

ORIGINAL

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION



)
In the Matter of)
)
DANIEL CHAPTER ONE,)
a corporation, and)
)
JAMES FEIJO,)
individually, and as an officer of)
Daniel Chapter One.)

Docket No. 9329

PUBLIC DOCUMENT

**COMPLAINT COUNSEL’S MOTION IN LIMINE AND MEMORANDUM IN
SUPPORT TO EXCLUDE EVIDENCE RELATING TO DANIEL CHAPTER ONE’S
FOR-PROFIT STATUS**

I. INTRODUCTION

Complaint Counsel hereby move to exclude any evidence relating to the for-profit status of Respondent Daniel Chapter One (“DCO”) from the trial scheduled for this case. Throughout the pendency of this proceeding, Respondents have persisted in claiming non-profit status to argue that the Federal Trade Commission does not have jurisdiction in this matter.

Nevertheless, Respondents DCO and James Feijo, DCO’s principal, have failed to respond to Complaint Counsel’s legitimate discovery requests related to DCO’s financial condition, a subject Respondents have placed squarely at issue by claiming non-profit status.

As set forth below, any evidence Respondents introduce at trial regarding DCO’s for-profit status would be prejudicial to Complaint Counsel, where Respondents failed to produce any meaningful evidence regarding their operation and financial condition. Moreover, any such evidence is not relevant to the Court’s determination of whether Respondents violated the FTC

Act when they claimed that their Bio*Shark, 7 Herb Formula, GDU, and BioMixx products treat, cure or prevent cancer. Accordingly, Complaint Counsel seek the Court's entry of an Order precluding Respondents from introducing at trial any evidence or testimony relating to Daniel Chapter One's for-profit status. Complaint Counsel also respectfully request that the Court draw an adverse inference that the information Complaint Counsel sought in discovery would have defeated Respondents' non-profit argument.

II. BACKGROUND

In their January 13, 2009 Motion to Dismiss, Respondents argued that DCO is a non-profit organization. They claimed: "Respondent Daniel Chapter One ('DCO') is a nonprofit organization, a religious ministry organized as a church, and recognized as a corporate sole under the laws of Washington State. Respondent James Feijo is Overseer of the DCO corporate sole in accordance with the laws of Washington State." *Jan. 13 Motion to Dismiss* at 1. Respondents contended that the FTC lacked jurisdiction over Daniel Chapter One because "[t]he FTC Complaint . . . fail[ed] to allege that Daniel Chapter One is a corporation organized to carry on business for its own profit or that of its members or that it so operates" *Jan. 13 Motion to Dismiss* at 11. In its February 2, 2009 Order, the Court rejected Respondents' argument, stating that "[e]ven assuming that DCO is organized as a non-profit, the Complaint sufficiently alleges a basis for subject matter jurisdiction." *Feb. 2 Order* at 4. The Court further stated that Complaint Counsel had set forth sufficient allegations in the Complaint that DCO is engaged in commerce:

The Complaint contains sufficient allegations that Respondents are engaging in deceptive commercial speech, including allegations that Respondents promote and advertise the Challenged Products, that the Challenged Products are offered for sale at not insignificant prices, and that the advertisements refer to

specific products and attributes. These allegations, and the content of the exhibits to the Complaint, are more than sufficient for a reasonable fact-finder to infer that the speech proposes a commercial transaction, refers to specific products and is economically motivated. *Feb. 2 Order* at 8.

Respondents have repeated this argument in subsequent motions, including in their most recent Second Motion to Dismiss for Lack of Jurisdiction and Violation of Respondents' Constitutional Rights, which they filed on February 24, 2009.

During discovery, Complaint Counsel requested financial information from Respondents to assess the accuracy of Respondents' assertion that DCO is a non-profit organization. When Respondents refused to produce such information, Complaint Counsel submitted a Motion to Compel Answers to Interrogatories, Production of Documents, and Responses to Requests for Admissions from Respondents on January 21, 2009, which the Court granted on February 11, 2009. Respondents submitted their Response to Complaint Counsel's discovery requests on February 23, 2009, but their response, as detailed below, failed to provide any evidence to support Respondents' contention that DCO is a non-profit organization.

III. ARGUMENT

Respondents should be precluded from offering any evidence, testimony, or argument regarding Daniel Chapter One's for-profit status because they failed to provide any meaningful response to Complaint Counsel's legitimate discovery requests designed to elicit relevant information regarding Respondents' financial condition. Given their discovery failure, permitting Respondents to offer self-serving testimony regarding the non-profit nature of DCO would be prejudicial. In addition, Complaint Counsel respectfully request that the Court draw an adverse inference that the information Complaint Counsel sought in discovery would have defeated Respondents' non-profit argument.

A. Respondents' Introduction of Evidence at Trial Regarding Their For-Profit Status Is Not Relevant and Would Be Prejudicial to Complaint Counsel Because Respondents Did Not Meet Their Discovery Burden.

Rule of Practice 3.43(b)(1) states that “[r]elevant, material, and reliable evidence shall be admitted. Irrelevant, immaterial, and unreliable evidence shall be excluded. Evidence, even if relevant, may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or if the evidence would be misleading, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence.”

Rule of Practice 3.38(b)(1) elaborates more specifically on the possible consequences of a party's failure to comply with its discovery obligations, providing:

If a party . . . fails to comply with a subpoena or with an order including, but not limited to, an order for the taking of a deposition, the production of documents, or the answering of interrogatories, or requests for admissions, or an order of the Administrative Law Judge . . . the Administrative Law Judge . . . for the purpose of permitting resolution of relevant issues and disposition of the proceeding without unnecessary delay despite such failure, may take such action in regard thereto as is just, including but not limited to the following . . . (2) Rule that for the purposes of the proceeding the matter or matters concerning which the order or subpoena was issued be taken as established adversely to the party; [or] (3) Rule that the party may not introduce into evidence or otherwise rely, in support of any claim or defense, upon testimony by such party . . . or the documents or other evidence; [or] (4) Rule that the party may not be heard to object to introduction and use of secondary evidence to show what the withheld admission, testimony, documents, or other evidence would have shown.

Throughout this proceeding, Respondents have provided non-responsive, incomplete, and evasive answers to Complaint Counsel's requests for documents and information about Respondents' financial situation, even in their most recent responses after the Court's February 11, 2009 Order to Compel Answers. For example, with respect to their bank accounts,

Respondents now assert: “Records not accessible to Respondent at this time, but oral information of what is known was provided at James Feijo’s deposition.” *Respondents’ Response to Complaint Counsel’s Second Set of Interrogatories, Response No. 10* (attached hereto as Exhibit A). Respondents do not provide any reasons why this basic information is not available. Moreover, James Feijo was unable to provide meaningful information on the bank accounts when he was asked about them at his deposition. For example, when asked how much money was in one of his ministry bank accounts, he answered: “I have no idea right now” and said that he could not even venture a guess. *James Feijo Dep.* at 76-77.

With respect to the cost of producing and making available the DCO products at issue, Respondents answered: “This is not available information.” *Respondents’ Response to Complaint Counsel’s Second Set of Interrogatories, Response No. 13*. Indeed, the sum total of documents relating to Respondents’ financial condition and operation produced by Respondents is fourteen pages – a summary of the gross sales for all of DCO’s products, and some additional incomplete financial records – attached hereto as Exhibit B.

In response to Complaint Counsel’s document request for “[a]ll documents relating to the Individual Respondent’s ‘expenses as Overseer’ and the ‘donations’ he receives and has received from DCO ‘to defray his expenses,’ Respondents answered: “Respondents do not have such documents.” *Respondents’ Response to Complaint Counsel’s Second Request for Production of Documentary Materials and Tangible Things, Response No. 7* (attached hereto as Exhibit C).

The Court ordered Respondents to provide “[a]ll documents relating to any donations made to the Corporate Respondent or on behalf of the Corporate Respondent, including, but not limited to, donations made to the Individual Respondent.” In response, Respondents answered:

“No such documents exist.” *Respondents’ Response to Complaint Counsel’s Second Request for Production of Documentary Materials and Tangible Things, Response No. 10*. Respondents have failed to offer any explanation as to why this is so.

In addition, Respondents’ argument that DCO is organized as a corporation sole and non-profit entity is simply not relevant to the Court’s determination of whether Respondents’ advertising violated the FTC Act. “Courts have consistently recognized that the [FTC] Act applies to ‘corporations’ organized for profit regardless of the form of their charter or statutory source.” *FTC v. Ameridebt, Inc.*, 343 F. Supp. 2d 451, 460 (D. Md. 2004) (citing *Community Blood Bank v. FTC*, 405 F.2d 1011, 1018-20 (8th Cir. 1969)). *See also FTC v. Nat’l Comm’n on Egg Nutrition*, 517 F.2d 485, 488 (7th Cir. 1975) (affirming jurisdiction over trade group organized for the profit of its members). Furthermore, courts have long held that non-profit corporations are not exempt from the reach of the FTC Act. *Calif. Dental Ass’n v. FTC*, 526 U.S. 756, 769 (1999); *Nat’l Comm’n on Egg Nutrition*, 517 F.2d at 489; *Community Blood Bank of Kansas City v. FTC*, 405 F.2d 1011, 1017 (8th Cir. 1969); *Ameridebt, Inc.*, 343 F. Supp. 2d at 451.

As the Court noted in *California Dental Association*, “the logic and purpose of the FTC Act comports” with the notion that the FTC can sometimes have jurisdiction over ostensibly non-profit entities in that they often “have the same capacity and derivatively, at least, the same incentives as for-profit organizations to engage in unfair methods of competition or unfair and deceptive acts” and may even have “certain advantages” because “[they] would enjoy the screen of superficial disinterest while devoting itself to serving the interests” of its for-profit affiliates. 526 U.S. at 769.

B. Respondents Have Failed to Meet Their Discovery Burden, and Therefore the Court May Draw an Adverse Inference About Respondents' For-Profit Status

In addition to what Rule of Practice 3.38(b) provides, as quoted above, courts permit adverse inferences where a party shows a general disregard for the discovery process, including missed deadlines, failure to respond to multiple requests, and submitting responses completely devoid of substantive answers. *See Reilly v. Natwest Mkts. Group Inc.*, 181 F.3d 253 (2d Cir. 1999) (allowing an adverse inference jury instruction where defendant had acted with gross negligence in both searching for the documents and producing the documents in a timely manner, and that the documents were essential to plaintiff's case); *Cine Forty-Second St. Theatre Corp. v. Allied Artists Picture Corp.*, 602 F.2d 1062 (2d Cir. 1979) (permitting an adverse inference on damages where plaintiff failed to meet deadlines for interrogatories, filed deficient answers to discovery requests, and did not retain an expert in a reasonable amount of time); *Residential Funding Corp. v. DeGeorge Fin. Corp.*, 306 F.3d 99, 101 (2d Cir. 2002) (“[A] judge’s finding that a party acted with gross negligence or bad faith . . . is ordinarily sufficient to support a finding that the missing . . . evidence would have been harmful to that party, even if the . . . unavailability of the evidence was not caused by acts constituting bad faith or gross negligence”). Failing to respond to discovery requests becomes even more abusive when the missing evidence is essential to the requesting party’s case. *See Smoothline Ltd. v. N. Am. Foreign Trading Corp.*, 2003 U.S. Dist. LEXIS 3085, at *5 (S.D.N.Y. March 6, 2003) (adverse inference made in an action to pierce the corporate veil where defendant did not initially produce account books of the corporation, and such failure to produce had an “effect on [the plaintiff’s] ability to illuminate the relationship between [the defendants]” (internal citation omitted)).

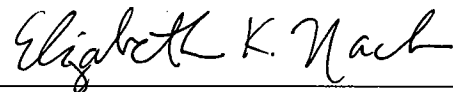
Here, Respondents have placed their financial condition squarely at issue by claiming

non-profit status. However, Respondents have refused to provide any meaningful information regarding their financial condition. In such a situation, an adverse inference that the information sought in discovery would have defeated Respondents' non-profit argument is warranted.

IV. CONCLUSION

For the foregoing reasons, Complaint Counsel respectfully request that the Court enter the proposed order annexed hereto excluding any evidence relating to DCO's for-profit status, and draw an adverse inference regarding this status.

Respectfully submitted,



Leonard L. Gordon (212) 607-2801
Theodore Zang, Jr. (212) 607-2816
Carole A. Paynter (212) 607-2813
David W. Dulabon (212) 607-2814
Elizabeth K. Nach (202) 326-2611

Federal Trade Commission
Alexander Hamilton U.S. Custom House
One Bowling Green, Suite 318
New York, NY 10004

Dated: March 16, 2009

EXHIBIT A

1
2
3
4 **IN THE UNITED STATES OF AMERICA**
5 **BEFORE THE FEDERAL TRADE COMMISSION**
6 **OFFICE OF ADMINISTRATIVE LAW JUDGES**

7 **In the Matter of**) **Docket No.: 9329**
8 **DANIEL CHAPTER ONE,**)
9 **a corporation, and**)
10 **JAMES FEJO,**) **PUBLIC DOCUMENT**
11 **individually, and as an officer of**)
12 **Daniel Chapter One**)
13)
14)
15)
16)
17)

18 **RESPONDENTS' RESPONSE TO COMPLAINT COUNSEL'S**
19 **SECOND SET OF INTERROGATORIES**

20 As ordered by the Administrative Law Judge's Order of February 11, 2009, Respondents,
21 through their counsel, respond to Complaint Counsel's Second Set of Interrogatories. Each
22 interrogatory is repeated below, followed by the response.
23

24 1. Describe the nature of the employment relationship between the Corporate Respondent
25 and Dr. Bill Maclean and describe in detail any and all positions, titles, duties, or responsibilities
26 Dr. Bill Maclean has held with the Corporate Respondent or tasks he has performed on behalf of
27 the Corporate Respondent, and set forth any wages, income or other consideration he has
28 received from the Corporate Respondent since January 1, 2003.

RESPONSE: Previously answered; Dr. Bill Maclean was a consultant for the
manufacture of 7 Herb Formula. He receives no wages from Corporate Respondent.

1 2. Describe in detail Dr. Bill Maclean's educational and employment background,
2 including, but not limited to, his education, experience, research, and training related to cancer
3 and/or medicine and his academic degrees and/or course work from accredited institutions or
4 programs.
5

6 **RESPONSE:** Respondent does not have this information.

7 3. Identify specifically the titles, dates, and locations (where applicable) of all articles,
8 books, papers, theses, treatises, or other works that Dr. Bill Maclean has authored, co-authored,
9 edited, researched, or published relating to the Challenged Products, cancer, the prevention of
10 cancer, or the treatment of cancer; all lectures or speeches he has given relating to the
11 Challenged Products, cancer, the prevention of cancer, or the treatment of cancer; and all broadcast
12 appearances he has made relating to the Challenged Products, cancer, the prevention of cancer, or the
13 treatment of cancer.
14

15 **RESPONSE:** None known.
16

17 4. Identify all income, payments, or other consideration Respondents have paid, donated,
18 provided, or given to Universal Nutrition for producing BioShark, GDU, and BioMixx or for any
19 other activities or work relating to the Challenged Products.
20

21 **RESPONSE:** Respondents do not have this information. They believe it was obtained by the
22 FTC in the deposition of Claudia Kinney

23 5. Identify the supplier and/or producer of each of the ingredients found in the Challenged
24 Products.
25

26 **RESPONSE:** Not known, not readily obtainable.

27 6. Describe all studies (analytical or others), if any, that the Respondents have relied upon
28 or have performed, have caused others to perform, or have retained others to perform on their

1 behalf on the ingredients contained in the Challenged Products or on the Challenged Products
2 themselves.

3 **RESPONSE:** Refer to materials previously provided and the deposition of Patricia Feijo.

4
5 7. Identify all human, animal, and other such studies performed or conducted on or relating
6 to the Challenged Products.

7 **RESPONSE:** There are none known to Respondents other than those referred to in the response
8 to Interrogatory No. 6, above.

9
10
11 8. Describe Individual Respondent's "expenses as Overseer" and the "donations" he
12 receives from Daniel Chapter One "to defray his expenses," as stated by Respondents in
13 response to Interrogatory Number 3 in Complaint Counsel's First Set of Interrogatories.

14 **RESPONSE:** Refer to deposition of Respondent James Feijo: He, as Overseer, gets basic
15 livelihood support from the ministry; house to live in, car to drive in, food to eat and clothes to
16 wear. Respondent James Feijo lives responsibly and frugally, and does not squander ministry
17 monies. Since he suffered multiple sclerosis (10 yrs ago), his weight escalated and his physical
18 condition makes a comfortable and dependable car necessary. For the record, Respondent James
19 Feijo has not been to an eye doctor in about 15 years, and buys the cheapest glasses he can get.
20 He gets his clothes at WalMart and hates to spend more than \$5.00 for a shirt. James and Patricia
21 Feijo do not have a housecleaner or cook, nor do they have health insurance, life insurance, IRA
22 accounts, savings account, retirement fund, etc., etc. – never had college funds for the 2 children.
23 They live simply by faith, and have lived for 25 years in accordance to God's command not to
24 owe anybody.
25
26
27
28

1 9. Identify the Corporate Respondent's bank account or accounts, all financial institutions
2 with which it does business, and any trust or trusts held in its name, including, but not limited to,
3 the trusts listed by Respondents in response to Interrogatory Numbers 3 and 9 in Complaint
4 Counsel's First Set of Interrogatories.
5

6 **RESPONSE:** Information already provided.
7

8 10. For each bank account or trust identified in response to Interrogatory Number 9 above,
9 identify the date in which the account was opened or the trust was created, the financial
10 institution where the bank account or trust is located, and the current balance of the bank account
11 or trust.
12

13 **RESPONSE:** Records not accessible to Respondent at this time, but oral information of what is
14 known was provided at James Feijo's deposition.
15

16
17 11. Describe the meaning, source, and amount of the "donated funding" provided to the
18 individuals identified by Respondents in their response to Interrogatory Number 12 in Complaint
19 Counsel's First Set of Interrogatories.
20

21 **RESPONSE:** Over the past 20 years, the individuals referred to in Respondents' response to
22 Interrogatory No. 12 in Complaint Counsel's First Set of Interrogatories received support for their
23 living expenses for assistance they provided to the ministry. The source of the funding was from
24 donations received by the ministry. The amounts of financial support given to the individuals varied
25 by individual and the amount of service they provided to the ministry. Respondent James Feijo does
26 not recall the exact amounts provided to the individuals, and neither respondent maintains records of
27 those expenditures.
28

1
2 12. Disclose the total amount "expended [by Respondent Daniel Chapter One] in accordance
3 with its purposes and to support charitable and educational activities," as described by
4 Respondents in their response to Interrogatory Number 26 in Complaint Counsel's First Set of
5 Interrogatories.
6

7 **RESPONSE:** Respondents have provided all records in their possession in an effort to respond
8 to this question and have no additional information to provide.
9

10
11 13. For each of the Challenged Products from 2003 to the present, describe the "cost of
12 producing and making available that product," as described by Respondents in their response to
13 Interrogatory Number 19 in Complaint Counsel's First Set of Interrogatories.
14

15 **RESPONSE:** This is not available information. Respondents have no records, and the total cost
16 includes everything from product manufacture to overhead, including ministry overhead, which
17 includes radio network operational costs.
18

19 14. Specify the basis for the statement that, with regard to Respondents' sale of its products
20 from 2003 to the present, "[Receipts of Daniel Chapter One are considered donations to a
21 religious organization," and set forth any statements from any local, state, or federal taxing
22 authority with regard to this statement and DCO's products.
23

24 **RESPONSE:** Respondent Daniel Chapter One is a Corporation Sole, and Respondent James
25 Feijo is its Overseer. Evidence of this has been previously submitted. It has been the unqualified
26 intention and practice of Respondents to treat all funds received as donations to support the work
27 of the ministry.
28

1
2 15. Describe how the Individual Respondent and Patricia Feijo "researched the structure and
3 function of each ingredient," as described by Respondents in response to Interrogatory Number
4 20 in Complaint Counsel's First Set of Interrogatories.
5

6 **RESPONSE:** Over the past two decades James and Patricia Feijo did much research and reading
7 into the structure and function of the body and the way they are affected by nutrients and herbs,
8 which provided the basis for the information they provide. The FTC request for all documents
9 they had in their possession at the time information was written, was responded to as completely
10 as possible but not necessarily with all Respondents possess because of the vast amount of
11 material, most of it widely known, that they relied on. Respondents believe that most of their
12 information is generally known and accepted as true among herbalists and others in naturopathy
13 and homeopathy. The products are made in licensed labs, and manufactured to comply with
14 FDA rules.
15
16

17 16. Specifically describe the situation, as identified by Respondents in response to
18 Interrogatory Number 32 in Complaint Counsel's First Set of Interrogatories, where a "doctor told [a
19 consumer] not to take [Respondents' product]," including the name of the doctor(s), the name of the
20 consumer(s), the place(s) the alleged statement(s) was made, and the date of the alleged statement(s).
21

22 **RESPONSE:** The few times in the past 22 years recalled where a doctor told a consumer not to
23 take a DCO product was because of fear and ignorance about the product. No specifics are
24 recalled or known at this time.

25 Dated this 23rd day of February, 2009.
26

27 _____
28 James Feijo
Individual Respondent, and
Overseer of Corporate Respondent

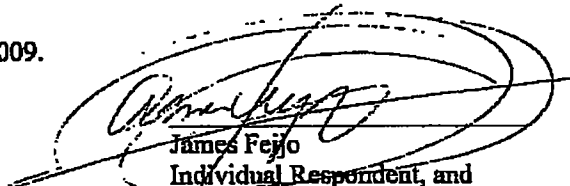
15. Describe how the Individual Respondent and Patricia Feijo "researched the structure and function of each ingredient," as described by Respondents in response to Interrogatory Number 20 in Complaint Counsel's First Set of Interrogatories.

RESPONSE: Over the past two decades James and Patricia Feijo did much research and reading into the structure and function of the body and the way they are affected of nutrients and herbs, which provided the basis for the information they provide. The FTC request for all documents they had in their possession at the time information was written, was responded to as completely as possible but not necessarily with all Respondents possess because of the vast amount of material, most of it widely known, that they relied on. Respondents believe that most of their information is generally known and accepted as true among herbalists and others in naturopathy and homeopathy. The products are made in licensed labs, and manufactured to comply with FDA rules.

16. Specifically describe the situation, as identified by Respondents in response to Interrogatory Number 32 in Complaint Counsel's First Set of Interrogatories, where a "doctor told [a consumer] not to take [Respondents' product]," including the name of the doctor(s), the name of the consumer(s), the place(s) the alleged statement(s) was made, and the date of the alleged statement(s).

RESPONSE: The few times in the past 22 years recalled where a doctor told a consumer not to take a DCO product was because of fear and ignorance about the product. No specifics are recalled or known at this time.

Dated this 23rd day of February, 2009.


James Feijo
Individual Respondent, and
Overseer of Corporate Respondent

1
2 **IN THE UNITED STATES OF AMERICA**
3 **BEFORE THE FEDERAL TRADE COMMISSION**
4 **OFFICE OF ADMINISTRATIVE LAW JUDGES**

5 **In the Matter of**) **Docket No.: 9329**
6 **DANIEL CHAPTER ONE,**)
7 **a corporation, and**) **PUBLIC DOCUMENT**
8 **JAMES FEIJO,**)
9 **individually, and as an officer of**)
10 **Daniel Chapter One**)

11
12 **CERTIFICATE OF SERVICE**

13
14 I certify that on February 23, 2009, I served or caused to be served the following
15 documents on the individuals listed below by electronic mail, followed by Federal Express
16 delivery:

17 Respondents' Response to Complaint Counsel's Second Set of Interrogatories
18 Respondents' Response to Complaint Counsel's Second Request for Production of Documentary
19 Materials and Tangible Things

20 Service to:

21 Leonard L. Gordon, Esq. (lgordon@ftc.gov)
22 Theodore Zang, Jr., Esq. (tzang@ftc.gov)
23 Carole A. Paynter, Esq. (cpaynter@ftc.gov)
24 David W. Dulabon, Esq. (ddulabon@ftc.gov)
25 Federal Trade Commission – Northeast Region
26 One Bowling Green, Suite 318
27 New York, NY 10004

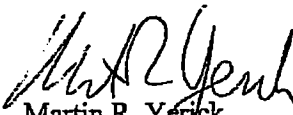
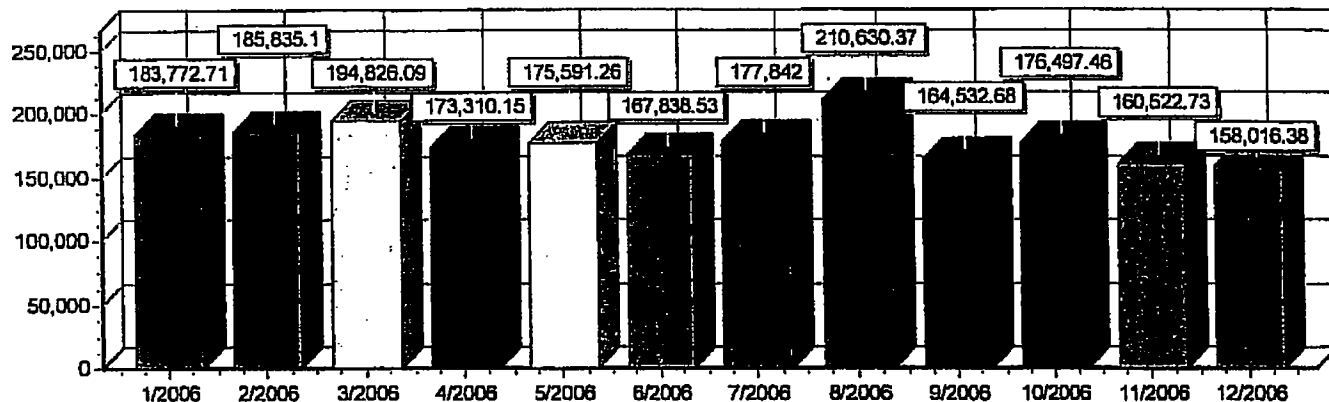
28

Martin R. Yeryck
Swankin & Turner
1400 16th Street, NW, Suite 101
Washington, DC 20036

EXHIBIT B

Daniel Chapter One
Monthly Gross Sales

1/10/2009

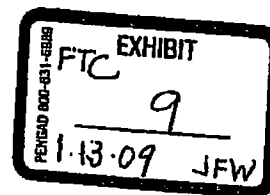


Page 1 of 1

Month	Sales
1/2006	183,772.71
2/2006	185,835.10
3/2006	194,826.09
4/2006	173,310.15
5/2006	175,591.26
6/2006	167,838.53
7/2006	177,842.00
8/2006	210,630.37
9/2006	164,532.68
10/2006	176,497.46
11/2006	160,522.73
12/2006	158,016.38
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	2,129,215.46

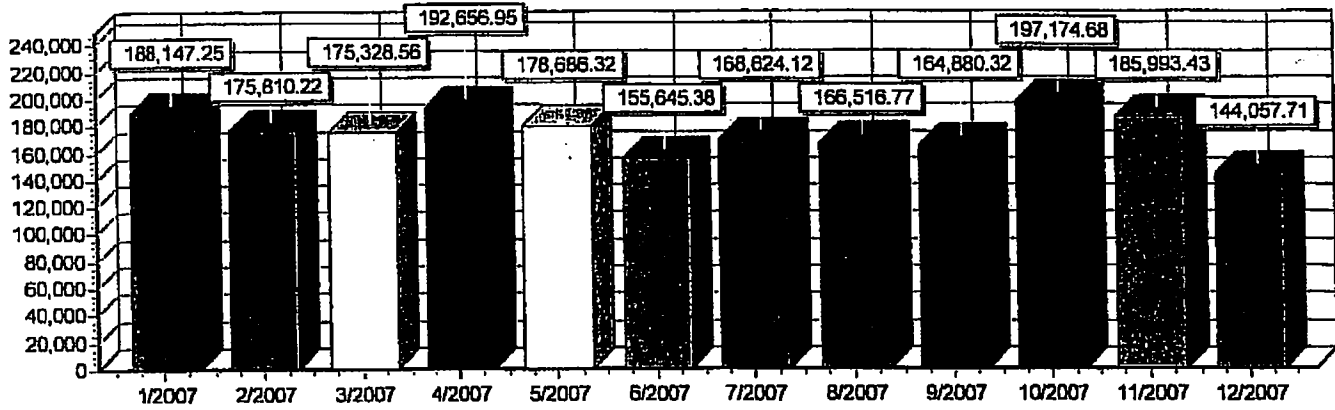
Please note that prices on this report are line item prices and do not reflect transaction level discounts.

DCO 0309



Daniel Chapter One
Monthly Gross Sales

1/10/2009



Page 1 of 1

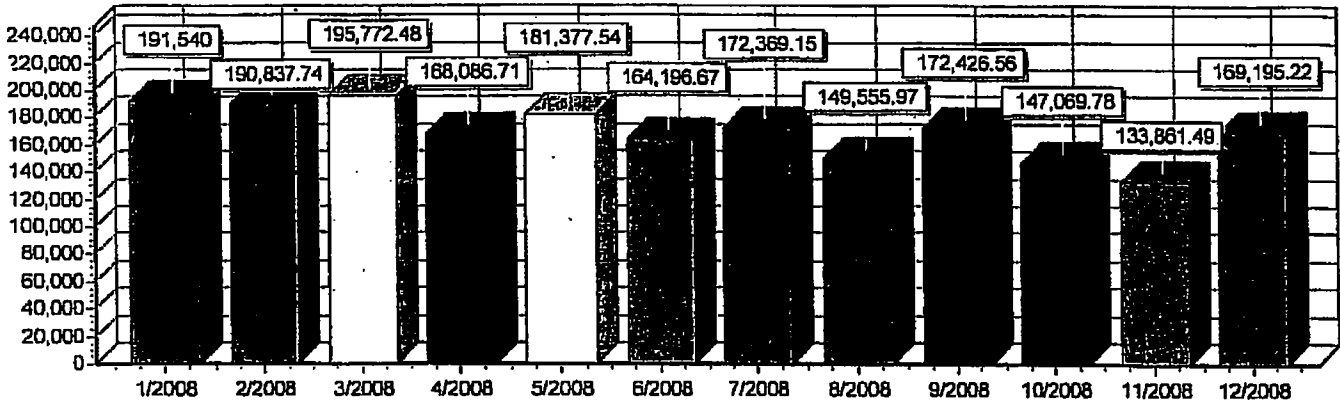
Month	Sales
1/2007	188,147.25
2/2007	175,810.22
3/2007	175,328.56
4/2007	192,656.95
5/2007	178,686.32
6/2007	155,645.38
7/2007	168,624.12
8/2007	166,516.77
9/2007	164,880.32
10/2007	197,174.68
11/2007	185,993.43
12/2007	144,057.71
	2,093,521.71

Please note that prices on this report are line item prices and do not reflect transaction level discounts.

DCO 0310

Daniel Chapter One
Monthly Gross Sales

1/10/2009



Page 1 of 1

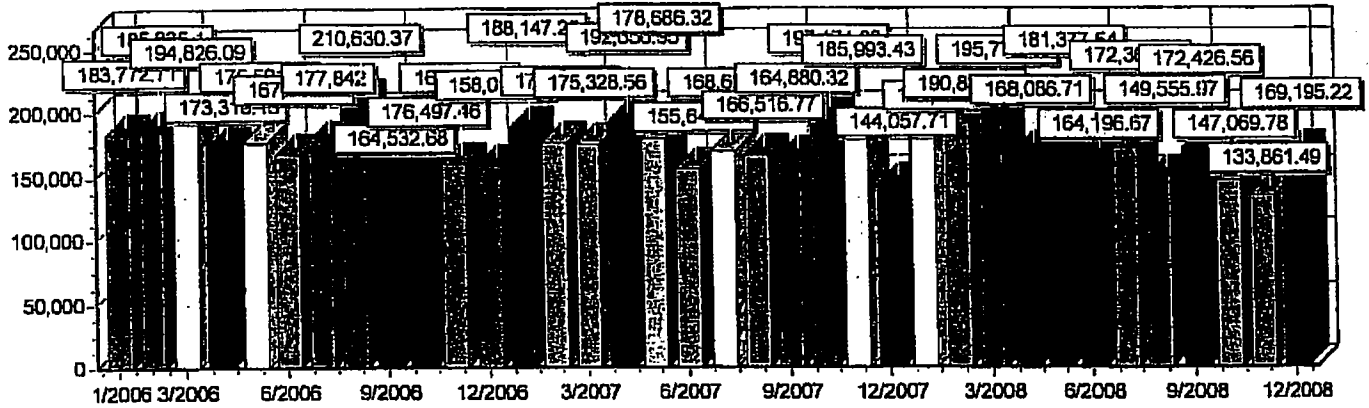
Month	Sales
1/2008	191,540.00
2/2008	190,837.74
3/2008	195,772.48
4/2008	168,086.71
5/2008	181,377.54
6/2008	164,196.67
7/2008	172,369.15
8/2008	149,555.97
9/2008	172,426.56
10/2008	147,069.78
11/2008	133,861.49
12/2008	169,195.22
<hr/>	
	2,036,289.31

Please note that prices on this report are line item prices and do not reflect transaction level discounts.

DCO 0311

Daniel Chapter One
Monthly Gross Sales

1/10/2009



Page 1 of 1

Month	Sales
1/2006	183,772.71
2/2006	185,835.10
3/2006	194,826.09
4/2006	173,310.15
5/2006	175,591.26
6/2006	167,838.53
7/2006	177,842.00
8/2006	210,630.37
9/2006	164,532.68
10/2006	176,497.46
11/2006	160,522.73
12/2006	158,016.38
1/2007	188,147.25
2/2007	175,810.22
3/2007	175,328.56
4/2007	192,656.95
5/2007	178,686.32
6/2007	155,645.38
7/2007	168,624.12
8/2007	166,516.77
9/2007	164,880.32
10/2007	197,174.68
11/2007	185,993.43
12/2007	144,057.71
1/2008	191,540.00
2/2008	190,837.74
3/2008	195,772.48
4/2008	168,086.71
5/2008	181,377.54
6/2008	164,196.67
7/2008	172,369.15
8/2008	149,555.97
9/2008	172,426.56
10/2008	147,069.78
11/2008	133,861.49
12/2008	169,195.22
Total	6,259,026.48

Please note that prices on this report are line item prices and do not reflect transaction level discounts.

DCO 0312

From: Jay Harrison <gm@accentradio.com>
Date: Mon, Dec 15, 2008 at 7:38 PM
To: Tricia Feijo <tricia@danielchapterone.com>
Cc: Jim Turner <jim@swankin-turner.com>, Betsy Lehrfeld <betsy@swankin-turner.com>, Jim Feijo <feijomail123@gmail.com>

Hi all,

I talked to Tricia today, and she wanted to get aggregate totals from this account to see how much monies ran through it during the last 5 years.

Let me also say that this PayPal account was originally setup more to make purchases (for example, used equipment from eBay) than to receive revenue. We just used the revenue received to offset future purchases.

Here's the data that I pulled out to get a better handle on the account. As you can see, it was used for more purchases than revenue that came through it in five years.

Revenue

eBay Payments Received = \$261.00
eChecks Received = \$50.00
Merchant Referral Bonuses = \$1.00
Payments Received = \$1,295.66
Refunds/Reversals from purchases = \$143.49
Web Accept Payments Received (CD Orders) = \$1,923.55
Total = \$3,674.70

Expenditures:

Donations Sent = -\$4.54
eBay Payments Sent = -\$5,850.60
Express Checkout Payments Sent = -\$1,403.91
Musician's Friend, Inc. Order = -\$399.96
Payments Sent = -\$964.70
Preapproved Payments Sent = -\$474.52
Refunds from revenue = -\$286.75
Subscription Payments Sent = \$1,242.00
Web Accept Payments Sent = -\$1,863.88
Total = -\$12,490.86

TOTAL DIFFERENCE = -\$8,816.16

Date	Name	Type	Gross	Fee	Net	Item Title
12/12/08	Vivian LO	eBay Payment Sent	-\$19.98	\$0.00	\$0.00	-\$19.98 FBI Connector Barrel Double Female For RG6 COAX CABLE
12/05/08	EGHHosting.com	Subscription Payment Sent	-\$10.00	\$0.00	\$0.00	-\$10.00 20 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.
12/02/08	EGHHosting.com	Subscription Payment Sent	-\$21.00	\$0.00	\$0.00	-\$21.00 60 listener slots at 24k on server (energy15.eghosting.com:6524) at \$21 per month.
11/05/08	EGHHosting.com	Subscription Payment Sent	-\$11.00	\$0.00	\$0.00	-\$11.00 60 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.
11/02/08	EGHHosting.com	Subscription Payment Sent	-\$11.00	\$0.00	\$0.00	-\$11.00 60 listener slots at 24k on server (energy15.eghosting.com:6524) at \$21 per month.
10/06/08	EGHHosting.com	Subscription Payment Sent	-\$10.00	\$0.00	\$0.00	-\$10.00 20 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.
10/03/08	EGHHosting.com	Subscription Payment Sent	-\$21.00	\$0.00	\$0.00	-\$21.00 60 listener slots at 24k on server (energy15.eghosting.com:6524) at \$21 per month.
09/27/08	RJD HOLDINGS LLC	Web Accept Payment Received	\$5.95	-\$0.47	-\$0.47	\$5.48 1hr Talkshow
09/24/08	Joshua Crosby	Payment Sent	-\$25.00	\$0.00	\$0.00	-\$25.00 (Web work, KNAX help)
09/20/08	Digital Incorporation	eBay Payment Sent	-\$34.99	\$0.00	\$0.00	-\$34.99 (Video Converter, VGA-to-TV)
09/20/08	Suntek Solutions Inc.	eBay Payment Sent	-\$5.50	\$0.00	\$0.00	-\$5.50 VGA Jack to S-Video 3 RCA Composite AV TV Cable Adapter
09/17/08	Computers Services	eBay Payment Sent	-\$54.05	\$0.00	\$0.00	-\$54.05 (HP PC replacement Pen)
09/16/08	Jeremy Turner	Payment Sent	-\$15.00	\$0.00	\$0.00	-\$15.00 (Graphics work, web banner)
09/14/08	American Hunter Inc	eBay Payment Sent	-\$203.44	\$0.00	\$0.00	-\$203.44 1250 Watt Digital Video Continuous Lighting Kit SoftBox (for Seve, remotes)
09/11/08	paul warren	Payment Received	\$504.00	-\$14.92	-\$14.92	\$489.08 (KNAX Advertising, \$500 for the Redo Beach guy ad)
09/06/08	EGHHosting.com	Subscription Payment Sent	-\$10.00	\$0.00	\$0.00	-\$10.00 20 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.
09/06/08	Credit Card	Charge From Credit Card	\$10.00	\$0.00	\$0.00	\$10.00 (Graphics work)
09/03/08	Jeremy Turner	Payment Sent	-\$150.00	\$0.00	\$0.00	-\$150.00 (7DVB satellite receiver)?
09/03/08	EGHHosting.com	Subscription Payment Sent	-\$21.00	\$0.00	\$0.00	-\$21.00 60 listener slots at 24k on server (energy15.eghosting.com:6524) at \$21 per month.
09/03/08	Credit Card	Charge From Credit Card	\$15.52	\$0.00	\$0.00	\$15.52
09/02/08	John Kimes	Web Accept Payment Received	\$5.95	-\$0.47	-\$0.47	\$5.48 1hr Talkshow
08/22/08	GoDaddy.com, Inc.	Preapproved Payment Sent	-\$92.64	\$0.00	\$0.00	-\$92.64 (domain name purchase)
08/22/08	Bank Account	Add Funds from a Bank Account	\$82.31	\$0.00	\$0.00	\$82.31
08/13/08	Robert Vanderford	Web Accept Payment Received	\$10.95	-\$0.62	-\$0.62	\$10.33 2hr Talkshow
08/12/08	Steve Ensling	eBay Payment Sent	-\$34.64	\$0.00	\$0.00	-\$34.64 Engineering Ty-Raps (Thomas & Betts) Qty-2000
08/12/08	EGHHosting.com	Subscription Payment Sent	-\$10.00	\$0.00	\$0.00	-\$10.00 20 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.
08/07/08	Credit Card	Charge From Credit Card	\$10.00	\$0.00	\$0.00	\$10.00
08/07/08	Dragonmarts Company Limited	eBay Payment Sent	-\$9.99	\$0.00	\$0.00	-\$9.99 Desoldering Pump Solder Sucker Removal Tool
08/06/08	Buy.com	Charge From Credit Card	\$9.99	\$0.00	\$0.00	\$9.99
08/05/08	Bank Account	Express Checkout Payment Sent	-\$924.95	\$0.00	\$0.00	-\$924.95 (Computer replacement)
08/05/08	EGHHosting.com	Add Funds from a Bank Account	\$924.95	\$0.00	\$0.00	\$924.95 (KNAX Account transfer, for computer replacement)
08/04/08	Credit Card	Subscription Payment Sent	-\$21.00	\$0.00	\$0.00	-\$21.00 60 listener slots at 24k on server (energy15.eghosting.com:6524) at \$21 per month.
07/30/08	Musician's Friend, Inc.	Charge From Credit Card	\$21.00	\$0.00	\$0.00	\$21.00
07/30/08	PayPal	Express Checkout Payment Sent	-\$399.96	\$0.00	\$0.00	-\$399.96 (Portable remote rack, distribution amps, podcasting kit)
07/30/08	PayPal	Charge From Credit Card	\$380.89	\$0.00	\$0.00	\$380.89
07/30/08	PayPal	Pending Balance Payment	\$19.07	\$0.00	\$0.00	\$19.07
07/30/08	PayPal	Pending Balance Payment	-\$19.07	\$0.00	\$0.00	-\$19.07 (Portable remote rack, distribution amps, podcasting kit)
07/30/08	Musician's Friend, Inc.	Order	-\$999.96
07/23/08	Francis Parker	Web Accept Payment Received	\$19.95	-\$0.88	-\$0.88	\$19.07 4hr Talkshow
07/13/08	SMT CDRP	eBay Payment Sent	-\$208.94	\$0.00	\$0.00	-\$208.94 Comrex DXP-1 Digital Audio Codec G.722
07/08/08	EGHHosting.com	Charge From Credit Card	\$208.94	\$0.00	\$0.00	\$208.94
07/08/08	EGHHosting.com	Subscription Payment Sent	-\$10.00	\$0.00	\$0.00	-\$10.00 20 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.
07/05/08	EGHHosting.com	Charge From Credit Card	\$10.00	\$0.00	\$0.00	\$10.00
07/05/08	Credit Card	Subscription Payment Sent	-\$21.00	\$0.00	\$0.00	-\$21.00 60 listener slots at 24k on server (energy15.eghosting.com:6524) at \$21 per month.
06/29/08	Global Garage Sale, Inc.	Charge From Credit Card	\$21.00	\$0.00	\$0.00	\$21.00
06/29/08	Global Garage Sale, Inc.	Charge From Credit Card	-\$84.00	\$0.00	\$0.00	-\$84.00 Behringer Ultralink Pro MX882 B-Channel Splitter/Mixer
06/23/08	Ted Tucker	eBay Payment Sent	\$84.00	\$0.00	\$0.00	\$84.00
06/22/08	Credit Card	Charge From Credit Card	-\$366.06	\$0.00	\$0.00	-\$366.06 Raylone Comstream Digital Audio Receiver ABR202
06/08/08	EGHHosting.com	Subscription Payment Sent	\$366.06	\$0.00	\$0.00	\$366.06
06/08/08	EGHHosting.com	Subscription Payment Sent	-\$10.00	\$0.00	\$0.00	-\$10.00 20 listener slots at 32k on server (energy10.eghosting.com) at \$10 per month.

06/08/08	Credit Card	Charge From Credit Card	\$10.00	\$0.00	\$10.00	\$10.00	\$0.00	\$0.00	\$10.00	60 listener slots at 24k on server (energy15.egihosting.com:6524) at \$21 per month.
06/05/08	EgiHosting.com	Subscription Payment Sent	-\$21.00	\$0.00	-\$21.00	\$21.00	\$0.00	\$0.00	-\$21.00	60 listener slots at 24k on server (energy15.egihosting.com:6524) at \$21 per month.
06/05/08	Credit Card	Charge From Credit Card	-\$49.00	\$0.00	-\$49.00	\$49.00	\$0.00	\$0.00	-\$49.00	DR *WWW.ELEMENTS.INFO Order no. 210200365
06/04/08	Digital River GmbH	Express Checkout Payment Sent	\$49.00	\$0.00	\$49.00	-\$49.00	\$0.00	\$0.00	\$49.00	
06/04/08	Credit Card	Charge From Credit Card	-\$13.00	\$0.00	-\$13.00	\$13.00	\$0.00	\$0.00	-\$13.00	Paint Shop Pro 7 CD
06/02/08	Adrian Davidson	eBay Payment Sent	\$2.04	\$0.60	\$2.04	-\$0.47	\$0.60	\$0.60	\$2.04	
06/02/08	Credit Card	Charge From Credit Card	\$5.95	-\$0.47	\$5.95	\$0.47	-\$0.47	\$0.47	\$5.48	1hr Talkshow
05/28/08	Larry Fox	Update to eCheck Received	\$5.95	-\$0.47	\$5.95	\$0.47	-\$0.47	\$0.47	\$5.48	1hr Talkshow
05/23/08	Larry Fox	Web Accept Payment Received	\$5.95	-\$0.47	\$5.95	\$0.47	-\$0.47	\$0.47	\$5.48	1hr Talkshow
05/23/08	Virginia Weizel	Web Accept Payment Received	\$5.95	-\$0.47	\$5.95	\$0.47	-\$0.47	\$0.47	\$5.48	1hr Talkshow
05/23/08	NATHANIEL WEBB	eBay Payment Sent	-\$5.03	\$0.00	-\$5.03	\$5.03	\$0.00	\$0.00	-\$5.03	In Hell (2003, VHS)
05/18/08	Credit Card	Charge From Credit Card	-\$10.00	\$0.00	-\$10.00	\$10.00	\$0.00	\$0.00	-\$10.00	20 listener slots at 32k on server (energy10.egihosting.com) at \$10 per month.
05/09/08	EgiHosting.com	Subscription Payment Sent	\$10.00	\$0.00	\$10.00	-\$10.00	\$0.00	\$0.00	\$10.00	
05/09/08	Credit Card	Charge From Credit Card	-\$21.00	\$0.00	-\$21.00	\$21.00	\$0.00	\$0.00	-\$21.00	60 listener slots at 24k on server (energy15.egihosting.com:6524) at \$21 per month.
05/06/08	EgiHosting.com	Subscription Payment Sent	\$21.00	\$0.00	\$21.00	-\$21.00	\$0.00	\$0.00	\$21.00	
05/06/08	Credit Card	Charge From Credit Card	-\$120.20	\$0.00	-\$120.20	\$120.20	\$0.00	\$0.00	-\$120.20	Comrex DXR-1 G.722 Digital Audio Codec
05/05/08	SMT CORP	eBay Payment Sent	-\$720.00	\$0.00	-\$720.00	\$720.00	\$0.00	\$0.00	-\$720.00	Comrex DXR-1 Audio Codec
05/05/08	Credit Card	Charge From Credit Card	\$160.07	\$0.00	\$160.07	-\$160.07	\$0.00	\$0.00	\$160.07	
05/03/08	Elizabeth Cannat	Charge From Credit Card	-\$10.00	\$0.00	-\$10.00	\$10.00	\$0.00	\$0.00	-\$10.00	20 listener slots at 32k on server (energy10.egihosting.com) at \$10 per month.
05/03/08	Credit Card	Subscription Payment Sent	-\$21.00	\$0.00	-\$21.00	\$21.00	\$0.00	\$0.00	-\$21.00	20 listener slots at 24k on server (energy15.egihosting.com:6524) at \$21 per month.
04/09/08	EgiHosting.com	Subscription Payment Sent	\$21.00	\$0.00	\$21.00	-\$21.00	\$0.00	\$0.00	\$21.00	
04/06/08	EgiHosting.com	Subscription Payment Sent	\$15.00	\$0.00	\$15.00	-\$15.00	\$0.00	\$0.00	\$15.00	
03/23/08	Jeremy Turner	Payment Sent	-\$32.85	\$0.00	-\$32.85	\$32.85	\$0.00	\$0.00	-\$32.85	20 SONY 80 Minute GOLD Mini Disc MD HI-MD HMMD Discs NU
03/11/08	ClarkWorld Inc., dba: access.t	eBay Payment Sent	-\$15.94	\$0.00	-\$15.94	\$15.94	\$0.00	\$0.00	-\$15.94	Lot of 20 - Inlite Coupler RJ45 - Ethernet Cat5
03/10/08	RaganPro Auctions	Subscription Payment Sent	-\$10.00	\$0.00	-\$10.00	\$10.00	\$0.00	\$0.00	-\$10.00	20 listener slots at 32k on server (energy10.egihosting.com) at \$10 per month.
03/10/08	EgiHosting.com	Subscription Payment Sent	-\$51.49	\$0.00	-\$51.49	\$51.49	\$0.00	\$0.00	-\$51.49	Scriptance Account Deposit JeremyTurner
03/07/08	RJMS Internet Services	Web Accept Payment Sent	-\$21.96	\$0.00	-\$21.96	\$21.96	\$0.00	\$0.00	-\$21.96	60 listener slots at 24k on server (energy15.egihosting.com:6524) at \$21 per month.
03/07/08	EgiHosting.com	Subscription Payment Sent	-\$6.31	\$0.00	-\$6.31	\$6.31	\$0.00	\$0.00	-\$6.31	NEW Phone Battery VTECH V-TECH 27910 00102 FREE SHIP
03/06/08	DatedGroup	eBay Payment Sent	\$15.49	\$0.00	\$15.49	-\$15.49	\$0.00	\$0.00	\$15.49	100 RJ45 Connector Modular Plugs Plug Cat5 Gold RJ 45
03/06/08	wel ilan	Reversal	\$15.49	\$0.00	\$15.49	-\$15.49	\$0.00	\$0.00	\$15.49	
03/05/08	RaganPro Auctions	eBay Payment Sent	\$266.00	\$0.00	\$266.00	-\$266.00	\$0.00	\$0.00	\$266.00	Lot of 20 - Inlite Coupler RJ45 - Ethernet Cat5
03/05/08	RaganPro Auctions	Update to eCheck Received	\$266.00	-\$5.00	\$266.00	\$5.00	-\$5.00	\$5.00	-\$266.00	New 15 Inch Aluminum Powerbook G4 Original Apple LCD
03/05/08	Cody Thompson	eBay Payment Received	\$5.95	-\$0.47	\$5.95	\$0.47	-\$0.47	\$0.47	\$5.48	Donazione a IW1QLH
03/02/08	Cody Thompson	Update to eCheck Received	\$3.00	\$0.00	\$3.00	-\$3.00	\$0.00	\$0.00	\$3.00	
02/25/08	Sure Security Consulting	Donation Sent	-\$4.54	\$0.00	-\$4.54	\$4.54	\$0.00	\$0.00	-\$4.54	
02/20/08	Claudio Cortegio	Currency Conversion	\$4.54	\$0.00	\$4.54	-\$4.54	\$0.00	\$0.00	\$4.54	
02/20/08	From U.S. Dollar	Currency Conversion	\$5.95	-\$0.47	\$5.95	\$0.47	-\$0.47	\$0.47	\$5.48	1hr Talkshow
02/20/08	To Euro	Currency Conversion	-\$2.25	\$0.00	-\$2.25	\$2.25	\$0.00	\$0.00	-\$2.25	ENDGAME (DVD, 2007) - Blueprint for Global Enslavement
02/19/08	Sure Security Consulting	Web Accept Payment Received	\$2.25	\$0.00	\$2.25	-\$2.25	\$0.00	\$0.00	\$2.25	
02/10/08	theMatrixEndsHere.com	eBay Payment Sent	-\$215.00	\$0.00	-\$215.00	\$215.00	\$0.00	\$0.00	-\$215.00	Comrex DXR-1 G.722 Mini Audio Codec
02/10/08	Credit Card	Charge From Credit Card	\$215.00	\$0.00	\$215.00	-\$215.00	\$0.00	\$0.00	\$215.00	
02/10/08	Elizabeth Cannat	eBay Payment Sent	\$10.00	\$0.00	\$10.00	-\$10.00	\$0.00	\$0.00	\$10.00	20 listener slots at 32k on server (energy10.egihosting.com) at \$10 per month.
02/10/08	Credit Card	Charge From Credit Card	-\$59.24	\$0.00	-\$59.24	\$59.24	\$0.00	\$0.00	-\$59.24	
02/09/08	EgiHosting.com	Subscription Payment Sent	\$59.24	\$0.00	\$59.24	-\$59.24	\$0.00	\$0.00	\$59.24	
02/09/08	Credit Card	Charge From Credit Card	-\$39.00	\$0.00	-\$39.00	\$39.00	\$0.00	\$0.00	-\$39.00	
02/07/08	Credit Card	Currency Conversion	-\$39.00	\$0.00	-\$39.00	\$39.00	\$0.00	\$0.00	-\$39.00	
02/07/08	From Euro	Currency Conversion	\$39.00	\$0.00	\$39.00	-\$39.00	\$0.00	\$0.00	\$39.00	
02/07/08	To U.S. Dollar	Currency Conversion	\$39.00	\$0.00	\$39.00	-\$39.00	\$0.00	\$0.00	\$39.00	
02/07/08	YOOHome	Refund	\$39.00	\$0.00	\$39.00	-\$39.00	\$0.00	\$0.00	\$39.00	YOOHome Silver Membership - 3 Month
02/06/08	YOOHome	Web Accept Payment Sent	\$39.00	\$0.00	\$39.00	-\$39.00	\$0.00	\$0.00	\$39.00	
02/06/08	From U.S. Dollar	Currency Conversion	-\$59.24	\$0.00	-\$59.24	\$59.24	\$0.00	\$0.00	-\$59.24	
02/06/08	To Euro	Currency Conversion	\$59.24	\$0.00	\$59.24	-\$59.24	\$0.00	\$0.00	\$59.24	

