

August 24, 2010

In the matter of:

Buy Owner, Inc and Affiliates  
A Florida Corporation  
1192 E. Newport Blvd Suite 200  
Deerfield Beach, FL

Assignment for the  
Benefit of Creditors; Florida § 727.101  
Case # 10-30418 08

To All Interested Parties:

On July 23, 2010, Buy Owner, Inc., a Florida corporation, executed an Assignment for the Benefit of Creditors pursuant to Florida Statute §727.101. Phil von Kahle of Michael Moecker & Associates (the "Assignee") was chosen as Assignee. The Assignee is operating the company to stabilize cash flow during the sales process.

### **Historical Background**

The company was in the business of selling real estate advertising in lieu of listing with a real estate broker thus eliminating a real estate commission. It had offices in Chicago and Deerfield Beach, FL with, at the peak, franchises in 8 other metropolitan markets. Due to the downturn in the economy, specifically the housing market, the company and its infrastructure was difficult to support, cash flow from operations became insufficient to meet operating expenses, specifically a balloon payment on a line of credit that had come due. A skeleton staff in 2 offices and field locations were maintained to marshal assets, continue selling advertising and to assist in the collection of accounts receivable.

### **Assignment for the Benefit Creditors Fl. §727.101**

An Assignment for the Benefit of Creditors is a liquidation proceeding governed by Florida law, which can be more productive alternative as compared with Bankruptcy under Chapter 7. An Assignment for the Benefit of Creditors provides for an orderly liquidation of assets, utilizing a court proceeding, by an independent Assignee. The Assignee acts in a way similar to a Trustee in Bankruptcy since the assignee has similar rights and responsibilities as Trustee in Bankruptcy: to marshal all assets, liquidate these assets as quickly as possible and to distribute dividends, where available, to creditors according to their lawful priority. In addition the Assignee performs other functions including the investigation and verifications of all claims. The priority status of

creditors is generally the same as in Chapter 7 Bankruptcy. The advantage to all interested parties of this procedure is inherent in a much speedier procedure, at lesser expense. The procedure does not require the consent of creditors. There is no requirement for a meeting of creditors or shareholders; however all interested parties are kept apprised of the proceedings, from time to time or as appropriate, with all court filings, including a statutorily required "examination of assignor". Any collection claims pursued against the Corporation through Court proceedings will generally have no affect on the Assignment estate since the Corporation is divested of all its assets by operation of law, upon the execution of the Assignment document. As a result, creditors of the Corporation are treated similarly and one creditor cannot obtain a priority over a similarly situated creditor by taking an action subsequent to the assignment.

### **Assets**

A review of the Corporation's books and records indicated that the assets consisted of: accounts receivable face valued at approximately \$38,000, furniture, fixtures and equipment ("FF&E"), leasehold improvements, software, website, real estate and real estate improvements of \$1,873,324.

### **Physical Assets**

The physical assets of the company consist of server equipment, of which a list of equipment is available at [www.buyownerassignee.com](http://www.buyownerassignee.com) located at 3<sup>rd</sup> party co-location facility and miscellaneous Furniture Fixtures and Computer equipment. The value of the business lies in the technology and intellectual property itself. The filing schedules showed a depreciated value on the FF&E of \$341,779 which includes roughly \$241,000 in the Chicago office.

### **Intangible Assets**

The company's intangible assets include over 120 domain names, and various service and trademarks.

### **Accounts Receivable**

The company's books and records showed \$38,000 in accounts receivable at the date of Assignment. The current receivables are \$48,000. Collections of accounts receivable continues to fund the cash flow of operations. We continue to self finance ad sales. The accounts receivable fluctuates depending upon sales. However, as of September 1, 2010 the receivables are estimated to be \$50,000.

### **Real Property**

The company owned its office facility in Chicago. The property is currently going through a foreclosure with an outstanding loan amount of \$961,220. The current assessed value on the property is \$407,000..

### **Cash and Deposits**

The Assignee closed the company's bank accounts and started operating through its trust accounts. Monthly cash through the door, including accounts receivable and new product sales is \$200,000 per month.

### **Administrative Expenses/ Sales Staff**

The Assignee hired several former Buy Owner employees for a limited period of time to assist in operations. There are currently three employees operating out of the Buy Owner office in Deerfield Beach, 1 bookkeeper and 2 IT staff members. The Deerfield Beach office is in the process of being downsized from roughly 10,000 square feet to 600 square feet, saving roughly \$17,000 a month in rental expense. The Chicago office continues to house the Sales Manager, Customer Service and Support and appointment setters. There are 6 employees total in Chicago. Additionally, we have an appointment setter that works from her home in Orlando.

In addition to administrative staff, there is sales staff, 1099 as corporations, in 6 different markets. Atlanta has 1 sales rep, Chicago has 6, South Florida has 3, Jacksonville has 1, Orlando 1 and Tampa 2. There is no additional administrative expense associated with these individuals as they are all paid on a 1099 basis and responsible for their own office.

### **Insurance**

The company currently has G/L and property insurance through The Hartford on the Deerfield Beach facility with an annual premium of \$12,546, which can be reduced. The Oak Brook, IL facility is also covered. Additionally, there is Business Liability insurance with \$1,000,000 in liability and \$2,000,000 General aggregate. Errors and Omissions insurance covers both MLS Realty, based out of Florida and MLS Chicago out of Illinois.

### **Secured Creditors**

The company has one secured creditor, Bank of America, which is owed roughly \$3,000,426 on the business line and a mortgage of \$961,220 collateralized by the Oak Brook, IL office building.

### **Unsecured Creditors**

The company's books and records showed trade debt of about \$735,130. Listed on the filing schedules there was \$1,205,000 of deferred pay or balance of employment contracts due to insiders.

### **Lawsuit (s)**

There are currently eight pending lawsuits listed on the filing schedules that will not affect the sale of the assets of the company.

### **Taxes**

All appropriate tax returns have been filed. There is a tax return due from the state of Illinois for overpayment in the amount of \$55,338.

### **Property Leases**

The company has a month to month lease on its Deerfield Beach, FL office facility and a month to month lease on its collocation facility. There currently is no lease in place in Chicago.

Very truly yours,  
Michael Moecker & Associates, Inc

Phil von Kahle, Assignee

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