"Pay-As-You-Go" Per Client Financial Analysis

Activity	Intake*	Client Servicing**	Settlement***
Attorney Service Fees	**100%**	**100%**	**100%**
Costs:			
Marketing	[illegible]	0%	0%
Payroll	[illegible]	[illegible]	[illegible]
Attorney Compensation	0%	[illegible]	[illegible]
Occupancy	[illegible]	[illegible]	[illegible]
General & Administration	[illegible]	[illegible]	[illegible]
Cancellation/Refunds	[illegible]	[illegible]	[illegible]
Other G&A	[illegible]	[illegible]	[illegible]
Professional Fees	[illegible]	[illegible]	[illegible]
Depreciation	[illegible]	[illegible]	[illegible]
Taxes	[illegible]	[illegible]	[illegible]
Total Costs:	**99.10%**	**93.90%**	**58.90%**
Net Profit:^	**0.9%**	**6.1%**	**41.1%**

A typical law firm client will engage his or her attorney for settlement services in connection with multiple unsecured debts. The time between engagement and settlement of each debt varies based on the amount owed, the monthly payment the client can afford, and the settlement percentage negotiated. This chart depicts the average costs and profits on a percentage basis associated with each type of attorney fee and cost charged by the attorney to his or her client.

* The intake fee covers verification of hardship, budget creation, collection and conversion of the client's documents into an electronic database, and comparable work performed prefatory to a long-term relationship with the client so that he or she can amass funds to pay off creditors. The intake fee is distinct from an "advance" fee because it is collected as services are performed and is intended to cover expenses incurred on the law firm client's behalf, rather than for services *yet to be performed*. If a law firm client subsequently disengages for any of the reasons discussed in charts E-13 and E-14 before all debts are settled, all payments made up to the date of discontinuation would have been fully earned for services received.

** Client Servicing fees are earned on a "pay-as-you-go" basis, and consist of the monthly service charge [for routine client contacts and inquiries, mailings, accounting, trust, and other support services, plus other fees (if any) charged for additional legal services by the attorney (for legal documents, in-court appearances, etc.)], and non-sufficient funds ("NSF's") charges, check charges, Federal Express deliveries, etc. Costs are calculated on a per month basis and for purposes of this chart assume a 36 month time to completion. After the first six months, the company's revenue is impacted by a 16.4% non-collectible discount to cash flow as a consequence of law firm clients disengaging from services prior to fulfilling their contractual obligation with the their attorney for services provided. The duration of a lawyer's engagement varies by client and has been as short as three months; typical duration of services is for three years but could be up to five years, depending on the amount of unsecured debts subject to the engaged services and the amount and consistency of the law firm client's monthly payment.

*** Settlement fees and costs are calculated on a per settlement basis. The analysis in the above chart assumes six accounts. The number and size of accounts will vary by client. Settlement percentages in this chart were calculated based on the average cost for settlements between January 2009 through September 2009. This chart demonstrates that the predominant amount of fees are earned upon settlement. Consequently, a client that settled some, but not all enrolled accounts, would suffer not harm and no unearned profit would be realized in the context of the "pay-as-you-go" fee model for attorney-supervised, outsourced paralegal and paraprofessional services, unlike the situation in the advance-fee model of concern to the FTC.

^ The "Net Profit" percentages indicate the percentage of net profit generated during each tranche of the "Pay As You Go" model. As such, the percentage of net profit generated per client or period of time should not be construed as representing the sum of the indicated percentages but rather must be applied against the amount generated in each tranche. For example, if fees were earned equally between the three tranches depicted in this chart, the net profit percentage generated would be (.33*0.9)+(.33*6.1)+(.33*41.1) = 15.8%. However, as noted in other exhibits, many law firm clients do not settle all debts before disengaging from debt settlement services, and thus, the actual net profit percentage could be less than is indicated and is highly dependent in which tranche the client receives services.