6 together toward a common vision? Are you ready to
 7 fulfill your dreams while getting paid to help others
 8 change their lives?

9 (Music playing.)

10 MALE ANNOUNCER: ICR Services, Incorporated is
 11 a privately held, international cooperative marketing
 12 company with two major industries, financial and
 13 telecommunications. ICR Services is a debt-free
 14 corporation with offices and representatives throughout
 15 the United States and Canada. For more information,
 16 contact the ICR representative who shared this
 17 opportunity with you.

18 (Video concluded.)

19 JAMAL: I'm going to try something different
 20 today. Normally, we just -- we spend Tuesdays -- you
 21 know, we have Tuesdays and Thursdays where we -- one day
 22 we just focus on completely, you know, the Consumer
 23 Advantage education, and then some days -- on the other
 24 days the opportunity. Let me just kind of go through
 25 this (inaudible).

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 LINDA NELSON: Okay.

2 JAMAL: But once again, the knowledge, you know
 3 what I'm saying, is important.

4 JOY SMITH: So, Consumer Advantage and National
 5 Credit Repair come as a two-part service. When you get
 6 the Consumer Advantage, again, there's a 110 percent
 7 money back guarantee, it's \$399, and with that you get
 8 one year of credit repair for free. Now, the guarantee
 9 is this. (Inaudible) our guarantee -- uh, pardon me --
 10 specifically posted on the wall. We have 110 percent
 11 money back guarantee. If you pay for the Consumer
 12 Advantage, that is when going through National Credit
 13 Repair, no false, alleged or erroneous information is
 14 removed from your credit report, you will get 110 percent
 15 of your money back for the purchase of Consumer
 16 Advantage.

17 JAMAL: Many people (inaudible) to put out
 18 their 100 percent guarantee to 110 percent. That means
 19 you have to be licensed and bonded. That's why they
 20 (inaudible) which means the money has to be there, okay?
 21 So, the company's been around since 1988 and hasn't had
 22 to refund anybody's money back yet. This is how
 23 powerful, you know, this system is. We've got
 24 (inaudible).

25 JOY SMITH: And (inaudible).

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JAMAL: Just to give you an example here, once
2 again, you know, we get a lot of people coming to us
3 and they -- the thing about a lot of companies
4 (inaudible) guaranteed really (inaudible) people out
5 there charging -- it doesn't matter. With our company,
6 it doesn't matter if you have 100 items on there or if
7 you have 30, you know, it's still the same, \$399. The
8 majority of the companies out there, they charge by the
9 line, for 200, \$5,000, and really, you know, are taking
10 advantage of people who don't know.

11 JOY SMITH: One of my business partners in
12 Colorado is a used -- well, he's a new and used car
13 salesman, and in getting involved in this company, he did
14 some research and there's a company in Colorado that's
15 named as a company that's charging people \$500 per line
16 of negative information to get (inaudible). (Inaudible).

17 JAMAL: And lawyers -- yeah, lawyers charge
18 more than that.

19 JOY SMITH: I have another customer that we
20 contacted that got a tax lien and they've been working
21 with a lawyer to negotiate the tax lien. It cost them
22 \$1,500. They could have gone through us and got it for
23 \$399 and Financial Freedom (inaudible), and that same
24 (inaudible). Now, mind you, it cost them \$1,500 to the
25 attorney. They still have to pay on the back taxes

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 that will, again, affect your credit score, and -- no
2 problem.

3 JAMAL: He got 12 removed and he's still going
4 through to get the rest removed. The thing about it is,
5 you've got to check your report because when a
6 collections company -- after a certain period of time, if
7 they can't get the money from you, they'll sell it to
8 another company.

9 LINDA NELSON: Um-hum.

10 JAMAL: And that company will put it on there.
11 And after a certain time, you know, if they can't get it
12 from you, you know, they'll sell it and the next company
13 will put it. So, you have the same item on there several
14 different times lowering your score as they sell your
15 information.

16 JOY SMITH: You could have a Southwestern Bell
17 bill and they sell it to ABC Credit (inaudible) and they
18 sell it to XYZ. Well, on that same day, it will be on
19 your credit report over and over and over. (Inaudible).
20 So, this is, in fact, a bona fide copy of someone's
21 credit report and you can see (inaudible) where it goes
22 through each item that has been disputed, deleted,
23 deleted, verifying this item belongs to (inaudible).
24 What will happen is, not all of the items come off the
25 first time they're disputed.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 separately. And, you know, people have been gouged.

2 What did you like best about the video, Linda?

3 LINDA NELSON: Hmm, I guess maybe the different
4 options. I'm still pondering everything. It's a lot of
5 information.

6 JOY SMITH: And what about you, Tony?

7 TONY: (Inaudible).

8 LINDA NELSON: Um-hum.

9 TONY: (Inaudible) client now.

10 JOY SMITH: Right, you know, like the Hair Club
11 for Men commercials, right? I'm a client and the
12 president. Here's an example of one of our customers
13 (inaudible) as a matter of fact. (Inaudible). But as
14 you can see, each of these lines, Credit Services
15 Company, this item was deleted from the credit file and
16 it's been (inaudible).

17 Also, it's important to note that if you have
18 duplication on your credit report, that the duplicate
19 item is removed as well as the original item, and you'll
20 see that here under where it says, this information was
21 duplicated and, therefore, has been deleted, or you'll
22 see it more than once, because the original item had to
23 come off plus the duplicate line.

24 LINDA NELSON: Um-hum.

25 JOY SMITH: When you have a duplicate line,

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 But then what happens is the company goes back
2 in, and the customer receives their report and makes a
3 copy, and sends it to the company, and the company goes
4 back in and disputes any information that remains on the
5 report. So, it's a cycle that continues every 30 to 45
6 days for an entire year.

7 LINDA NELSON: Um-hum.

8 JOY SMITH: (Inaudible) first report
9 (inaudible) received back.

10 JAMAL: Consumer Advantage Educational Series
11 also goes through and walks you through the steps of how
12 to read a report.

13 LINDA NELSON: Right.

14 JAMAL: A lot of people don't know how to read
15 a report.

16 JOY SMITH: Um-hum.

17 LINDA NELSON: Um-hum.

18 JAMAL: It's just like if you went to a car
19 dealership and they gave you your report so you can see
20 what's on it. They know you can't read it.

21 JOY SMITH: Exactly. And most of them won't
22 (inaudible). Another thing to note is that in order to
23 pull credit reports, the mortgage companies have to get a
24 license or permission (inaudible). Part of the agreement
25 that they find is that they agree not to tell you your

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 credit score and not to give you a copy our credit
 2 report, because they're making it where they have power
 3 and you are powerless. By empowering yourself, you're
 4 able to remove their power in the situation.
 5 JAMAL: Have you applied -- anybody applied for
 6 anything in the last 60 days?
 7 TONY: (Inaudible).
 8 JAMAL: Okay. You haven't? What about you?
 9 LINDA NELSON: Uh-uh.
 10 JAMAL: No. If you have been denied any
 11 credit, you know, within the last 60 days, you can call
 12 and get all three of your reports, and you can, you know,
 13 see what's on your report. Do you have the numbers?
 14 JOY SMITH: Yes, I do. As a matter of fact,
 15 what I'll do is I'll write them down on the file for you.
 16 LINDA NELSON: Oh, okay.
 17 JAMAL: That's -- that's, you know, very
 18 important to kind of see why you're being turned down.
 19 JOY SMITH: Do you have any questions?
 20 LINDA NELSON: Not right now. I may.
 21 JOY SMITH: Okay.
 22 LINDA NELSON: So, if you -- I guess what
 23 you're going to give us will be able to cover it.
 24 JOY SMITH: Oh, I'm going to give you both
 25 business cards for us.

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JAMAL: Okay, okay.
 2 JOY SMITH: As well as our (inaudible) numbers.
 3 The first thing you do -- as a matter of fact, these are
 4 automated systems that you can call 24 hours a day.
 5 LINDA NELSON: Oh.
 6 JOY SMITH: I would suggest that, at some
 7 point, as soon as possible, to order your credit reports.
 8 That would empower you (inaudible) what's there.
 9 LINDA NELSON: Okay.
 10 JOY SMITH: Now, what leads you to believe that
 11 you have bad credit or less than perfect credit?
 12 LINDA NELSON: Oh, I know I do.
 13 JOY SMITH: Yes. You know what, it's so funny.
 14 When you ask people that, that's the answer, I know, I
 15 know because I know it's on there, absolutely.
 16 LINDA NELSON: Um-hum.
 17 JOY SMITH: (Inaudible).
 18 JAMAL: If you know that you have bad credit,
 19 you can go apply somewhere and get turned down and --
 20 JOY SMITH: Not have to pay for your reports.
 21 JAMAL: Yeah.
 22 JOY SMITH: Otherwise --
 23 JAMAL: You know you (inaudible).
 24 LINDA NELSON: Um-hum.
 25 JOY SMITH: Or if you just want to pay for

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 them, they're like \$8.50 a piece from the credit bureau.
 2 JOY SMITH: Right.
 3 JAMAL: That's the credit bureaus' cost.
 4 That's not our service or anything, you know. We don't
 5 supply you with the reports. You have to get it from the
 6 credit bureaus and they charge you \$8.50 a piece.
 7 Any questions, Tony?
 8 TONY: (Inaudible).
 9 JAMAL: (Inaudible) everything?
 10 JOY SMITH: I'd like to find out how you two
 11 heard about this seminar and you came in.
 12 LINDA NELSON: I got the information from --
 13 actually, my former business partner, I thought she would
 14 be here.
 15 JOY SMITH: Oh, okay.
 16 TONY: (Inaudible).
 17 JOY SMITH: Okay.
 18 LINDA NELSON: That's why I was surprised when
 19 I came in. I expected to have a packed house.
 20 JOY SMITH: Uh-huh. Well, you know what, we
 21 didn't invite as many people for this one. This is our
 22 first time (inaudible).
 23 LINDA NELSON: Oh, okay.
 24 JOY SMITH: And the weather.
 25 LINDA NELSON: Yeah, because it's --

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JOY SMITH: Let me tell what's beautiful is the
 2 people that are here are the people that were supposed to
 3 get the information tonight (inaudible).
 4 LINDA NELSON: Um-hum.
 5 JOY SMITH: And like I said, it's always our
 6 place to be able to consolidate (inaudible) get to answer
 7 more questions, you get a better feel for what people
 8 need to hear.
 9 LINDA NELSON: Um-hum.
 10 (Brief pause.)
 11 TONY: (Inaudible).
 12 JAMAL: It's right around the corner. I'll
 13 follow you.
 14 TONY: Oh, is it? How do I get out of here?
 15 JAMAL: (Inaudible).
 16 (Tony and Jamal having an inaudible
 17 conversation.)
 18 JOY SMITH: Wow, what school?
 19 TONY: (Inaudible).
 20 JOY SMITH: Oh (inaudible).
 21 JAMAL: Do you like it?
 22 TONY: Yeah.
 23 JOY SMITH: You're out of the office all day.
 24 Honey, you're on the road.
 25 TONY: I do his hour and (inaudible).

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

1 JOY SMITH: Oh, no, but I'm saying, you don't
2 have to sit (inaudible). You get to travel to different
3 people's offices?
4 TONY: Uh-uh.
5 JOY SMITH: Oh, you do it --
6 TONY: I'm on the inside (inaudible).
7 JOY SMITH: Oh, really.
8 TONY: And we have outside (inaudible).
9 JOY SMITH: Yeah, okay. I was about to say,
10 the comfort of being inside in an office (inaudible).
11 JAMAL: What kind of role did you do in the dot
12 com (inaudible)?
13 LINDA NELSON: I did it, I guess, for about
14 five -- it was about two years, and I'm not really giving
15 up on it yet. I'm hoping we can -- you know, about two
16 years. We've just kind of taken it down, you know,
17 things are kind of slow right now.
18 JAMAL: (inaudible)
19 LINDA NELSON: Well, just -- I think what I
20 like about it is meeting -- I enjoy meeting people.
21 JOY SMITH: (Inaudible) that's really the focus
22 of the company.
23 LINDA NELSON: Well, our focus is really to go
24 in and give tech support to (inaudible) and that's mainly
25 how we get to meet so many other small businesses.

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 L: So, are you like a technician?
2 LINDA NELSON: Well, just sharing my little bit
3 of experience with small companies that don't have
4 technical support and we provide services to them, both
5 onsite, and if they don't want to deal with it, then we
6 do it at our location (inaudible). So, we'll see.
7 JOY SMITH: Well, the wave of the future and
8 financial security is without question finding something
9 you can own.
10 LINDA NELSON: Um-hum.
11 JOY SMITH: You know, having a stable job and
12 an income is, without question, an essential part of our
13 survival.
14 LINDA NELSON: Um-hum.
15 JOY SMITH: And on top of that, most people are
16 able to own their own business, whether it's -- you know,
17 I have a friend that just sells \$3 candles and she
18 (inaudible) a lot and she can say it's hers, you know.
19 LINDA NELSON: Um-hum.
20 JOY SMITH: Just like when you (inaudible) and
21 you know what you contributed to that.
22 JAMAL: Yeah.
23 JOY SMITH: Now, I would like to thank the
24 person that told you about tonight, Tony. What is your
25 agent's name?

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 TONY: (Inaudible).
2 JAMAL: Is it car insurance or home?
3 TONY: Car insurance, um-hum.
4 JOY SMITH: What did you say, State Farm or --
5 TONY: Yes, (inaudible).
6 JAMAL: Are they giving you a good rate?
7 TONY: Yeah, they beat everybody.
8 JAMAL: Oh, yeah.
9 JOY SMITH: Wow.
10 TONY: (Inaudible).
11 JOY SMITH: That is a surprise.
12 TONY: (Inaudible).
13 JOY SMITH: And the same with you, Linda, who
14 is your colleague that referred you to us?
15 LINDA NELSON: My name is Debra -- Debra Smith.
16 JOY SMITH: Okay. What's Debra's last name?
17 LINDA NELSON: Smith.
18 JOY SMITH: Okay. I can remember that.
19 LINDA NELSON: Yeah, because I notice that
20 (inaudible).
21 JOY SMITH: Okay. Well, thank you both very
22 much for coming.
23 LINDA NELSON: Thank you.
24 JAMAL: I hope you learned something
25 (inaudible).

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 LINDA NELSON: Thank you.
2 JAMAL: (Inaudible) out with something.
3 LINDA NELSON: Thank you so much.
4 (Brief pause.)
5 JOY SMITH: (Inaudible) big bowl of chili and
6 watch a good movie.
7 LINDA NELSON: (Inaudible) tonight.
8 JOY SMITH: I wonder if they're still playing.
9 There's our website address, also, so that you can reach
10 us that way.
11 LINDA NELSON: Joy, okay.
12 JOY SMITH: And one more thing, as long as you
13 don't mind, I only have (inaudible) add you to our list
14 (inaudible).
15 LINDA NELSON: Can I just call in and give it
16 to you?
17 JOY SMITH: You sure can.
18 LINDA NELSON: Let me just do that.
19 JAMAL: If you have any questions --
20 LINDA NELSON: Yeah, because I need to go and
21 (inaudible).
22 JAMAL: If you have any questions about what's
23 covered there (inaudible) talking to somebody who may
24 want to know something --
25 LINDA NELSON: And you all are here --

For The Record, Inc.
Waldorf, Maryland
(301)870-8025

1 JOY SMITH: Monday through Fri 1
 2 LINDA NELSON: Oh. 2
 3 JOY SMITH: And see clients by appointment 3
 4 only. 4
 5 LINDA NELSON: Oh, okay. 5
 6 JOY SMITH: So, (inaudible) get our voice mail 6
 7 (inaudible) message, we'll call you back as soon as 7
 8 possible. 8
 9 LINDA NELSON: Okay. 9
 10 JOY SMITH: It was a pleasure to meet you. 10
 11 LINDA NELSON: Thank you. Thank you so much. 11
 12 JOY SMITH: Thank you. Tony, do you have a 12
 13 second so I can get your mailing address? 13
 14 TONY: Yeah. 14
 15 LINDA NELSON: I'll give you a call. I'm going 15
 16 to look over this. 16
 17 JOY SMITH: Okay, great. 17
 18 (Brief pause while leaving seminar.) 18
 19 CURTISTENE McCOWAN: This is Curtistene McCowan 19
 20 at the conclusion of the seminar presented by National 20
 21 Credit Repair at 9330 LBJ Freeway in Dallas, Texas. The 21
 22 time is now 8:30 p.m. The seminar was actually held in 22
 23 the office of Y-E-S-S, Inc., Yess, Inc. There were only 23
 24 two persons in attendance, including myself. 24
 25 (The taping was concluded.) 25

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

CERTIFICATION OF TYPIST

1
 2
 3 MATTER NUMBER: X010024
 4 CASE TITLE: NATIONAL CREDIT REPAIR
 5 TAPING DATE: AUGUST 30, 2001
 6 TRANSCRIPTION DATE: SEPTEMBER 10, 2001
 7 REVISION DATE: NOVEMBER 30, 2001

8 I HEREBY CERTIFY that the transcript contained
 9 herein is a full and accurate transcript of the tapes
 10 transcribed by me on the above cause before the FEDERAL
 11 TRADE COMMISSION to the best of my knowledge and belief.

DATED: NOVEMBER 30, 2001

Elizabeth M. Farrell

ELIZABETH M. FARRELL

CERTIFICATION OF PROOFREADER

19
 20 I HEREBY CERTIFY that I proofread the transcript for
 21 accuracy in spelling, hyphenation, punctuation and
 22 format.

Kathy J. De Ment

KATHY J. DE MENT

For The Record, Inc.
 Waldorf, Maryland
 (301)870-8025

Nightly meeting Presentation sample for Independent Representatives of ICR Services

Prepared by Harmik, Revised March 14, 2000

Creating common grounds between you and the audience at first is a good thing. I suggest that you share a little bit of your own background and experience with ICR/NCR Credit and how it all sounded "too good to be true" at first and how skeptical you were at the beginning, just as some people in the audience may be.

If you don't feel you have much of an experience to share, you can share what I present as my experience with the clients that I signed up at first to see results, and results I saw. You can hold up the stack of credit updates with "deleted" derogatory items and explain some samples of BK's and collections etc.

Then you can explain how you were approached by (let's say your sponsor or a meeting you attended) and a little background information on ICR.

About ICR

- ICR started as a very small credit repair operation in Michigan back in 1988, about 12 years ago.
- Four years ago, they took in a partner and developed a computer program for repairing credit.
- It is the only program of its kind in the world, and is currently appraised for over \$60 million.
- ICR decided to go national and just over two years ago came up with the company structure that they have in place now. I will explain that in detail later.
- In the past few years, ICR has added a number of other services to its credit repair operation in order to diversify and serve the public in many different ways. Unidial long distance telephone, Financial Freedom and debt consolidation, ICR Legal Care, Financial Lending (soon in CA) and of course, the credit repair.
- Until just recently, ICR had concentrated mostly in the mid-west and on the East Coast, but just over a year ago, they made an aggressive push in California.

- ICR put together the infrastructure of the program currently in place just over a year ago, with the web-site, Virtual Voice, conference calling, the Success Action Plan, the kit, brochures and many other tools.

NOTE: Explain that in order to better understand the presentation, it is important that we divide it into two separate segments. The first part is about credit repair and how it works, how long it takes and who does what etc. The second part is about the business opportunity and how you can benefit from the fantastic company structure, to move at your own speed and generate significant income for you and your family. It will give you the chance to generate more time and more money.

Part 1: About Credit repair

- In order to talk about credit repair, we need to first cover credit reporting. As you know, there are three major credit-reporting agencies. Experian (formerly known as TRW), Equifax and TransUnion. There are a few smaller credit-reporting agencies but they all buy their information from the "big three". The three credit agencies started their work in the late 60's-early 70's; in fact, TRW was established in 1969. Congress realized that these agencies carry some very important confidential information on the public and there was a need to regulate them. In 1970, Congress passed the Fair Credit Reporting Act to regulate credit-reporting agencies.
- The credit-reporting agencies are supposed to comply with every rule and regulation when putting something on a person's credit (repeat by an example).
- For the past 30 years, those agencies have virtually ignored the law for two reasons. First of all they are very powerful and financial institutions support the credit agencies and second, the agencies are bombarded by millions of entries on daily basis. It is practically impossible for them to follow every letter of the law to the "T".
- The law says if one "T" is not crossed or if one "I" is not dotted, the credit agency has not followed the letter of the law.
- The ICR computer program picks out the violations of the law.
- It identifies inaccurate, outdated and obsolete information in the credit reports and forces the reporting agencies to delete these items.
- In other words, ICR takes Bill's (or whomever you picked from the audience in the above example) credit report, feeds it in their computer

system and the computer program separates the good items from the bad items. It lines up the bad items, goes through them and for each item, it comes up with the applicable rule and regulation that the credit agencies were supposed to follow before they put the item in the credit report. It then communicates the findings with the big three and the three agencies report their findings back to the client in the form of "update reports" you see here (hold up the updated reports). ICR repeats the process until the end result is a clear credit report. There is no mention that something has been deleted. All the bad stuff is just gone, and only the favorable items remain.

- The best way I know how to drive the point home is the use of an analogy that I have come up with. Suppose you drive your car from point "A" to point "B". There is no doubt that you are at point "B". If anyone knows you, they will agree that you are at point "B". There are no disputes. However, if we go to the DMV rules and regulations, page by page line by line, and check your every single driving move, did you do everything by the book? I doubt it. For example in California, the law says that before you start to drive your car, you are supposed to walk around your car, check the tires, get in the car, close the door, buckle-up, adjust the inside and outside mirrors, start the car, look in the side mirror, hit the turn signal, look over your shoulder, and then go. How many of you did all these today? Probably no one; I didn't. Anybody got a ticket today? What does that illustrate? We all got from point "A" to point "B" violating a bunch of laws and getting away with it. Just like the credit agencies that have been driving derogatory items from point "A" into your credit report, point "B", violating a bunch of laws and getting away with it. ICR is the traffic cop. One violation, one ticket, the item is deleted.
- The cost to a client for this service is \$399 for a full year, plus \$10 charge for the shipment of ICR's four-volume educational series to the client. The material teaches the client about credit maintenance, understanding credit and many aspects of credit. This is an absolute bargain!
- There are credit repair companies that charge \$1,000-1,500 just to get rid of one foreclosure and additional \$200-\$300 for other derogatory items. If you have a bunch of negative items, it may cost you thousands of dollars to have your credit repaired. ICR is very careful to do everything by the book. For example, California law states that a credit repair company can not charge for credit repair up front. ICR, in complying with the law, charges \$399 up front for credit consultation / "consumer advantage" and the credit repair is actually free.

- 110% money back guarantee. If ICR does not improve your credit, and you comply with all the conditions of the contract, you get a full refund, and ten percent more on top of that.
 - ICR has cleared up the credit of more than 50,000 clients with 100% success and they've never had to refund anyone's money. That is a record to be proud of.
- Open for Questions and Answers!

Part 2: Business Opportunity

- There are two basic ways you can make money with ICR.
- One is to introduce ICR services to clients and the other is to build an organization.
- Let's talk about introducing the ICR services to a client.
- Once you sign as an independent representative of ICR services, you receive a very complete and first class kit with videos, audios, booklets and information to guide you through. The ICR programs are explained in the kit and various forms are provided.
- For example on credit repair, the ICR customer agreement is pretty self-explanatory (you can hold up a sample application and go through the pages, checklist, limited power of attorney etc.).
- We have a letter that tells the client what to expect once he signs with ICR (sample letter attached to this presentation).
- There are a couple of different ways you can handle the credit report. We cover those in the training.
- Once the packet is complete, you or the client sends it off to Michigan. They take it from there. Your work is done, and you've earned \$150.
- The second way to make money with ICR is to build an organization. ICR decided to market their products in the wisest and most efficient avenue available to a service oriented company such as ICR today. It is called Direct Marketing or Network Marketing. Basically, it is people telling about a product to people and more people telling others. It is sales through word of mouth. A powerful way to help people get their lives back in order with improved credit and possibly get involved with building an organization and generating income for a better life.
- In order for any network marketing structure to work, there are FOUR important elements to consider: Product, timing, support and an attractive compensation plan.
- Let's talk about the product. NOTE: this is when I ask the audience to bring up the benefits of our product. Service that practically everybody

- needs, wants and can use, no competition, nothing to buy (no inventory /no storage), no customer service, no payroll, no licensing/degrees or permits required, sky's-the-limit income, easy to operate and learn etc.
- Timing: On the national level, it is suggested that a 100,000-person network-marketing group is ground floor. ICR has around 20,000 members nationally so we have not even reached ground floor. Another study says that if you get involved with a network marketing company that on a national level has less than 100,000 reps, you have just entered once-in-a-life-time opportunity. Network marketing is being taught in many colleges and universities across the country today.
 - Support: Fantastic national and regional seminars by the management of leaders of ICR Services. A comprehensive training and presentation packet, starter kit and order materials, Interactive voicemail system. 24 hours voice info on line. Fax on demand. Interactive web-site. Local sponsor support, one-on-ones, small weekly meetings like these, the big monthly one in Glendale that attracts over 300 reps and reps-to-be who come and learn about all that ICR has to offer, and of course the on-going training sessions for the new reps.
 - Attractive compensation plan: There are four ways to make money with ICR. The first way is for you to introduce the services, for example the "consumer advantage/credit repair" to a client and receive a commission. The second way is for you to introduce a potential rep to the business opportunity and get a commission of \$90 to \$275, depending on what level in the company you are. The third way is the bonus you receive when your rep signs-up a client for services (indirect income). The fourth way is the bonus you receive when your rep signs-up a rep in his or her organization (indirect income).
 - At this time, depending on how much time we have left, I put the organizational structure on the board, explain the levels, how to move up, how long it takes and the pay method. The details of the comp plan are explained in the kit and we go over it in detail in our training programs.

In closing, mention how a good product/service like ICR and great group of supportive people can help develop a business opportunity for many in the room (part-time at their own pace). Also how we can help so many people get their lives back in order with credit repair, cheaper long-distance rates, prepaid legal service and Financial Freedom debt consolidation.

We have established credibility with ICR, a good product, fantastic timing, support and a great compensation plan for you to get started. All that remains is your desire NOW to get started. **GO FOR IT!**

Thank the host or the hostess for providing the space for the meeting, thank everyone for attending and tell them about the next meeting's time & place and the fact that you and the host are available for people who want to sign up right now.

Good Job!

Best wishes, Harmik

NOTE: PLEASE INCLUDE THE ATTACHED "WHAT TO EXPECT" LETTER AS A PART OF YOUR PRESENTATION.

ICR CUSTOMER COMPLAINT RESOLUTION PROCESS

PURPOSE:

The purpose of this document is to provide a standard process for dealing with customers or representatives that request a refund or are unhappy with the service they have received from ICR. The goal is to maintain a high level of documentation and approval for decisions being made that concern our consumers.

OVERVIEW OF AGREEMENTS:

Consumer Advantage® Customer Agreement

This agreement enrolled you as a customer for the Four Volume College/University Educational Series that you purchased. To be eligible for a refund, you must follow the cancellation policy. On page one of this agreement the cancellation policy is stated as follows:

The Customer may cancel this contract at any time prior to Midnight of the fifth day after the date of this transaction. Please see back of page for "Notice of Cancellation".

Page one also required a signature under the statement: *I hereby enroll as a Customer to ICR Services and Consumer Advantage. I agree to the Terms and Conditions set forth on reverse side.*

The reverse side of the agreement explains the Terms and Conditions. Under **Consumer Advantage - Terms and Conditions, item 3:**

3. It is understood that the Consumer Advantage program includes the National Credit Repair® Service, at no additional cost (if desired).

Under the Customer Notice of Cancellation:

You may cancel this transaction, without any penalty or obligation, within five business days from the date this contract is signed.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 30 days following receipt by the seller of your cancellation notice.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under this contract.

National Credit Repair® Customer Agreement

As a customer of Consumer Advantage®, this includes one-year of service that identifies inaccurate, erroneous, or obsolete entries on your credit reports. The cancellation policy reads the same as the Consumer Advantage® Agreement. There is no charge for this service, which means that when you cancel this service, you do not receive a refund, we just stop providing the service.

NATIONAL CREDIT EDUCATION & REVIEW™ P.O. Box 87430 Canton, Michigan 48037
CUSTOMER AGREEMENT
PLEASE PRINT OR TYPE CLEARLY
Last Name: _____ First Name: _____ Middle Initial: _____ ZIP: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Email Address: _____
National Credit Education & Review is a Non-Profit Corporation

CUSTOMER TERMS AND CONDITIONS
1. National Credit Education & Review is a non-profit organization...
2. The terms of this agreement shall be a part of all orders...
NATIONAL CREDIT EDUCATION & REVIEW™ LIMITED POWER OF ATTORNEY
I hereby agree to a Representative to make any contract in connection with this agreement...
National Credit Education & Review is a Non-Profit Corporation

PROCESS:

A request must originate from Customer Solutions Group (CSG). CSG fields phone calls regarding a consumer complaint or issue and may send out the Consumer Complaint Letter and a copy of the Service Complaint Form. Once the consumer has filled out the Service Complaint Form and the letter is received by the CSG group, that group will have thirty (30) business days to respond to the consumer on our actions.

CSG will review the information and make a determination on the next steps or resolution for the customer. The choices for the CSG associate are the following:

- No refund – error on consumer
- Expedite process – information will be processed immediately, because it was misplaced or not recently updated (no refund)
- Extend service – based on service performance we extend service 3 – 12 months (request must be forwarded to Customer Solutions Manager)
- Offer other product (Financial Freedom) free of charge
- Refund request – based only on condition noted below in the note section/error/ the fact the consumer exercised right to cancel service within 5 days from application date or the customer was deceased within the 90 days after application date
- Fraud investigation – representative created a form of misconduct in his/her relationship with the consumer (Extreme case that could warrant the termination of accused CSG associate)

CSG will fill-out the **Customer/Representative Refund Request** or send the customer a **Denial Letter** based on the reason above.

Refund Request - the CSG associate will forward the form and all accompanying documentation to the appropriate managers for approval which include the VP of Operations, Manager of CSG and VP of Planning. After the appropriate personnel have granted approval the information will be forwarded to Director of Rep Compensation for necessary omission retractions, if the cancellation is due to contractual reasons. After commission retractions have been completed the information will be sent to Accounting for refund processing. Accounting will cut the check and provide a copy of the check with the paperwork to be sent to CSG Manager.

Note: On customers processed with the new application, refunds will only be granted for the following reasons:

- Cancellation within the 5-day period of the application date or
- Deceased within 90 days of application date.

Contracts on the older version of ICR Services, Inc. Consumer Advantage® and National Credit Repair® and has the language of in Section 3d, which states a 110% money back guarantee for the Consumer Advantage if no erroneous, obsolete, or inaccurate information is not removed, but this should only be considered for refund after all extensions and offers have been exhausted.

their determination will be forwarded to CSG, with a recommendation for consumer resolution.

Expedite Process – the CSG associate will insure that the customer is processed that same day.

STEPS

- STEP 1: Take consumer complaint and try to resolve immediately.
- STEP 2: If consumer will not allow for amiable resolution then send out the Service Complaint Form and Consumer Complaint Letter.
- STEP 3: Once the complaint has been received and reviewed for completeness, send to the Customer Solutions Manager or VP of Operations.
- STEP 4: Once approval or denial has been determined from the above criteria, then the consumer must be informed with a Denial Letter or Approved Letter with the refund. In either case the consumer must be contacted verbally as the letter is being sent. Additionally, as appropriate the commission retraction must be performed by Director of Representative Compensation.

Documentation:

The following documents have been attached for facilitation of the Customer Complaint Resolution Process.

- Consumer Complaint Letter
- Service Complaint Form
- Customer/Representative Refund Request
- Denial Letter

Approval Process:

Refund approval/denial meetings will be held on the 15th and 30th of every month at the Corporate Office. In the event the 15th or 30th occurs on a weekend, the meeting will be held the proceeding Monday. The VP of Planning, the VP of Operations and the CSG Manager will be in attendance.

Refund-fund

Refund Procedures Re-Cap for Call Center & Customer Solutions Department

New Contracts

Customers have purchased the Consumer Advantage Educational Series. This purchase includes one year of service which identifies inaccurate, erroneous or obsolete entries on their credit reports. There is no charge for this service, which means that if the customer cancels the service, they do not receive a refund, we simply stop providing the service. If a customer has a complaint in regard to service performance, every effort will be made by the CSG to accommodate the customer, including extending service, if necessary. Extension request will be approved by the CSM.

Note:

Customers with new contracts are eligible for a refund under the following circumstances:

- 1) Customer cancels within 5 days of signing the contract - must be postmarked or indicate a fax date within the 5-day period
 - 2) Customer deceased within 90 days of signing contract - must forward death certificate
-

Old Contracts

Customers requesting a refund under the old contract may be eligible for a refund under the following circumstances: (these contracts may indicate service guarantee)

1. Customer cancels within 5 days of signing the contract - must be postmarked or indicate a fax date within the 5-day period
2. Customer deceased within 90 days of signing contract - must forward death certificate
3. Customers entered in February/March 2001 who may not have been processed
4. Customers not processed but in system over 90 days
5. No improvement in credit profile after one year of service

Customers requesting a refund under #1, #2, #3, #4 will have a refund request prepared. Customers requesting a refund because there was no improvement in their credit file, or for any reason not listed above, will be sent a Consumer Complaint Letter and their file will be investigated. The customer will receive a response from the CSG within thirty days of the return of the Consumer Complaint Letter.

Refund approval meetings will be held on the 15th and 30th of each month.

Call Center

After explaining the refund process to the customer, the customer should be changed to "Refund Request" status in the CSG Status field. The CSG will address the refund.

<insert date >

<Customer Name>

<Customer Address>

<City, State, Zip>

Re: Request for Refund

Dear <Customer Name>,

We received your recent correspondence concerning your service with our company. We always appreciate receiving input from our valued customers.

Unfortunately, the tone and content of your letter indicates our service is not living up to your expectations. We at National Credit & Education Review™ strive to offer the highest quality professional financial services available in today's market. It is for this reason that we appreciate the chance to resolve your concern.

In order to better service you, we will need your assistance to fully understand the circumstances involved in your particular situation. We have attached the following documents:

- Refund policy as described in the Consumer Advantage® Customer Agreement and the National Credit Repair® Customer Agreement that you signed.
- Service Complaint Form

Please complete the Service Complaint Form to the best of your knowledge and mail to the following address:

National Credit & Education Review™
Attn: Customer Solutions Group
PO Box 87530
Canton, MI 48187

We will want to be thorough in resolving your concerns; typically, the process takes seven (7) business days to investigate. A Service Complaint Associate will be assigned to your care and he/she will begin to investigate your concerns.

Thank you for bringing this to our attention.

Sincerely,

Customer Solutions Group
National Credit & Education Review™

Consumer Advantage® Customer Agreement

This agreement enrolled you as a customer for the Four Volume College/University Educational Series that you purchased. To be eligible for a refund, you must follow the cancellation policy. On page one of this agreement the cancellation policy is stated as follows:

The Customer may cancel this contract at any time prior to Midnight of the fifth day after the date of this transaction. Please see back of page for "Notice of Cancellation".

Page one also required a signature under the statement: *I hereby enroll as a Customer to ICR Services and Consumer Advantage. I agree to the Terms and Conditions set forth on reverse side.*

The reverse side of the agreement explains the Terms and Conditions. Under **Consumer Advantage – Terms and Conditions, item 3:**

3. It is understood that the Consumer Advantage program includes the National Credit Repair® Service, at no additional cost (if desired).

Under the Customer Notice of Cancellation:

You may cancel this transaction, without any penalty or obligation, within five business days from the date this contract is signed.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 30 days following receipt by the seller of your cancellation notice.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under this contract.

National Credit Repair® Customer Agreement

As a customer of Consumer Advantage®, we offer the option to sign-up for a free, one-year service that identifies inaccurate, erroneous, or obsolete entries on your credit reports. The cancellation policy reads the same as the Consumer Advantage® Agreement. There is no charge for this service, which means that when you cancel this service, you do not receive a refund, we just stop providing the service.

Section 4 – General Questions

ICR 4750

1. What were your expectations of the program? _____

2. How did the Sales Representative explain the program? _____

3. What concerns do you have about the program? _____

4. Did you read the reverse side of the agreement you signed?
 Yes
 No

5. Did you fully understand and follow the Terms and Conditions on the agreement you signed?
 Yes
 No

6. Additional comments: _____

7. Please attach copies of all documentation you have: a. completed agreements, b. payment verification (front and back of cashed checks, verification that money order was cashed, credit card statement with ICR charge, etc.).

- ◆ If you did not receive your Education Series, you can contact our distribution center for shipment tracking at 1-800-899-9910. They will ask for you name and zip code. The Center will then verify if you package arrived using the UPS tracking number.
- ◆ Please remember that you can sign-up online to check the status of your account at: <http://www.icrservices.com/customers/acstatus.htm>

<insert date>

<Customer Name>

<Customer Address>

<City, State, Zip>

Re: Consumer Advantage® Refund Request

Dear <Customer Name>,

We received your Service Complaint Form and have investigated your concerns. To qualify for a Consumer Advantage® refund, we needed to receive a cancellation notice within five business days. Through our investigation, we did discover that your complaint stems from the service you received through National Credit Repair® not the Consumer Advantage® Educational Series. National Credit Repair® is the free service you receive when purchasing the Educational Series.

Our goal is complete customer satisfaction. We are offering you a X month National Credit Repair® Service extension. We will continue to provide you with National Credit Repair's Service, to identify inaccurate, erroneous, or obsolete entries on your credit reports.

We look forward to assisting you for the next xx months. (Advise next steps if any, like we need credit reports, address ver, etc.)

Sincerely,

Customer Solutions Group
National Credit & Education Review™