

UNITED STATES DISTRICT COURT
District of Oregon

PROOF OF CLAIM

FEDERAL TRADE COMMISSION, Plaintiff

v.
Merchant Processing, Inc.; Vequity Financial Group, Inc.; Direct Merchant Processing, Inc.; PPI Services, Inc.; Aaron Lee Rian,; and Karely McCarthy, A.K.A. Karly Speelman, Defendants.

Case Number CV07-0533 BR

1. NAME AND ADDRESS OF CLAIMANT :

Name _____

Address _____

City / State / Zip Code _____

Telephone No. of Claimant: _____

Tax I.D. No. or SSN: _____

Account or Reference No.: _____

2. CLAIMANT IS A:

MERCHANT (Go to Box 3)

CREDITOR (Go to Box 4)

If Claimant is both a Merchant and a Creditor, please file separate Proof of Claim forms for each claim.

YOUR PROOF OF CLAIM SHOULD BE FILED ACCORDING TO THE ATTACHED INSTRUCTIONS.

3. MERCHANTS ONLY

3a. Entity In or With Which You Claim To Have Suffered a Loss: (If you conducted business with several of the below receivership companies, provide separate Proof of Claim forms for each entity):

- Merchant Processing, Inc.
- Vequity Financial Group, Inc.
- Direct Merchant Processing, Inc.
- PPI Services, Inc.
- Other: _____

3b. Total Amount of Claim as of April 11, 2007:

\$ _____

- Check this box if claim includes increases over principal loss, i.e. interest or other charges, such as attorneys' fees, damages, claims or late fees in addition to the principal amount of the claim. If you check this box, you must attach itemized statement of all additional amounts, interest or charges.
- Check this box if you contend your claim is subject to a security interest. If you check this box, you must attach copies of all documents that evidence the claim of secured status.

3c. Date and Amount of Funds Lost or Fees Incurred:

Date: _____ Amount: \$ _____

Date: _____ Amount: \$ _____

(Attach additional sheets as necessary to reflect the date and amount of all losses.)

3d. Date and Amount of Any Payments or Reimbursements Received by Claimant:

Date: _____ Amount: \$ _____

Date: _____ Amount: \$ _____

(Attach additional sheets as necessary to reflect the date and amount of all payments or reimbursements.)

3e. Attach Certificates/Agreements:

Attach to this Proof of Claim, copies of all Agreements, cancelled checks (front and back), bank statements, account ledgers, statements or other documents evidencing the amount and basis of your claim. Failure to attach complete documentation of your claim may result in your claim being rejected.

*You Must Date and Sign The Claim At Lines 7 and 8 Below For This Claim To Be Valid.

4. CREDITORS ONLY

4a. Basis of Claim:

- Goods Sold
- Services Performed
- Money Loaned
- Taxes
- Wages, salaries or compensation (fill out below)
Your SS# _____
Unpaid compensation for services performed from _____ to _____ (dates)
- Benefits (provide a detailed explanation on attached sheet)
- Other (provide a detailed explanation on attached sheet)

4b. Entity/Person with whom claim was incurred: _____

4c. Date Claim was Incurred: _____

4d. If Legal Action Pending, Date Commenced, Court and Case No.:

If Court Judgment, Date Obtained: _____

4e. Total Amount of Claim as of April 11, 2007: \$ _____

- Check this box if you contend your claim is subject to a security interest. If you check this box, you must attach copies of all security agreements and other documents that evidence the claim of secured status.
- Check this box if claim includes interest or other charges, such as attorney's fees, lost profits or late fees in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Supporting Documents: Attach copies of supporting documents, such as cancelled checks (front and back), account ledgers, bank statements, promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, you must explain. If the documents are voluminous, attach a summary.

6. Date-Stamped Copy: To receive an acknowledgment of the filing of your Proof of Claim form, enclosed a stamped (USD\$ Denominated), self-addressed envelope and copy of this proof of claim.

7. Date

8. Sign and print the name and title, if any, of all Claimants or other persons authorized to file this claim (attach copy of power of attorney, death certificate or other document as needed if co-owner is unable to sign): By signing your name below, you are certifying that the information contained in this Proof of Claim and any back-up documentation provided is true and correct under penalty of perjury under the laws of the United States of America:

INSTRUCTIONS FOR PROOF OF CLAIM FORM

UNITED STATES DISTRICT COURT District of Oregon

FEDERAL TRADE COMMISSION, Plaintiff

v.
Merchant Processing, Inc.; Vequity Financial Group, Inc.; Direct Merchant Processing, Inc.; PPI Services, Inc.; Aaron Lee Rian.; and Karely McCarthy, A.K.A. Karly Speelman, Defendants.

Case Number CV07-0533 BR

GENERAL INFORMATION

Michael A. Grassmueck, as Receiver in the above-captioned case, has determined that there will likely be some assets to distribute to Merchants and Creditors. The amount of funds available for distribution has not been determined; however, the Receiver believes that the best source of compensation to the merchants and creditors is from the funds that the Receiver is bringing into the receivership estate and Merchants and Creditors are strongly encouraged to file claims. **If your Proof of Claim is not received before xxxxxxxxxxxxxxxx at 5:00 p.m. PST, you will lose your right to receive any distributions from the Receiver or the receivership estate and your claim will be barred.**

- 1. WHO MUST FILE A PROOF OF CLAIM FORM?** You must file a Proof of Claim form if you believe that you are owed any money by the following Defendants: Merchant Processing, Inc., Vequity Financial Group, Inc., Direct Merchant Processing, Inc., PPI Services, Inc., Liberty Merchant Services, Inc., Bad Boy Investments, Inc., Bad Boy Racing, LLC., and/or Bad Boy Enterprises, Inc. (collectively, the "Companies") or if you assert a claim against any other person or entity arising out of or based upon (a) any business with, through, or in any of the Companies; (b) any interest in any of the Companies or any of its assets or any claim against any of the Companies or any entity under their control based on primary, secondary, direct, indirect, secured, unsecured, or contingent liabilities; or (c) any claim of any sort against any of the Companies or any entity under their control whether such claim is based upon contract, tort, contribution, indemnity, reimbursement, subrogation theories or other legal or equitable theory. Proof of Claim forms must be filed by Claimants who were Merchants and/or Creditors of the above-listed Defendants and their affiliates and subsidiaries. If you are both a Merchant and Creditor, or are a Merchant with or through more than one of the Companies or affiliates or subsidiaries, you must file separate Proof of Claim forms for each and every claim or interest you allege to have against them or any of them. **Note that failure to submit a signed Proof of Claim form and supporting documentation may result in denial of your claim.**
- 2. CONSENT TO JURISDICTION OF THE COURT AND THE CONSEQUENCES THEREOF.** If you submit a Proof of Claim form in this case, you consent to the jurisdiction of United States District Court for the District of Oregon ("District Court") for all purposes, agree to be bound by its decisions, including a determination, among other things, as to the validity and amount of your claim against the Companies, affiliates, subsidiaries or other persons or entities as identified in paragraph 1. In submitting a Proof of Claim, you agree to be bound by the actions of the District Court even if that means that a claim is limited or denied. By submitting a Proof of Claim, you further agree that your participation in any distribution of the receivership estate may exclude or prevent you from pursuing any other remedies.
- 3. WHERE MUST THE PROOF OF CLAIM FORM BE SENT?** The completed Proof of Claim form, along with all supporting documentation should be filed pursuant to the instructions set forth therein, and sent by mail to:
Michael A. Grassmueck, Receiver
PO Box 1050
Portland, OR 97207-1050
- 4. WHAT IS THE DEADLINE TO FILE THIS PROOF OF CLAIM FORM?** The Proof of Claim form must be received by the Receiver before xxxxxxxxxxxxxxxx at 5:00 p.m. PST. Please note that any late filed claim may be objected to and denied in its entirety.
- 5. AM I A MERCHANT OR CREDITOR?** If you believe you have or allege you have incurred a loss through the purchase of the Companies' or affiliates and subsidiaries' services (see Paragraph 3a of the Claim for names of some of the other entities), you are a Merchant. If you have performed services for the Companies, sold merchandise, loaned money, or were an employee of the above-listed Companies or their affiliates or subsidiaries, you are a Creditor. All other Claimants to whom the Companies owe a debt, which debts are not based on the purchase of stocks or other investments, are also Creditors. Based on your categorization as either a Merchant or Creditor, fill in the appropriate section of the attached Proof of Claim form. If you believe that you are both a Merchant and a Creditor, fill out two (2) separate Proofs of Claim. In either case, you must sign the Proof of Claim form at line 8.
- 6. SUPPORTING DOCUMENTS.** You must attach to the Proof of Claim form copies of all documents that show that the Companies owe the debts or amounts claimed, or if the documents are too lengthy, a summary of those documents. If supporting documents are not available, you must attach an explanation of why they are not available. Failure to provide such documents may result in the denial of your claim.
- 7. ADDITIONAL INFORMATION.** Note that additional information regarding filing the Proof of Claim form, along with additional blank forms, can be obtained at www.grassmueckgroup.com/mpi.php or you may write to the Receiver at the address set forth in Section 3 above.

INFORMATION ON COMPLETING THE PROOF OF CLAIM FORM

1. **Information about Claimant.** Complete this section giving the name, address and telephone number of the Claimant to whom the Companies owe money or property, and any account or reference number associated with such debt.
2. **Claimant Type.** Indicate in this box whether you are a Merchant or Creditor (as defined in the General Information section above). If you are both a Merchant and a Creditor, please file separate Proof of Claim forms for each claim. Upon completing this box, if you have marked Merchant, please proceed to box 3; if you have marked Creditor, please proceed to box 4.
3. **FOR MERCHANTS ONLY.**
 - 3a. Indicate the name of the entity with, through, or in which you claim to have incurred loss.
 - 3b. **Claim Amount.** State the amount you lost or paid to the Companies or their predecessors, affiliates or subsidiaries as of **April 11, 2007**. If said claim amount includes increases over principal or actual losses incurred, such as interest, attorney fees, damages, claims or late fees, please mark the appropriate box below the claim amount and provide a detailed break-down of the claim. Also attach all documentation supporting said claim amount and the calculation of same. Also, if you allege that your claim is subject to a security interest, mark the appropriate box in this section and provide all supporting documentation evidencing the secured status of your claim.
 - 3c. **Date and Amount of Funds Lost or Fees Incurred.** Indicate in this section each time you incurred a loss with the applicable Company by indicating the date and the amount. Attach additional sheets as necessary to reflect all individual losses experienced.
 - 3d. **Date and Amount of any Payments or Reimbursements Received.** Indicate the date of any payments or reimbursements from the applicable Company by indicating the date and amount of each. Attach additional sheets as necessary to reflect the date and amount of all transfers of money out of the applicable Company. (Merchants go to Section 5 of the Proof of Claim and complete Sections 5 – 8.)
 - 3e. Attach to your Proof of Claim, copies of all Agreements, Certificates, and any other documents you contend reflect the terms of your agreement with any of the Companies.
4. **FOR CREDITORS ONLY.**
 - 4a. Indicate the basis of your claim in this section.
 - 4b. Entity with whom claim was incurred: Identify the entity you believe owes you the money.
 - 4c. **Date the Claim was Incurred.** Indicate the date on which the amount you allege to be owed arose.
 - 4d. **Pending Legal Action.** If you have commenced a legal action against any of the Companies, provide the details of said legal action here. Attach any additional pages of description and supporting documentation. Also, please provide any information regarding court judgments obtained against any of the above-captioned defendants.
 - 4e. **Total Claim Amount as of April 11, 2007.** State your claim amount of April 11, 2007. Also, mark the applicable box if you contend your claim is subject to a security interest, and attach copies of all security agreements and other documents that evidence the claim of secured status. Mark the applicable box if your claim amount includes interest or other charges, such as attorney fees, lost profits, or late fees in addition to the principal amount of your claim, and attach an itemized statement of all such additional charges.
5. **Supporting Documentation.** Note that in addition to filling out the Proof of Claim form, you should provide supporting documentation evidencing your claim. Supporting documentation may include documents such as cancelled checks, bank statements, account ledgers, promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, or evidence of perfection of liens. Furthermore, feel free to provide any additional pages of explanation or narrative discussing your claim and claim amount.
6. **Acknowledgement of Filing.** To receive an acknowledgement of the filing of your Proof of Claim form, enclose an additional copy of the Proof of Claim form, along with a self-addressed, stamped envelope when filing the original form.
7. **Date.** Insert the date on which you completed and signed the Proof of Claim form.
8. **Signature. Sign the Proof of Claim form and indicate your title, if applicable. THE PROOF OF CLAIM FORM YOU SUBMIT MUST BE SIGNED AND CERTIFIED AS TRUE AND ACCURATE UNDER PENALTY OF PERJURY.**