

RELM Holdings, Incorporated

OTC Stock Symbol – “RELM”

Unaudited Financial Statements
As of
December 31, 2018

Financial Audit to be completed by August 31, 2019

Notice to Reader

The Company’s management has prepared the accompanying unaudited financial statements. Independent auditors are expected to perform an audit of the financial statements.

RELM Holdings, Incorporated

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Executive Summary

RELM Holdings, Inc. (RELM) was formed in 1994 in the State of Tennessee as a C-Corp. Over the span of its business existence, it has acquired several businesses. These acquisitions place RELM in the industry of Mergers and Acquisitions. The largest acquisition was completed in 2008 from funds provided by the private bank bank (a related company, Protective Capital Structure Corporation (Protective), stock symbol PCSO. This acquisition was completed in the financial sense only. In addition, in 2008, RELM received a dividend from Protective. That dividend has been held on deposit in the First Life Guarantee Company (Guarantor). The dividend was in the form of marketable securities amounting to 67,000,000 shares of stock issued and publicly traded by Protective.

In 2009, Relm Real Estate Holdings (RREH), a RELM subsidiary entered into a contract to purchase the Grand Sierra Resort Hotel (GSRH) in Reno, NV. The project to acquire and renovate the hotel was budgeted for approximately \$700,000,000. It did not materialize due to the downturn in the housing market.



Several years later, the return of the U.S. real estate market appeared to focus more on super luxury complexes like the one depicted below. As a result, it appeared prudent to invest in another real estate venture, “The Ensworth”, which will consist of 75 super luxury type complexes with 150 units each. The estimated cost to build the complexes is \$800,000,000 each. In addition, each complex will consist of a luxury hotel and entertainment center.



This change in market strategy over the past 10 years has caused RREH to owe its lender \$63 Billion plus interest at a rate of 7.5% per year (\$84,000,000,000 of interest) for a total of \$147 Billion. RREH is expecting to produce, from the sales of the luxury complex units \$157 Billion based on comparative markets through 2022. However, if RREH is unable to produce \$157 Billion within three years, it will be obligated to pay the lender through the sale of 250 million shares of RREH common stock that has been reserved by management. The hotel and entertainment revenue are expected to be sufficient to cover the cost of any possible cash shortfall.

In addition, RREH has an agreement with the guarantor to serve two purposes: 1) activate stock buy-back program of RREH; and 2) act as a guarantor to repay possible shortfall of RREH.

Industry Standards for Open-Market Privately Negotiated Equity Purchase

Industry Standard: Orderly and systematic formulation, adoption, or application of standards used in the industrial sector of the economy. An industrial standard is a generally accepted requirement to be met for the attainment of a recurrent industrial objective. In the automotive industry, standardized tire sizes are an example. (Barron's Dictionary of Business and Economic Terms)

For example, PCSC in 2008, conducted a 100,000:1 reverse stock split to adjust the public price of the stock but, in 2007, 2008, and 2009, they conducted a private negotiated price with institutional investors that fall under the industry standards of private negotiated pricing for stock sales. This pricing is reflected in their 2008 financial statements that shows 51,302 shares of stock sold to institutional investors for \$1,105,210 for a price of \$21.54 per share. This historical price set the standards for PCSC to offer private sales without consideration of the public price that was substantially below these privately negotiated sales. In reviewing these financials, the decision on their part will give rise to the price of the Protective stock to close their BCLOC product.

Capital Structure of First Life Insurance Company (a First Group Company)

First Life Insurance Company used their assets in the Fund, which will be established in 2019. The assets are to enhance the Indexed-Inflation Securities Level Fund. This is expected to provide a guaranteed rate of return that beats inflation if held to maturity. The Fund is designed to raise and own 65% in U.S. Treasuries and 35% of the Fund will receive a pool of equities from a (Related and unrelated) company. The Fund revenue plan to be reinvested in a Guaranteed Investment Contract (GIC) that is expected to protect their reinvestment yield until all debt has been redeemed. **See FLFC Offering Document.** The FLFC Offering is to maintain daily liquidity and ensure payments on the notes. The Fund must sell assets (i.e., BCLOC notes owned by the lender, Protected) and maintain a liquidity ratio to meet maturing short and long term cash obligations.

65% of the Fund

65% of the Fund will carry at the time of purchase (U.S. Treasuries) market rate yields and 35% of the Fund will carry, at the time of transfer, a dividend floor yield of 3.50%, with a range of 4.0% to 6.50% yield. The Fund will hold a pool of Annuity 35 policies from their financial institution product line (2002 -2018), whereby the annuities could redeem up to 35% of the notes over a 10-year period.

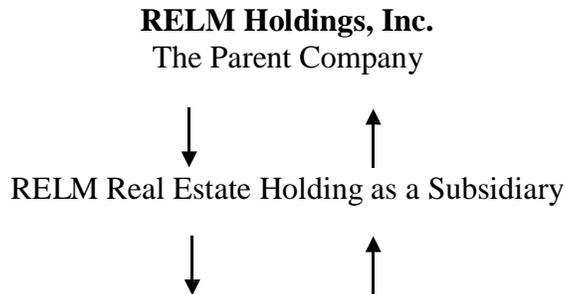
The Fund is expected to receive a Morning Star rating, which should insure the scheduled principal and interest payment on all of the notes issued by the Fund. For example, if notes are held by noteholders of 100 or more, the notes are not expected to default if one or more financial products are replaced before note maturity (From the current pool of financial products).

The list of or pool of financial products developed from 2002-2018 is expected to secure up to 35% of the Fund. 65% of the Fund must consist of U.S. Treasuries.

First Life Insurance Company will own a pool of financial products and U.S. Treasuries which are expected to produce over \$500 Billion in assets with about \$200 Billion in new debt.

Organization Structure of RELM

To understand the division of the organization structure of RELM, the reader must view RELM as two components: A parent company (RELM) and a holding company subsidiary of the parent company, RELM Real Estate Holding.



RELM Information Statement Pursuant to Rule 15c2-11 for the Year Ending December 31, 2018

The following information is provided to shareholders and to assist securities brokerage firms with “due diligence” compliance. This information is set forth below as to RELM Holdings Inc. (referred to as “we”, “us”, “our”, or “the Company”). This information is provided for the purpose of providing information to broker-dealers trading in the securities of the issuer in compliance with Rule 15c2-11(a)(5) of the Securities Exchange Act 1934 as amended (the Exchange Act).

Item 1 *The Exact Name of Issuer/Company and Predecessor (if any):*

RELM Holding Inc.

Item 2 *The Address of Principal Executive Officers*

RELM executive officers plan to relocate to Suite Washington, DC (location TBD)

Item 3 *The State and Date of Incorporation*

We were incorporated in Tennessee in May 1994.

Item 4 *The Exact Title and Class of the Security*

We are authorized to issue two (2) classes of stock: Common Stock and Convertible Preferred Stock. The CUSIP for our

a. Common Stock is 75954h100

b. Convertible Preferred Stock is _____ To be provided at a later date.

Our common stock is held by over 5,000 shareholders and is quoted on the OTC markets under the stock symbol RELM.

Item 5 *The Par or Stated Value of the Security*

Our common stock has a Par Value of \$0.001 per share. Our convertible preferred stock has a par value of \$0.01.

Item 6 *Number of Shares or Total Amount of the Securities Outstanding as of:*

December 31, 2018

Shares Authorized increased to	3,000,000,000
Shares Outstanding	1,307,010,410
Free Tradeable Shares	941,962,823
No. of Beneficial Interest	Over 5,000*
No. of Shareholders of Record	176

*Estimate
Preferred Stock Preferred Shares

Item 7 *The Name and Address of the Transfer Agent for the Common Stock, Convertible Preferred Stock, Preferred Stock, and Other Securities (if any)*

Pacific Stock Transfer Company
6725 Via Austi Parkway, Suite 300
Las Vegas, NV 89119

Item 8 *The Nature of the Issuer's Business*

Merger & Acquisition

Item 9 *The Nature of Products or Services Offered
Merger & Acquisition (M&A)*

Distribution Methods of the Products or Services

- i. Social Media and Direct Marketing

Competitive Business Conditions, the Company Competitive position in the Industry and Methods of Competition

- i. Can offer Non-dilutive equity financing ii.
No debt,
- iii. Unlimited equity (after spin-off),
- iv. Can build tangible book value faster using financial engineering after spin-off, and
- v. No third party credit risk

Item 10 *The Nature and Extent of the Issuer Facilities*

The Company plans to acquire a headquarters and other companies.

Item 11 *The Name of the Management Team*

- a. Chief Executive Officer, TBD
- b. Board of Directors, TBD
- c. Director, Kevin Davis
- d. All directors from 2006 are in place until December 31, 2019

Item 12 *Year-End Financial Statements*

See page 10 titled *RELM Holdings Inc. 2018 Corrected Consolidated Balance Sheet*

Item 13 *Corrected Unaudited Year-End 2018 pro forma Financial Statements*

Notice to Readers

The Company's management has corrected and prepared the accompanying unaudited year-end financial statements.

The correction required financial statements to reflect the spin-off of subsidiaries RELM Real Estate Holdings (RREH) and Access Versalign, Inc. (AVI) along with RREH subsidiaries:

- 1) 1300 N. Market Street LLC¹, and
- 2) Grand Sierra Resort Corp LLC²

These two corporations were purchased in 2008 in a share exchange from an affiliate and controlling stockholder.

¹ Doing business under title.

² Sierra Resort Corp LLC incorporated in Delaware 2008 (Filing #4515450) to be reinstated 2019.

RELM Holdings Inc.
2018 Pro Forma Corrected Consolidated Balance Sheet

	Actual Open Balance Sheet of RREH, A RELM Subsidiary June 30, 2011	Performa Corrected on Dec 2018
Assets		
Current Assets		
Cash/Cash Equivalent (Policy)	\$ 950,000,000	\$950,000,000
SPLC Note Principal Payment plus Interest	\$ 60,682,000,000	\$60,682,000,000 \$84,000,000,000
Accounts Receivable		
Pre-Paid Insurance Default Policy		
Total Current Assets	\$ 61,632,000,000	\$145,632,000,000
Long-Term Assets		
U.S. Treasuries in 2017 from BCLOC		
Total Long-Term Assets		
Total Assets	\$61,632,000,000	\$145,632,000,000

Liabilities		
Current Liabilities		
Total Current Liabilities		
Long-Term Liabilities		
Stock Loan	\$60,682,000,000	\$60,682,000,000
Total Long-Term Liabilities	\$60,682,000,000	\$144,682,000,000
Shareholders' Equity		
Common Stock		
Convertible Preferred Stock Paid in Capital	\$950,000,000	\$950,000,000
Retained Earnings		
Total Shareholders' Equity		\$ 950,000,000*
Total Liabilities & Stockholder's Equity	\$61,632,000,000	\$145,632,000,000*

*Numbers to be validated during audit of financial statements

Corrected 2011 RELM Financial Notes **RELM Capital Structure**

Item 14 *Management Discussion and Analysis*

Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A) is dated as of December 31, 2018. It contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995.

Such forward-looking statements of information may include financial and other projections as well as statements regarding the Company future plans, objectives, performance, revenues, growth, profits, operating expenses, or the Company's underlying assumptions. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "estimate", "plan", "forecast", "project", and "believe", or other similar words and phrases are intended to identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements of information are only predictions but some are facts. However, the Company's actual future results or performance may be materially different.

Uncertainties as to future expense levels and the possibility of unanticipated costs or expenses may impact our ability to attract and retain personnel. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements and information, which are qualified in their entirety by this cautionary statement.

Assumptions underlying our expectations regarding forward-looking statements or information contained in this MD&A include, among others, that we will raise enough capital, on reasonable terms and in a timely manner, that we will continue funding operations and expand our business model from the arranger to a finance company. In the event that any of these above assumptions prove to be incorrect or in the event that we are impacted by any of the risks identified above, we may not be able to continue our businesses as planned or at all.

We have spent a great deal of time, effort, energy, and resources in the development and redevelopment of the spin-off process using the BCLOC program from Protective, the non-Bank Bank, and due to the new, unconventional structured financing of the non-traditional BCLOC program and the length of time required to complete its full development, due diligence requires RELM to give some statement as to management confusing the facts in their 2011 financial report (See Archives).

General

The RELM Holdings Inc. business model has changed as now they will do mergers and acquisitions (M&A) and use the BCLOC program to access non-dilutive equity from a related non-bank bank, name Protective Capital that trade under the stock symbol PCSO, and once that equity is in place the acquired companies are expected to be spoon off providing a dividend to the RELM shareholder. To date, RELM has paid 26 million shares in spin-off dividends to their shareholders.

The due diligence included several years of legal research to articulate the BCLOC to the shareholders whereby to clearly explain purchase of companies that have a non-dilutive equity component separate from the business component and how their value/price. Without the non-traditional education classes, it was unclear if it could even be articulated as stated herein.

Some of the key elements of BCLOC funding transaction are 1) fraudulent conveyance and 2) the future result of RELM tax filing. The reporting could have been caused by the appearing and believing the BCLOC was a mortgage loan product or some type of debt obligation which appeared more acceptable, making it harder to articulate and value than a non-dilutive equity product like the BCLOC.

Going forward, the analysis must cover the two (2) tiered corporation structure set up by the BCLOC.

For example:

First Tier with Non-Dilutive Funding, using Financial Assets

The first tier, RELM Holding Inc., as the public parent must receive the note proceeds (U.S. Treasuries) in exchange for their convertible preferred stock. The convertible preferred stock (CPS), when converted, must only be converted into 10% of outstanding common stock. The CPS can be converted at any time into common stock priced in the public-quoted market under the stock symbol RELM at or above a threshold price set by “ACOS Hedge” from Access Channel Inc. The U.S. Treasuries can only be deposited into special limited purpose corporations (SLPCs) by the leader Protective (a related party) who also must receive the CPS as their fee.

For additional funding, RELM by way of the stock loan (with leader approval) can received additional note proceeds (U.S. Treasuries) without issuing any additional CPS over the 10% of the Outstanding common stock thereby not

diluting the current common shareholders.

Second Tier: Special Limited Purpose Corporations (SLPCs)

The second tier only allows U.S. Treasuries to be deposited from the Financial Assets directly into special limited purpose corporations (SLPCs) by the trustee of lender, using the stock loan proceeds (a related party) that conducts the operating business of producing revenue. The second tier is an operating business which requires a third-party trustee and their job, in summary, covers

- i. To limit the business to that which the leader approved,
- ii. To not allow any third-party creditor bill to go unpaid, and
- iii. To ensure all taxes are filed and paid.

Third –Party Creditor Risk

The third-party trustee (related party) is the only party who can put the SLPC into bankruptcy. However, with the Trustee can pay all creditors when cash or stock, or they can request for more equity at any time to avoid any SLPC from filing bankruptcy.

Risk of the Current Financial Asset Value Being Adjusted

Currently RELM owns:

- 1) 2,975,516,083 in Protective stock, which was prepaid to own Equity 35 policy/Annuity issued by FLFC. The Protective stock is publicly quoted under the stock symbol PCSO.
- 2) However, the stock was adjusted and priced at \$20 around August 15, 2009 in a private sale. But the OTC markets continued the public pricing of the stock at \$0.01.

RELM Holding Inc.
**Gross Income Forecast for Years After the U.S. Treasuries are Released by Trustee
of SPV**

	<u>2019 Projected Income</u>	<u>2020 Projected Income</u>	<u>2021 Projected Income</u>	<u>2022 Projected Income</u>	<u>2023 Projected Income</u>
Revenue					
Sales of Condo from Complex	-----	-----	-----	-----	\$ 220,717,500,000
Sales from Stand- Alone Condo	-----	-----	-----	-----	\$ 169,000,000,000
Revenue from Complex Hotel	-----	-----	-----	-----	\$ 38,000,000,000
Revenue from Stand-Alone Hotel	-----	-----	\$ 38,343,000,000	\$ 38,343,000,000	\$ 38,343,000,000
Revenue from Complex Entertainment Center	-----	-----	\$ 13,623,000,000	\$ 13,623,000,000	\$ 9,500,000,000
Revenue from Condo Rentals	-----	-----	\$ 33,750,000,000	\$ 33,750,000,000	-----
Revenue from U.S. Treasuries	\$ 1,540,000,000	\$ 1,540,000,000	\$ 1,540,000,000	-----	-----
Revenue from Default Policy	\$ 1,120,000,000	\$ 1,120,000,000	\$ 1,120,000,000	-----	-----
Revenue from Johnson Towers	-----	-----	\$ 2,000,000,000	\$ 2,000,000,000	\$ 2,000,000,000
Subtotal	\$ 2,660,000,000	\$ 2,660,000,000	\$ 88,376,000,000	\$ 89,716,000,000	\$ 477,560,500,000
Reinvestment Interest	\$ 40,000,000	\$ 40,000,000	\$ 2,400,000,000	\$ 2,500,000,000	\$ 11,400,000,000
Subtotal	\$ 3,060,000,000	\$ 3,060,000,000	\$ 90,770,000,000	\$ 92,216,000,000	\$ 488,960,500,000

- The hotel, entertainment center and the condo's value are based on other luxury complexes worldwide as provided by the 2018 Wall Street Journal). However, the projections are assumptions adjusted for inflation after 2020.

The Ensworth Complex
 (Will require 145 acres per site)
Projected Gross Income Starting in the
Year 2024

The Luxury Hotel		
	Average Room Rate of \$1,500 Per Night (Projection for 365 Nights Per Year) in 75 Complexes Worldwide With 700 Rooms Each	\$ 28,762,500,000
	Food Budgeted at \$500 Per Night, 365 Nights Per Year for 75 Complexes Worldwide with 700 Rooms Each	\$ 9,581,250,000
The Entertainment Center		
	Capacity of 1,400 People Per Night @ \$250 Per Person, 365 Nights Per Year for 75 Locations Worldwide	\$ 9,581,250,000
	Drinks for 1,400 People Per Night @ \$175 Per Person, 220 Nights Per Year for 75 Locations Worldwide	\$ 4,042,500,000
	<i>Subtotal</i>	<i>\$ 51,967,500,000</i>
The Luxury Condos		
	150 units at \$15 million each at 75 Locations Worldwide	\$ 168,750,000,000
	<i>Subtotal</i>	<i>\$ 168,750,000,000</i>
	Company Total	\$ 220,717,500,000

A Snapshot Look at the Complex The Ensworth

The Ensworth is mainly a superior, luxurious lifestyle complex set in the 19th century period to be located primarily in the United States consisting of the following:

- 1) A luxury hotel offering 1,500 sq. ft. suites with 14 ft. ceilings connected to a steam room or sauna along with other luxury features
- 2) An entertainment center that can seat up to 1,400, which will enable visitors to enter their personal identification booth to view 1st class/live entertainment shows
- 3) Up to 150 luxury condo units with a maximum of 10 units per floor, 14-24 ft. ceilings, living areas up to 10,000 sq. ft., and open or closed balconies in a high rise or garden structure, depending upon the footprint

Also, the Ensworth plans to have 14 other features and have been budgeted at \$800 million per complex (view www.Firstifg.com).

A Snapshot Look at Gross Revenue From a stand-a-lone Ensworth-Style Condo For the Upscale Market

The stand-alone Ensworth condo is a style of living of the 20th-21st century period and is expected to be worldwide, consisting of the following:

- 1) The Ensworth condos are to be upscale luxury units of about 20 units per floor with some rooms having 14 ft. ceilings and with an overall living area of about 7,500 sq. ft. and an open or closed balcony in a high rise or garden structure, depending upon the footprint
- 2) The Ensworth condos/homes are planned to have seven (7) other features with a structure building budget of about \$600 million per complex worldwide. Each condo is expected to be priced at \$14 million to \$16 million, generating \$169 billion in gross revenue worldwide.

Note: Worldwide, millionaires are estimated to be about 10% of the world's population of 7.5 billion people (750,000,000 people). We expect to sell to less than .001% of that market.

A Snapshot Look at Johnson Towers As a Commercial Building

Johnson Towers (“The Towers”) is mainly an upscale commercial office to house commercial business on a triple net lease of about \$50.00 by 2021. The Towers will house the First Group subsidiaries, which will employ about 10 people per floor in a typical 400,000 sq. ft. building. Each Tower is expected to cost \$400 to \$500 per sq. ft. in a range of \$160 million to \$200 million, not including land costs.

The First Tower will be built per the demand of First Group Financial Institution, which offers stock loans as the key component to the Non-diluted Equity Program (ND-EP). The financial institution is expected to need office space worldwide as the demand for their main banking product increases. This demand will likely require RELM to increase their need from \$5 billion to \$7.5 billion (\$50 per sq. ft. x 400,000 sq. ft. per building X 100 locations worldwide). This will likely increase RELM’s income by \$2 billion.

Glossary of Terms

Access Channel Operating System (ACOS)

An operating system that processes the customer's request for business cash (Equity)

Annuity

A contract sold by commercial insurance companies that collects post-EBITDA cash flow and pays a guaranteed income for the life of the annuity for example a BCLOC Annuity 35 policy would have a life of 35 years

Asset

Anything owned that has value

Asset Allocation

Method of targeting investment to appropriate proportions of asset classes to achieve the highest investment return with minimal risk.

Bridge Lender Program

Where by Protective has established a Bridge Loan Program that subordinate their lead rule for up to 3 years and allows the Bridge Lender Access to "ACOS", Which provide an Error Message to the financial Team if a project is about to default for any reason

Business Collateralized Line of Credit (BCLOC)

Stock Loan created to provide non-dilutive equity financing as a single integrated transaction, whereby the component parts as a matter of U.S. Law cannot be separated (i.e., a stock loan, notes only supported by US Treasuries, an Annuity 35 policy guaranteed, and a business default insurance policy)

Captive Insurance Company

A commercial insurance company owned 100% by its parent company that insures the risk of its operating company or a group of operating companies through the issuers of a business default insurance policy linked to a guaranteed agreement.

Captive Finance Company

A company owned 100% by its parent company whose major purpose is to finance consumer purchases from the parent company

Cash Equivalent

A form of payment that is just like cash, such as a traveler's check or cashier's check

Conglomerate

A corporation composed of companies in a variety of businesses which provides better management and sounder financial backing while generating more profit

Convertible Preferred Stock

Preferred (subsidiary) shares that can be exchanged into a fixed number of shares of the issuing corporation (common stock) without an exchange of funds, often by using a conversion ratio to determine how many shares of common shares will be received in exchange for preferred stock at the time when conversion takes place

Credit Enhancement

Techniques used by debt issuers to raise the credit rating of their offering and thereby lower their interest costs (e.g., First Group can use equity capital from their captive insurance company, First Life Financial Corporation, in the form of U.S. Treasuries to lower the interest cost of their notes)

Credit Rating

Formal evaluation of a company's credit history and capability of repaying obligation, one form of which is the note ratings assigned by Fitch Ratings, Standard & Poor's, and Moody's

Default Insurance

The policy around the BCLOC that acts as a defeasance instrument to negate the effectiveness of the performance of certain conditions by pledging rated Treasury notes per the indenture of notes issued, retiring the notes and effectively defeasing the notes

Defeasance

An instrument that negates the effectiveness of collateral that defeats the force of certain conditions (e.g., a corporation purchases U.S. Treasury notes earning a higher rate and pledges the notes as collateral against low-interest-rate debt that they owe and want to avoid retiring, allowing them to disregard certain aspects of the indenture of their note debt)

Derivative Action

An action based on a primary right of a corporation, but asserted on its behalf by the shareholder because of the corporation's failure, deliberate or otherwise, to assert the right

Depository Institution

A financial institution (i.e., bank, savings and loan association, credit union) that pays interest on deposits and invests the deposit money, typically in loans

Financial Assets

Any asset in the form of stock, notes, rights certificates, bank balances, shares in a real estate investment trust (REIT) or the stock of the Company that help property as an investment

Financial Institution

An organization that collects funds from the public to place in financial assets such as stocks, notes, money market instruments, bank deposits, and loans

Hypothecate

To pledge something as security without turning over possession of it. Hypothecate creates a right in the creditor to have the pledge sold to satisfy the claim out of the sale proceeds.

Insurance Company (Insurer)

An organization that underwrites insurance policies

Insurance Dividend

Money paid by the insurance company, usually on an annual basis, based on a dividend rate which takes into account the insurance company's mortality experience, administrative expenses, and investment returns

Insurance Policy

A written contract specifying what risks are insured and what premiums must be paid to keep the contract in force that both the insured and the insurance company can refer to in determining whether or not a claim is covered

Note: Under a BCLOC, the noteholder claim is processed through the Indenture Trustee and all insurance capital must be re-invested in U.S. Treasuries or some other form of government treasury.

Mortality Table

A chart showing rate of death at each age in terms of number of deaths per thousand Notes: A mortality table of a business sector is a chart showing the entire business sector

in terms of number of months per 100,000 or each sector per city within the USA

Non-Bank Bank

A financial institution that provides most of the services of a bank (i.e., credit and equity cards, consumer and commercial loans, savings accounts) but is not a member of the Federal Reserve system and does not have a charter from a state banking agency, allowing them to be more innovative and profitable than traditional government-regulated banks.

Non-depository Institution

A financial institution, typically an insurance company, which collects money by selling insurance policies or receiving employer contributions, investing the money, and paying out money for insurance claims or for retirement benefits

Non-dilutive Equity Financing

Earnings per share after assuming no outstanding shares of common stock, stock options, conversion of convertible notes and preferred stock, and all potentially dilutive securities have been assumed in the calculation of earnings per common share

Penny Stock

A stock that trades below \$5 per share and has net tangible assets worth less than \$5,000,000, thus constituting a penny stock (Rule 3a51-1(d), 17 C.F.R. 240.3a51-1(d); Rule 3a51-1 (g), 17 C.F.R. 240.3a51-1(d))

Pledged Escrow Account

Deposit of securities for a debt (i.e., notes), generally defined as a lien, contract, or collateral

Policy

A company's procedure or planned course of action

Pro Forma

According to form, presentation of data, such as a balance sheet or income statement, where certain amounts are hypothetical, for example a pro forma balance sheet might show a debt issue that has been proposed but not yet been consummated, a pro forma income statement might reflect a merger that has not yet been completed)

Pre-paid Default Insurance Premium (DIP)

Amounts pre-paid to an insurance company to cover a potential default, which is subsequently tax deductible

Note: Under the BCLOC program, this has not been tested.

Securities Exchange Act of 1934

A U.S. law governing the secondary trading of stocks, notes, and debentures

Single Integrated Transaction

A transaction as outlined by the Step Transaction Doctrine whereby the law requires (1) a binding commitment, (2) interdependence, and (3) an end result. (e.g., the steps held in a special limited purpose corporation for First Group would be a stock loan provided by Protective, an Annuity 35 policy provided by First Life, and notes backed by U. S. Treasuries and guaranteed by corporate assets set-up in a segregated reserve account to offset losses after the U.S. Treasuries are released. Such notes are to be sold to broker dealers by a series of First Equity growth trusts)

Software Avoidance Investment Default (S.A.I.D.) System

A proprietary operating system name “ACOS” that is licensed by Ed Johnson who owns a controlling interest of the conglomerate parent, “ACOS” is the engine of the Non-Bank Bank. ACOS has been licensed to Access Versalign, Inc. quoted under pending stock symbol AVERZZ

Special-Purpose Entity

Finite-life entities created by corporations, usually as subsidiaries but sometimes as partnerships, trusts, or other forms of unincorporated structures for a single, well-defined, and narrow purpose, such as those established to issue-income-preferred securities (e.g., a special limited purpose corporation or SLPC)

Stock Company

An organization owned by its stockholders where profits take the form of stockholders’ dividends, which are distributed to stockholders

Tangible Assets

Any asset having physical existence (i.e., real estate property, gold, machinery)

Trust Company

An organization, usually combined with a commercial bank, that is regulated by state law and is engaged in fiduciary investment management functions and estate planning or is engaged as a trustee, fiduciary, or agent for individuals or businesses in the administration of trust funds, estates, custodial arrangements, stock transfers and registrations, and related services

Trustee

One who holds legal title to property in trust for the benefit of another and who is required to carry out specific duties with regard to the property or has been given power affecting the disposition of property for another's benefit.

Trust Instrument

A legal document that creates a trust and stipulates its terms, trustees, beneficiaries' income, and corpus disposition