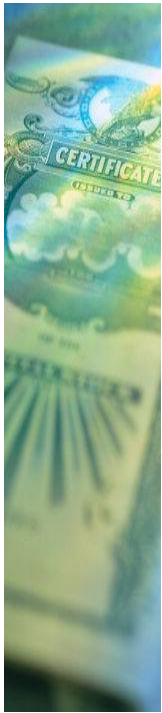


“LIQUID PAPER”

A BRIEF PRIMER ON RESTRICTED STOCK LENDING AND THE TRUE LOAN™



There are over 1.3 trillion dollars worth of restricted securities (stock) trading on the U.S. stock exchanges held by thousands of corporate officers, directors and affiliates of publicly traded companies as well as both institutional and accredited investors.

As you will discover, most of this [restricted] stock is almost worthless to it's holders as their ability to liquidate these shares has been heavily restricted by the Securities Ex-

change Commission (SEC) to protect public investors and the viability of the issuing company itself. Because of this, this particular group of shareholders is often “paper-rich” and “cash-poor”.

As an example, imagine having an ATM machine in your home or office that holds \$2,000,000! That's a lot of money, and you are a millionaire... congratulations! Now imagine that the SEC will only allow you to withdraw a maximum amount of \$20,000 every ninety days... Still feel like a millionaire?

So what happened? Well, in 1972, the (SEC) adopted Rule 144 to prevent these shareholders from taking actions that could be damaging to the companies that the shares were issued from as well as public shareholders of

such companies. Rule 144 says a lot, but probably the most noteworthy is that a restricted shareholder cannot sell more than 1% of the company's total outstanding shares every 90 days. For some this isn't always such a bad deal, but for most it is liken to wearing solid gold handcuffs.



Now executives can access the liquidity of their Restricted Securities.

Enter the Stock Lending Industry

To meet the demand of shareholders seeking liquidity from their shares without selling, private lending companies began lending on free trading and restricted securities in the early nineties with some degree of success. However as the industry grew, problems began to arise, as some lending firms began to use hedging strategies that were risky, and often would result in the inability for a borrower to reclaim their shares once the loan had been paid off.

Another problem that developed was that these loan programs caused many suits and began to come under scrutiny by the IRS or SEC, resulting in governmental litigation and a lot of unclear opinions as to what constituted a loan, what constituted a sell, and how one should be able to borrow

against their restricted securities. Because of these problems, the stock lending industry began to lose its luster and the search was on to create a better loan product that could give borrowers what they required, yet at the same time meet and exceed every regulatory and compliance hurdle that faced the borrower, lender and agents alike.

The New Solution: Ajene Watson creates the True Loan™ Stock Loan

In October of 2006, a new loan program emerged that would change the face of the industry and solve every problem that lenders, borrowers, and agents had faced in the past. Creating this new loan product wasn't an easy task... Four years in development, this new loan product has been now supported by a number of contributions from SEC, FRB and U.C.C. spe-

The True Loan™ Program is designed to offer shareholders the ability to meet their financial objectives, all within a fully regulatory compliant platform.

cialty attorneys, IRS and tax consultants, investment advisors, and even a former assistant deputy director of the SEC's New York Enforcement Branch.

Aptly named the “True Loan™” by its creator, this new loan product is the only bona fide stock loan program available that can be obtained against restricted shares and still allow the shares to remain in the borrowers

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name, and all parties remain in full compliance with Federal Reserve Board (FRB), Uniform Commercial Code (U.C.C.), and most importantly, SEC regulations.

It allows an individual shareholder with those pesky restricted securities to borrow up to 80% of the assets value at interest rates as low as 4%, with terms ranging from 1-7 years, and the transaction is 100% private with no filings required. Even the issuing corporation itself can utilize its treasury or restricted shares to obtain financing to replace debt, enhance acquisition purchasing power, or a host of other possibilities.

Perhaps the best feature of the True Loan™, and what really sets it apart from anything else in the market-



place... is that it is the only transaction offered by a private lender, that allows a restricted shareholder to receive non-recourse type financing, while the borrower's shares are allowed to stay in certificate form, in an account, both being in their personal name. Why is this such a big deal? It is a big deal because it means that a borrower [affiliate] will never have to worry about whether or not those shares will

be returned when the loan has been repaid, because they are safe and sound for the duration of the loan. The borrower never has to be subjected to carrying the full liability of the loan, attach other assets, provide personal guarantees or be concerned with their creditworthiness. The lender has no access to the shares which guarantees that the stock will never be traded, shorted, sold or exposed to any other type of risk. This is an industry first and it's a big part of what makes the True Loan™ a bona fide “true loan”.

But wait a minute...

You might be asking yourself why these shareholders can't just go to a local bank or brokerage house, and obtain financing against their shares. Actually they can, but the real question is would they really want to?

You see, banks and broker/dealers generally charge margin or maintenance fees, cannot offer LTV's higher than 50%, usually charge high interest rates, and require personal guarantees and credit checks. The most important thing you should know is that they typically will not even lend against restricted shares to begin with, especially those that are not marginable.

Now the “everyday” private lender on the other hand, can offer non-recourse loans with much higher LTV's, much lower interest rates, do not require personal guarantees (other than the pledged shares), or credit checks. A private lender however, typically cannot or will not lend against restricted shares, without the transfer of ownership.

So what sets TLP Inc. apart from other private lenders? Simply stated, it is the

True Loan™ program, which offers the same features as other private lenders however the one major difference is that the True Loan program will lend against restricted shares, and allow the shares to stay in the borrowers name, all in a non-recourse type financing environment... an industry first.

So what does it all mean?

It means that shareholders holding restricted securities now have a viable option to allow them to receive much sought after capital without selling their valuable stock. They can use the proceeds for such purposes as purchasing real estate, starting a new business or recapitalizing an existing one, or simply making a life-long dream come true.

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