Mr. Walsh,

We would like to first thank you for allowing us to present you with this proffer. First, we will address the key elements in the indictment, specifically the allegations of misrepresentations and the time reporting. The Representations Matrix (Section 1) provides a comprehensive review of representations alleged by the Government in FBI reports and compares to actual representations found in emails communications between the Defendant(s) and the staffing company. In addition, *please take a close look at our corporate activity reports*, which provides a week to week accounting of activities in the business between 2003 and 2004. These reports are also in discovery as information from them has been used in the Government's James Proffer. The corporate activity reports will show that staffing was a standard business activity as any other. You will also see continual business activity towards seeking investment capital, going to banks for lines of credit, talking with investors, creating investment prospectus' and other business financing activities. Also, we had legal services provided to us by law firms, including Holmes, Roberts, & Owens for contract review for investment brokers, teaming agreements with large defense contractors/systems integrators and Baker Botts for patents and intellectual property protection.

We were not experts in business, especially doing business with Government agencies. None of us have a criminal record or have ever been remotely associated with criminal activity. We never anticipated in a million years it would take as long as it did to close business. All the signs of closing business were there and that we had a great product that was generating some intense interest by the law enforcement community. We were expecting a sale at any moment. John Shannon, retired NYPD seargent, who IRP had brought on as a subject matter expert and sales person communicated to us that he expected that we would close business with the NYPD in early 2004. He based that on all of the feedback that he was receiving from executive staff within the department. Please pay close attention to the Reasonable Expectation of Revenue section regarding our engagements and revenue expectations with the Colorado Bureau of Investigation, NYPD, DHS and Philadelphia Police Department.

We hope you find that some facts surrounding this case simply don't make sense or are not reasonable from your experience as an expert in white collar crime. As you review the proffer, we would ask you to consider the following:

1) Why would a company engaged in selling software to law enforcement engage in a criminal scheme? Wouldn't it have been easier to just set up shop, get unqualified friends and family to participate in the scheme and share in the proceeds gained? Why go through the trouble of hiring other contractors.

2) Why would a company engaged in willful criminal activity hire retired federal agents and have them participate in the criminal enterprise even to the point of having them working some days in the IRP facility?

3) Why wouldn't these Defendants hire more of their wives or more random church members to receive compensation from the scheme?

4) Why would a company and Defendants go through the trouble of traveling to the Department of Homeland Security, NYPD and other agencies and go to such great lengths to sell their software? Wouldn't it easier not to ever travel, do presentations, demonstrations or deal with any of these hassles?

5) Why wouldn't the Defendants seek to reap major financial benefits from the scheme? Wouldn't it make sense to have the money go directly to the Defendants or to the company where they could pay contractors themselves and skim off the top? Some things just are not reasonable

6) Why would the company or the Defendants waste time going to Congressman and to the El Pomar Foundation seeking funding for small law enforcement agencies in Colorado to receive the CILC Basic software product.

THE INDICTMENT

The Government has accused the Defendants of mail and wire fraud and conspiracy to commit mail and wire fraud primarily based on the following:

1) Alleged **misrepresentations** to staffing companies about the ability to pay based on current/impending contracts with law enforcement agencies in the purchase of IRP's CILC software solution.
2) **False/inaccurate reporting** of hours worked on timesheets
3) Used three separate companies (IRP, DKH, Leading Team) in a conspiratorial fashion to repeatedly payroll or staff contract employees and **disguised or misrepresented the connections between the companies and sometimes served as commercial references for each other.**
4) Defendants used a variety of **tactics & misrepresentations** to prevent staffing companies from discovering of the company's inability to pay debt incurred from the staffing and payrolling of contract employees.

THE COMPANIES (IRP, DKH & Leading Team)

DKH Enterprises

DKH, LLC was established in July 2000 and served as Demetrius K. Harper's Independent Consulting Company through which he did business. The typical business scenario would be:

1) Mr. Harper would place his resume on an Internet job board
2) A staffing company, who has a job requirement from a Client corporation of theirs searches the Internet job boards and matches Mr. Harper's qualifications to their client needs.
3) Staffing Company contacts Mr. Harper and discusses position and compensation. If terms are agreed upon, Staffing Company submits resume to their client.
4) Client Schedules and interview with Mr. Harper if interested in talking to him about the position
5) Client contacts Staffing Company if they want Mr. Harper and the Staffing Company has Mr. Harper fill out the necessary paperwork to become an employee or 1099 consultant with them.
6) Mr. Harper goes to work, fills out timesheets for hours worked, gets his manager to approve the time by signing the timesheet and gives copy of timesheet and invoice to staffing company.
7) Staffing Company pays DKH, LLC on approved timesheets and invoices Client for the hours Mr. Harper worked.

Mr. Harper sometimes worked more than one contract from different staffing companies. Mr. Harper is friends with David Banks, Gary Walker, Clinton Stewart, David Zirpolo and Ken Barnes. Mr. Harper was aware of the law enforcement software being developed by Gary Walker early on. When it was time to start bringing on additional resources for Leading Team, Gary Walker gave the staffing business to Mr. Harper and Mr. Harper saw a great opportunity to grow his business in a different direction through staffing.

Leading Team Inc.

Leading Team was established in August 2000. Leading Team was Gary Walker's company. Mr. Walker and David Banks used Leading Team for their independent consulting engagements and work in similar fashion as described for Mr. Harper's business. Leading Team also did other software development projects with other corporations and developed the CILC Precinct Client/Server software. DKH handled the staffing of information technology contractors for further

development of the CILC software. Leading Team continued to serve as the independent contractor company/corporate umbrella for Walker, Banks and others consulting engagements, including contracting/consulting engagements directly for Leading Team and IRP Solutions.

IRP Solutions Corporation

IRP Solutions was established in February 2003 for the express purpose of corporate branding that was aligned with the CILC software. IRP stands for Investigative Resource Planning, which is the methodology created by Gary Walker and David Banks upon which the CILC software was built on. IRP Solutions sole purpose was the development, marketing, sale and support of the CILC software application. DKH initially handled all staffing support for IRP Solutions until late 2003/Early 2004. Banks got involved and developed a staffing prospectus for IRP Solutions that was presented to staffing companies outlining the staffing needs of IRP, the market, pro-forma financials, etc.

ALLEGED MISREPRESENTATIONS

Good Faith Shown to Law Enforcement Agencies and Staffing Companies

IRP executives in good faith entered into contractual arrangements with staffing vendors based on anticipated revenues from an expected Government contract. Executives did not realize, understand or anticipate at the time that when they provided proof-of-functionality modifications based on requests from these large agencies that they would continue asking to see more and take as long as they did to close the business. IRP executives knew and believed that their software was already unique and was told that nothing existed in the marketplace. Being aware of the uniqueness of the solution and our efforts to make specific modifications for these agencies, we would qualify as a sole source provider of the solution and be awarded a contract. There was so much excitement which fueled so much hard work.

Executives did feel that as a small company they had to show some good faith to large Government agencies and be more accommodating to request for pre-contract modifications and therefore committed the company to more debt in an effort to gain a contract. When the contract did not materialize as anticipated, executives found themselves in a catch-22. The company had already committed itself in debt to staffing companies and it was not acceptable that those companies not be paid, hence the reason the company executives never sought a bankruptcy option. Many personal guarantees were signed with staffing companies as another show of good faith. IRP executives thought they would be remiss not to stay engaged in the modifications of the software to pay its debts to the staffing companies.

Representations Made to Staffing Companies

You will find that numerous upfront proposals were made to staffing companies requesting a partnership arrangement sometimes even in the form of a staffing prospectus that outlined the business opportunity, the company's staffing needs, the market, etc. You will find in the staffing prospectus and in the Powerpoint presentations that there was absolutely no mention that there was a contract in place. After reviewing and/or hearing the proposal, the staffing company would say they were not interested in that type business relationship and that we would have to work with them on a traditional contract basis. The staffing company would forward us a credit application and/or their contract and we would negotiate final terms accordingly. On many occasions after going through their credit process, we still got turned down and many staffing companies refused to do business because they thought it was too risky.

Materiality of Representations

There is strong and overwhelming evidence in discovery that we will highlight in this proffer showing that the staffing companies, who have a high-level of sophistication in this industry, evaluated our credit-worthiness through a Dun and Bradstreet (D&B) reports, credit applications, etc., and still made a conscious decision to engage with us even when D&B showed a high-risk. **You will also see internal staffing company emails discussing the risk associated in doing business with us. What is telling from these internal staffing company emails is that there is absolutely no mention or discussion about entering in a business relationship with us was based on a current or impending Government contract, only creditworthiness discussions.** Additionally, you will find that as staffing companies begin to inquire about being paid and was told that we have not been able to close the business yet, not one staffing company responded saying that "***YOU TOLD US YOU HAD A CONTRACT***". In the enclosed Representation Matrix you will find direct evidence from actual email communications on what was actually said to staffing companies, their reliance on creditworthiness as the only material fact for doing business. It addition, you will find in section B, other staffing company denials to IRP. Please take a look at the email communications and you will find that there were no representations made regarding a contract with a law enforcement agency.

Short-term debt commitments were made to a staffing company and a belief that based on all the hard work and efforts making modifications to the software that surely one of these large agencies would have to close business very soon. Time seemed to pass very quickly and a singular focus was to complete the requested modifications, gain a contract, and pay our debts to staffing companies for services provided.

This type of situation would have been unlikely in the corporate world where a Vice President has decision-making ability, requisite budget and financial authority to execute on a business arrangement once a company provided proof that their software worked. As a small company competing against billion dollar systems integrators and defense contractors IRP executives knew that their product was their greatest asset and that the intense interest and overwhelming response to the software would put them over the top with these Government agencies. **We will point out strong evidence in the proffer representation matrix supporting belief in our product and that being communicated to staffing companies in varying ways.**

Sixteen of the 25 counts in the indictment deal specifically with timesheets and hours purportedly worked and that is addressed in the following section.

ALLEGATIONS OF FALSE AND INACCURATE REPORTING ON TIMECARDS

The government alleges 16 counts of fraud based upon time cards (Indictment Counts 2, 3, 4, 5, 6, 7, 8, 12, 13, 17, 18, 19, 20, 21, 22, and 23). These sixteen counts allege falsified timesheets with hours purportedly worked that caused an invoice to be sent through the mail. The Government alleges improprieties and fraudulent actions associated with timecards submitted showing fulltime working hours for double or triple the amount available hours during the week from more than one staffing company. These transactions were rare, usually not longer than a 2-4 week period, when extra work needed to be done. It is not uncommon for more than one fulltime position to be worked in a typical week for information technology professionals. ***See affidavits from information technology contractors Michele Harris and William Williams in section R***. Ms. Harris and Mr. Williams currently or have simultaneously worked three 40 hour per week information technology projects/jobs, each of which with required work hours from 8am – 5pm. Mr. Williams and Ms. Harris is evidence that workers in the IT field can perform various duties concurrently and sometimes simultaneously for disparate projects as an employee, and/or contracted assignment(s). Others information technology

professionals that we are aware of work multiple contracts as well. For many years computer users have become accustomed to using computers connected the Internet for monitoring and managing multiple systems concurrently that are physically housed at facilities across the country, or perhaps across the world. The average attention span of an IT worker could easily work on two or three systems concurrently depending on the tasks at hand. All of the tasks associated with projects at IRP Solutions Corporation were effectively managed by personnel performing the required tasks.

Although it was not the norm, IRP Solutions Corporation used an ad hoc approach to determine if project tasks could be managed by its workers whom were on **rare and isolated occasions** engaged in work on multiple projects related to the NYPD, DHS, CILC Basic small agency investigative work product, and supporting IT infrastructure requirements for the Company. That is, preference was given to in-house staff to determine if project tasks could be handled by existing personnel before hiring additional workers as contractors. If existing personnel could handle the project tasks as additional work hours, their request was approved based upon their personal ability to handle the tasks along with what they were currently doing for the company. All of the individuals involved in this practice were very accustomed to performing work duties in this manner prior to working at IRP Solutions Corporation, and after leaving the company. The indictment points to a few incidents during very short time spans where these perceived anomalies with timesheet reporting exist for David Banks, Gary Walker and Ken Barnes. Specialized projects required additional work that may have required months for a new contract employee where parties already familiar with the project could more effectively do the work in a shorter period of time without a disruption in the continuity of the business or the project. In actuality, these short-term engagements actually saved money given what it would take to bring on a new resource.

According to the FBI's interview of Mr. McKinley [Bates 007406] who was the manager for Shaun Haughton working for Benesight, McKinley confirms the possibility of working for more than one work activity. During this interview, McKinley indicates the systems Haughton is responsible for are "pretty intelligent and will send a notice to McKinley's and Haughton's pagers when there is a problem with the system." The FBI interviewer has him indicate the possibility of working more than one activity for several of the staffing company timecards submitted to include Prostaff/Advecta, TAC Worldwide, Headway, KForce, Aquent, and Technisource.

According to her affidavit, Michelle Harris performed work for Oracle Corporation using a similar work model as outlined above before, during, and after working projects for IRP Solutions Corporation. In a letter returning their subpoena (Bates 10100) information that ordered the company to show her work hours, Oracle Corporation's legal counsel asserts that "Ms. Harris is an exempt employee at Oracle, and as such was not required to submit time cards."

The government has absolutely zero proof that the hours reported were not worked. Again, refer to the sworn affidavits attached from contract employees that are currently employed simultaneously on 2, 3, and sometime 4 engagements and billing each in the span of a 24 hour period.

RELATIONSHIPS BETWEEN IRP, DKH & LEADING TEAM

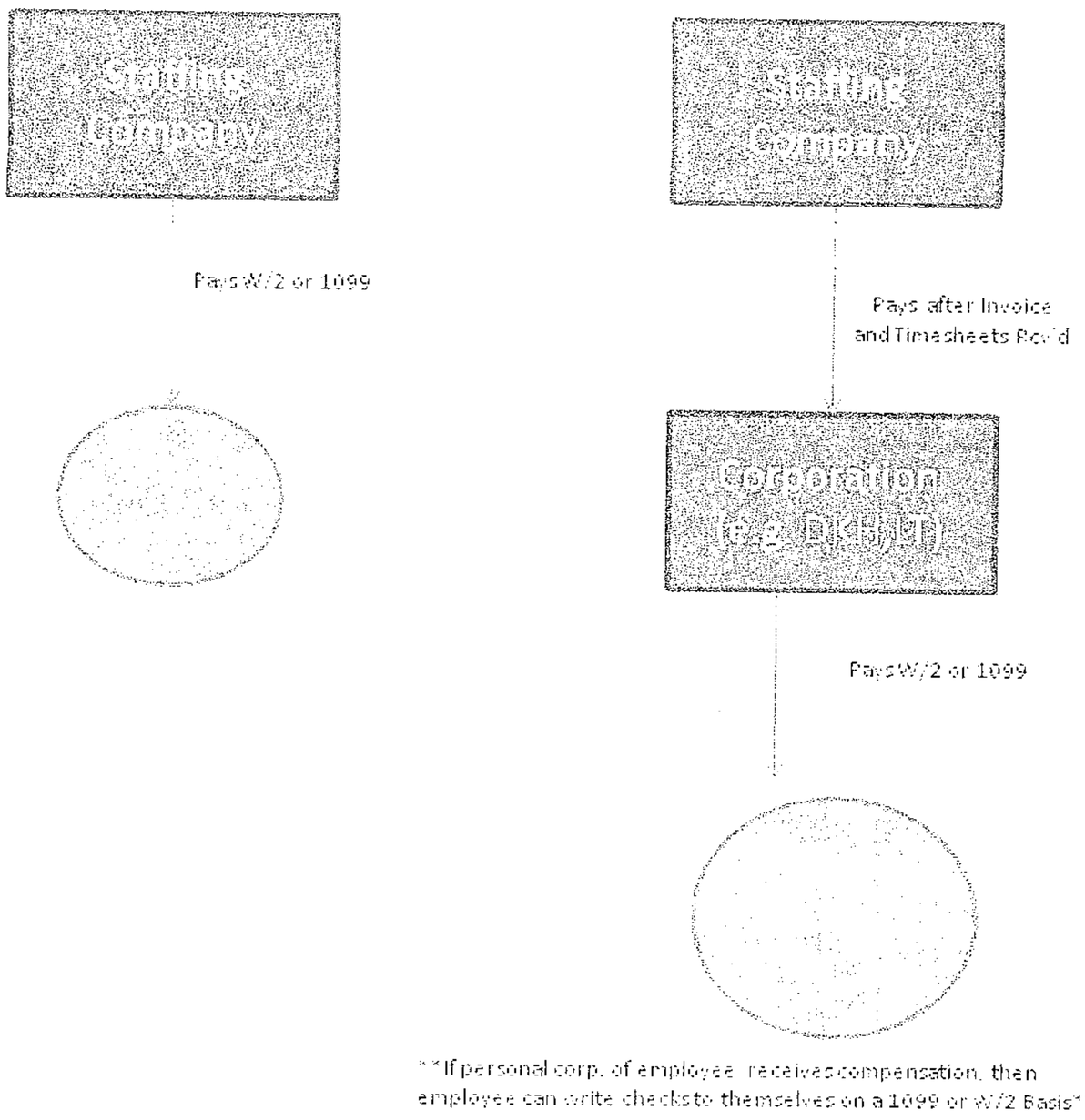
The government alleges in their indictment that the defendants used three separate companies (IRP, DKH, and Leading Team) in a conspiratorial fashion to repeatedly payroll or staff contract employees and disguised or misrepresented the connections between the companies and sometimes served as commercial references for each other.
There was no conspiracy. DKH originally handled all staffing for Leading Team and IRP. IRP took over any staffing in for the company in late 2003, early 2004. Leading Team and DKH still served as corporate umbrellas for personal independent contracting purposes as it always did prior to any staffing for the CILC software project. There has only one initiative and that was the ongoing development of the CILC software application(s), CILC Basic, CILC Precinct, CILC NYPD

version and CILC Federal. Leading Team developed and completed the CILC Precinct client/server software project. See section N where a software developer provides a status report illuminating the near completion of the CILC Precinct software module at the end of 2002. DKH handled the staffing. IRP continued development of the web-enabled features to accommodate DHS and NYPD requirements and DKH handled the staffing and payrolling of IT contractors. As mentioned previously, IRP took over staffing in late 2003/early 2004. Because we were a small business everyone continued to work and wear many hats. There was only one initiative and all staffing and payrolling supported that single initiative. Projects don't necessarily change when a company merges with another or acquires another.

DKH, LLC signed the sub-lease agreement for 7350 Campus Drive and IRP paid DKH on a monthly basis and DKH paid the lease. DKH served as a reference because they were a reference for IRP. Moreover, the defendants were running their companies as small business startups. And, as often is the well-established practice industry with startups, many of the tasks required to operate the company are performed by the same person. Moreover, even in larger established businesses an executive may serve as the vice president of one company as well as the president of another, facilitating business between the two companies. There is no conspiracy involved in such a business arrangement. The payroll and/or staffing connections between the companies were communicated to staffing vendors as product development projects worked by DKH on behalf of IRP for a government agency.

Leading Team was involved in the DKH IRP transaction as an independent contracting company as seen in scenario 2 below. Please see the orange circle in Scenario 2 which outlines the relationship. Instead of pay flowing directly to the employee as in Scenario 1, pay would flow direct to the Leading Team and then Leading Team would pay the contractor on a 1099 basis. With either model, the staffing company made a payment, whether direct to a contract employee or passed through to the corporation of a contract employee. This is a common business practice widely used in the staffing industry and was not used in any unusual way here. See the image below showing staffing payment models.

Payment Models for IT Contractors



The defendants have provided a representations matrix to show the manner in which the vendors came to engage their services in support of the development projects. Using the government's discovery artifacts, the defendants have repeatedly shown the course of evaluation used by the staffing vendors to determine their decision to extend credit to these companies. It is clear from the evidence presented in this matrix that there were no disguises or misrepresentations used to hide the connections between the companies.

ALLEGED USE OF TACTICS AND MISREPRESENTATIONS (related to inability to pay)

The Defendants in this case don't deny the use of staffing companies for payrolling and staffing services for contract employees. Typical payrolling transactions use previous employees that have already worked on a project/company before. In fact, staffing companies are not concerned about who a company chooses to be payrolled. They simply conduct their credit due diligence and a make a determination to conduct a business-to-business transaction. The contractor is a product of, but not relevant or instrumental to the business transaction between the two companies. The contractor provides the work on the project after the business transaction is consummated and becomes relevant to the staffing companies to provide timesheets for work performed that the staffing company can bill the client to receive payment.

The staff was maintained to complete the work on the project that they have already started. This was about continuing work on the projects related to modifications for DHS and NYPD. We want to underscore the fact that CONTRACT EMPLOYEES WERE MAINTAINED TO COMPLETE WORK ON THE CILC SOFTWARE PROJECT in an effort to gain a contract and pay debts to staffing vendors for services rendered. If new contractors were brought onto the project, it would slow

down IRP's ability to complete the modifications, thus slow down the closing of the sale and paying debts. Contract employees were simply told to act professionally and limit playing around like friends may do some time.

Mr. Harper clearly misused the "slow payment cycles" language on a few occasions. Again, Mr. Harper was awaiting payment from IRP or Leading Team, depending on the company he was staffing for and incorrectly attributed to IRP not closing the sale to a slow payment cycle. Mr. Harper admits that this language should not have been used period, but there was no pervasive use of "slow payment cycles". If you take a moment to look at Mr. Harper's communications, you will find he does not have a strong command and use of the appropriate business language. We all were learning more about doing business as we went along. We were software people, not business people. It appears that on some occasions, specifically when Mr. Harper was under pressure from staffing companies to pay, he simply started to crush under the pressure and started making improper representations. He simply should have stated that he was awaiting payment from Leading Team or IRP, instead of trying to speak on behalf of the companies (IRP or Leading Team) that were directly engaged with law enforcement agencies. Mr. Harper never attended one in-person meeting with a major law enforcement agency and was not qualified to speak on behalf of his clients IRP or Leading Team on matters related to the sale of the software. Mr. Harper did not send his actual communications provided to a staffing company to another Defendant in this case. Mr. Harper was provided with general status of the IRP sales activities and later did assist IRP with the sale of the CILC Basic solution to smaller agencies around the country and some staffing when IRP took over staffing responsibilities. Everybody tried to work together and take up the slack by helping out wherever needed.

Some staffing companies did show up unannounced to IRP offices without a scheduled appointment. It is not reasonable to expect a meeting or be allowed access. Yes, on some occasions they were turned away and told to schedule an appointment.

HOW THE BUSINESS OPERATED MONTH TO MONTH

We are sure that a seminal question is how did the business sustain operations month to month? How were the lease and other expenses paid? We are certain from what we have seen in the investigation is that the Government has atmospherically theorized that technology contractors who were a part of the church provided kickbacks to the Defendants in exchange for their employment. The Government has even drawn conclusions that money was being funneled into the church from contractors and maybe back to the Defendants somehow. Nothing could be further from the truth.

Did friends and family contribute to the business, including some people that were staffed? The answer to that question would be yes. Let us explain how that worked. It is a well-known fact that small many small businesses rely on the help of friends and family to stay afloat in early years. Our business was no different. First, many people that were friends and family contributed to the business. Second, those people that were contractors and contributed to the business did so before they contracted, during the time they were contractors, and when they were no longer a contractor with any of the companies. Those same people who were contracted with IRP and others that were not, still provide contributions to the business each and every month since then and still are contributing today. How did Obama or any politician generate revenue for their campaign? Through donations from people that believed in their message. In like fashion people contributed to us because they believed in us and what we were trying to accomplish, not only for our business but for the benefit of our country. Mr. Walsh, our friends and family pulled together to help us and to have their kindness and financial sacrifices challenged as criminal is very hard to deal with. See a few of the contributions

from family and friends who were not staffed and associated Bates numbers in discovery. Keep in mind that none of these people were ever staffed as contract employees.

Bates 020079 - Contribution by June Wright for $4200
Bates 020109 - Contribution by June Wright for $1200 (See section U for copy of this check from discovery)
Bates 020041 - Contribution by Daisy Bowden for 4000+
Bates 020080 - Contribution by Yolanda Jackson for $2500
Bates 020115 - Contribution from Thurman Media (Sam Thurman's Mother sent a check) for $10,000
Bates 020050 - Contribution from Rose Banks for $19000
Bates 020131 - Contribution from Rose Banks for $2500

These are not small amounts. These people believed in us and supported strongly with their own finances.

Other notable contributions:

Samme Thompson (former Senior Vice President of Global Corporate Strategy and Corporate Business Development for Motorola who was providing investment broker services to IRP.) loaned $10,000 of his personal money.

Michelle Harris loaned $5000.00 to the company within the last two years or so.

Other friends and family contributed regularly, some with personal checks and others with cash. They just knew what we were doing was worthwhile and that we would pay them back when we closed business. Many friends and family are still contributing today. That is the truth.

STAFFING COMPANY DENIALS TO DO BUSINESS WITH US (Additional companies provided upon request)

We have included below staffing companies that declined to do business with IRP because either IRP could not or would not provide financials or did not meet the credit requirements of the staffing company. You will not see the Defendants create some special tactic or aggressively pursue the company and tell them we had a contract to the get the staffing company to engage in business. One example of this can be seen with the staffing company ESG Consulting, *bates 001301*, where Banks states to ESG's John Landau: "If you can still do the business, then let me know. If not, I am forced to have to search the staffing marketplace for another company". Mr. Landau initiates the call back to Banks to move the business forward. Below is just a sampling of companies, many of which was provided with the staffing prospectus upfront that can be seen in section J.

Teksystems
Westaff – IRP provided staffing prospectus, Powerpoint presentation, filled out credit application
Connect the Knowledge Network
Randstad - IRP provided staffing prospectus, Powerpoint presentation
Yoh Staffing
Momentum Resourcing
Solomon Page

WHERE DID THE MONEY GO? WHO DID STAFFING COMPANIES PAY?

The Government has alleged that staffing companies were bilked out of approximately $5M dollars but where did that money go over the 3 year period from 2002 – 2005? It went into the pockets of contractors from checks received directly from staffing company as pay for the purposes of developing the software and/or other administrative positions

in support of business operations. Not to the Defendants, except when the Defendants worked as "billable consultants" on the project. From our calculations, $4M+ of money paid by staffing companies went directly into the pockets of the other contractors from the staffing company that they worked through on the project. It is our understanding that most schemes typically have some type of proof where the Defendants realize financial benefits, which is a motive by which they would willfully engage in criminal activity. That does not exist here. Additionally, we would like to bring to your attention that 50% of the contractors that worked for the companies were not friends, family or affiliated with us though our church. So why would we seek to enrich others who would not be of a benefit to us? Even some of those unaffiliated contractors were staffed/payrolled multiple times, including John Shannon, the retired NYPD Seargent that was working on behalf of IRP Solutions to gain a contract at the NYPD. The only thing the companies and Defendants received, especially by the signing of personal guarantees by Mr. Banks and Mr. Harper, was debt.

PAYMENTS MADE TO STAFFING COMPANIES BY US

Leading Team and IRP made the following payments to staffing companies. Both Corestaff and Addstaff filed civil claims and upon being sued, IRP made payments. We found out later that an investigation had commenced from the actions of Corestaff and/or Addstaff with the El Paso County District Attorney's office but was canceled upon the payments being satisfied by IRP. We pulled together the best we could to satisfy those debts.

Leading Team paid $39,296.58 to Hall Kinion/K-Force

IRP paid:

$4,028.78 to CoreStaff (paid-in-full)
$8,522.92 to AddStaff (paid-in-full)

FEDERAL AGENTS SIGNED CONTRACTS TO BE PAID UPON SALE OF SOFTWARE OR WHEN STAFFED

Senator Ben Nighthorse Campbell's referred us to the Special-Agent-in-Charge (SAC) Denver Division of the FBI to get referrals for retired federal agents that could assist with the putting a "federal face" on the CILC software. The ASAC contacted Mr. Banks back and referred us to retired supervisory special agents Dwayne Fuselier, John Epke and retired customs SAC Dwayne Fuselier. All three of these retired federal agents signed independent contractor agreement where the ***terms of payment were to be paid upon the sale of the software or upon being staffed with a staffing company.*** See the Independent Contractor Agreements and work product from the retired federal agents in section F. We ask you to consider why would a company willfully engaged in a criminal scheme seek out federal agents as independent contractors, and have them periodically working in the IRP facilities? All of these gentlemen did outstanding work in putting a "federal face" on the software as requested by DHS.

IRP AND LEADING TEAM HAD A REASONABLE EXPECTATION OF REVENUE

Colorado Bureau of Investigation

Our first real expectation of revenue came from the Colorado Bureau of Investigation in January of 2003. Supporting email communications are in ***section D of the proffer binder***. Leading Team had provided an original quote to the Colorado Bureau of Investigation for $500,000.00 and an alternative quote of $375,000.00 for participating in the beta program with our software. You will find a January 3, 2003 email where a scheduling a meeting for January 6, 2003 to plan the implementation of the software under the $375K beta program. IRP agreed to assist CBI in writing the grant to acquire the funds to complete the sale of the software.

We knew we had a great product and continued to see intense interest from that point forward. CBI was the reason we engaged the services of staffing company Robert Half International. The goal was to complete the client/server project and sale to CBI. See ***section N*** in the binder and you will find a December 6, 2002 status report email from software development contractor Mikel Nelson to Gary Walker where Mr. Nelson is providing percentage completion in for work in on the software module he was responsible for. You will find three areas over between 90%-97% complete and the other two areas at 50%. It is clear from this that Leading Team was very near completing the software for delivery to CBI, thus the reason for engaging the services of a staffing company was to complete the software for an imminent sale to CBI. It was our sincere expectation to close business, get paid and satisfy our debts. Robert Half International was aware of this initiative and our goals. Both Mr. Walker and Mr. Banks were "billable consultants" on the project to ensure the project moved forward expeditiously.

We would like to refer you now to ***bates # 006187***, where Mr. Banks has communicated via email to Tiffany Zelenbaba of Robert Half on September 16, 2002 that he wanted a business relationship between Leading Team and Robert Half to be consummated on the "viability of our product" vice divulging financials. Later on in that group of emails, you will find that Ms. Zelenbaba, in an email to her bosses discusses the risk of doing business with Leading Team because they were a small company, but Ms. Zelenbaba responds that she is pushing to get the business, she needed the business, and looking at the potential of a long-term relationship. I hope you see this business transaction as an indication of our honest intentions to do good business and pay our debt and not provide false or misleading representations. We had a great product of interest and we always knew we were going to sale the product.

New York City Police Department (NYPD)

IRP Solutions staffed John Shannon as a contractor to generally handle all business development and to gain a contract at the NYPD. There are significant details about the dealings with the NYPD in the corporate activity reports. Additionally in section P, you will find a February 25, 2005 email communication from John Shannon to David Banks outlining his thoughts and expectations about closing business at the NYPD. In that email communication, Mr. Shannon says the IRP went beyond the call of duty to develop and present solutions that would fit the Department. Shannon goes on to say that he has never witnessed a company more sensitive to the needs of the NYPD. Further, Shannon states that based on how well received that CILC application was by the executive staff, he fully expected that IRP would close business with the NYPD in the first quarter of 2004. Those expectations were the passed on to us so we as a company kept working hard to do whatever we could to close the business, even to accumulating more debt because closing the business would provide more than enough revenue to pay off any debt we had. Even a veteran of 20 years with the NYPD was baffled by why IRP had not closed business and why the software had not yet been acquired by the Department. Mr. Shannon's role at the NYPD prior to retirement was to evaluate software technology for Detective Bureau. This gave him a unique view and understanding of how and what technology would be useful. ***Finally, Mr. Shannon talks about the many times that Mr. Banks expressed to him the desire to close the NYPD business for the express purpose of being able to satisfy some outstanding debts.*** Mr. Walsh, we were not engaged in a criminal scheme. We expected and anticipated revenue from the NYPD in the first quarter of 2004. We did not expect or anticipate the delays and requests to see more modifications for the NYPD.

We would like to address another matter with the NYPD that is in discovery regarding NYPD returning CILC software to IRP. Software was returned on March 8, 2005, after the FBI raid on our business. This is what happened. The NYPD was still heavily leveraged on typewriters for filling out their DD-5 report of investigations. John Shannon and IRP executives became somewhat miffed and frustrated because we had not yet been able to close the deal with all of the hard work, debt was piling up and another move had to be made to close the deal. David Banks came up with an idea. Since the NYPD was still using typewriters and there were inherent issues with typewritten DD-5's as far as the quality, scanning,

and sharing information, Banks met with Walker and others and decided to integrate the very long and exhaustively detailed DD-5 into the CILC Basic software. Using the CILC Transform software, IRP made an electronic copy of DD-5. With 9000 investigators, even at a low price of $500.00 per user license, a sale could generate $4,500,000.00. The new solution was CILC Basic DD-5. We sent 25 copies to NYPD via John Shannon and the new electronic form was very clean and actually and color –coded to identify both the blue and pink DD-5. Now each investigator, which NYPD had about 9000 both in the Precinct Detective Squads and in the District Attorney Squads could replace type-written forms with a database-driven form and always prints a clean copy. Additionally, IRP provided a search capability where now the NYPD could search for terms and pattern through the form and identify and isolate key elements for their investigations across subject, modus operandi, location, etc. John Shannon was working through Detective Bureau executives to present the software. Mr. Banks then thought that it would be a good idea to draft a letter and enclose an actual printout of the new DD-5 that was generated from the new CILC Basic DD-5 application. Mr. Banks went on the Internet to the NYPD website and found the names of all of the commanders/heads of the Precinct Detective Squads (PDS) and sent them a letter that alerted them to the fact that IRP had provided 25 copies of the software free-of-charge to the Detective Bureau at NYPD Headquarters and to contact them for more information or to get a copy. Banks thought that intense interest in the product shown from the rank and file would be a catalyst for headquarters to purchase the product. Detective Bureau headquarters got flooded with so many calls for the software until Detective Bureau Chief George Brown became angry from the disruption. At that point Chief Brown returned the software. We got the intended response from the letter campaign but it created a logistical nightmare at headquarters. It is unfortunate that the only accounting in reports is that software was returned. This shows the huge revenue potential of CILC Basic solution to earn $4.5 million dollars and even more when you factor in support and maintenance revenues, not to mention the CILC Precinct solution that was completed in the 4th quarter 2002 – 1st quarter 2003. CILC Precinct was being aggressively marketed by John Shannon to the NYPD and was demonstrated numerous times as evidenced in Corporate Activity Reports. Also, see section N of status report regarding percentage complete of the CILC precinct software in late 2002. Additionally, the CILC Precinct software was demonstrated to Bob Davis of Police Magazine, who published the article on CILC in the February 2004 issue of the magazine. See article in police magazine archives at http://www.policemag.com/Channel/Technology/Articles/Print/Story/2004/02/Software-Spotlight.aspx

Department of Homeland Security

Background

COTS (Commercial-off-the-Shelf) software is defined as: *Commercially available specialized software designed for specific applications (such as legal or medical billing, chemical analysis, statistical analysis) that can be used with little or no modification.* IRP Solutions was the only company in the world that was actually developing and selling software specifically created for Federal Law Enforcement investigations, which is what made the software so attractive to DHS. The original CILC Precinct software included an adaptable software technology framework and reference implementation that rationalized best practices and techniques for conducting criminal investigations at all levels of Government, including local, state and federal. This reference implementation provided a base solution that could be installed and used as is, but IRP made the software adaptable and flexible to accommodate any agencies investigative and enforcement processes, thus requiring a project to handle modifications by IRP software engineers and business analysts to make the software completely customized for an agency's specific operations. The original software presented to DHS was the CILC Precinct solution. DHS thought the software was good for their investigative purpose, but did not have the look and feel or what they called a "federal face". DHS, specifically Stephen Cooper, who was the Program Manager for DHS' Consolidated Enforcement Environment (CEE) initiative suggested that IRP get with some

federal law enforcement consultants to assist with creating a federal face to the software. This is what prompted IRP to contact the Denver Division of the FBI and acquire the names of John Epke, Dwayne Fuselier and Gary Hillberry to assist IRP with ensuring the modifications for DHS was satisfactory. Any notion that retired federal agents were brought on to legitimize the scheme is a fallacy. If IRP had only been working with the desktop product like CILC Basic, DHS would not have given them any consideration whatsoever.

We would like to turn your attention to section T, which is an FBI interview with Paul Tran of DHS (Bates 018605). You will find this interview probably the shortest of FBI interviews, because it clearly shows that DHS was very interested in purchasing IRP's software. In November of 2003, Sam Thurman spoke to Paul Tran about a $12 million dollar pilot program for IRP's software. The software was ready for the pilot program, except that DHS had requested modifications to the interfaces/screens that would accommodate the federal look and feel or as DHS put it, "federal face". In the interview, it clearly states that DHS would have likely purchased IRP's software. Imagine a group of small businessmen from Colorado with a software solution that had the U.S. Department of Homeland Security interested in purchasing their solution. Our software prompted discussions by DHS to grant us a $12 million dollar pilot program and later requesting quotes from the software that totaled over $100 million dollars. Small businesses that are the size of IRP aren't presented with these types of opportunity from an agency of this caliber. We knew our software was special. Our thoughts were that $12 million dollar pilot program would more than cover the cost of our debt and the mere signing of pilot contract would enable IRP to attract more investors or even finance the project through our local bank. In our minds there was absolutely no way we could lose. We accommodated DHS's request for modifications to gain a contract or even a pilot project would suffice. Just like the NYPD, any representations made concerning our belief that we were close to getting a contract from DHS was done completely in good faith. Further in the FBI interview, the agent insinuates that past mid-2004 DHS was not interested in purchasing IRP's software. Clearly not the case as IRP receives a May 13, 2010 email from Paul Tran that IRP had been moved into the next/final round of evaluations. As you look through the chronology, you will find that IRP has numerous follow-on demonstrations regarding additional functionality. Dates include July, 2 2004 and July 15, 2004, August, 11, 2004, August 12, 2004 and more. IRP attended a joint DHS/DOJ meeting for a presentation and demonstration of our software related to the Federal Investigative Case Management System (FICMS) initiative on October of 2004. This meeting was scheduled just one week after the RFI (Request for Information) closed to submittals from commercial contractors. This request came very quick and showed us that we were the prohibitive favorite and solution of choice. In the first couple of weeks in December 2004, IRP provided quotes for their core case management solution and confidential informants for inclusion into DHS' 2005 budget exercise. These quotes exceeded $100 million dollars. We are not criminals nor did we engage in a criminal scheme or have any criminal intent whatsoever. As you look at our interactions with DHS you will find that it follows a natural, common-sense progression. We were not perfect or experienced businessmen and we made some mistakes. Our software is still valuable today for DHS and others and we can clearly sell it and pay our debt and would have already if not for this criminal case and specifically the article released to the press by the Government during the raid on our business. We have clearly been prejudiced by this as our customer base is law enforcement. Law enforcement is a closed community and a very suspicious community. The mere mention of a criminal investigation creates a self-fulfilling prophecy for the Government in that our software was not valuable. The evidence clearly shows something to the contrary.

Philadelphia Police Department

In late fall of 2008, IRP executives were still seeking a way to do business and pay their debts to staffing companies in light of the damage that had been done by the article released to the press about the FBI's raid on IRP while still under

seal. IRP executives decided to pull out select modules and sale them as standalone modules in an effort to generate revenue. About five modules were selected for sale, which included the search warrant module. In December, 2008, David Banks began to do research on the Internet to find law enforcement agencies that may benefit from the search warrant module. Mr. Banks specifically sought out Philadelphia Police Department because he had lived in a Philadelphia suburb while serving in the U.S. Navy. On December 11, 2008 Mr. Banks drafted and either mailed/faxed a letter to Everett Gillison, Deputy Mayor of Public Safety for the City of Philadelphia to offer the CILC search warrant software module at no cost to the City of Philadelphia.

IRP executives knew that revenue would be generated from customizations of the software and from software maintenance so providing the core capability for free would provide significant value to Philadelphia Police Department for their search warrant problem and generate other revenue making opportunities. Timing couldn't have been better for IRP. The City of Philadelphia was already engaged in a joint IBM and Motorola project of which delivery of search warrant capability was a part. Both IBM and Motorola were unable to provide a sufficient search warrant solution. In fact, a federal judge was threatening a costly injunction if the city did not solve their search warrant problem. Mr. Everett obviously had an open ear given these circumstances. After meeting with Gillison in his office, Banks was put in touch with Gery Cardenas, the Director of Information Technology for the City of Philadelphia who came to the Gillison's office for a presentation. Both were impressed with the software and actions followed to acquire the search warrant module. IRP Solutions completed the integration of the search warrant form into the CILC application within two weeks and sent an email to Gillison upon completion. Many other revenue generating opportunities were identified for IRP Solutions and Mr. Cardenas scheduled other meetings and demonstrations of other software modules to key leaders in the Department. IRP executives are excited about generating the revenue to pay its debts until an IBM representative takes the same article that was released to the press by the U.S. Attorney's Office in Colorado/FBI and presents it to Gery Cardenas. Things started going negative with the Police Department from that point on. In Gery Cardenas' interview with the FBI, he communicates just how much Mr. Banks believes in his software product and that Philadelphia Police Department was about to install the software until he heard about the investigation. The FBI agent inquired of Mr. Cardenas whether he had heard of IRP's failure to reimburse victims of millions of dollars. There has been no determination whether the staffing companies were victims or what the circumstances were surrounding IRP's dealing with staffing companies. This is clearly an indication of how the FBI's intentional interference with IRP's business transactions continued to limit IRP's ability to satisfy their debt.

During the early stages of talks with Everett, Mr. Banks noticed that the Inspector General's Office had previously released an RFI/RFP for a case management system. Mr. Banks contacted the Inspector General's Office and spoke with Lorelei Larson, Chief Investigator. Mr. Banks saw this as an opportunity to provide the CILC solution to the Inspector General's Office under the Mayor's Action Committee Initiative. Can't remember if that is the right name for the initiative but it is close. Again the software could be provided at no cost and IRP would benefit in three ways. 1) yearly software maintenance revenues, 2) software customizations, and 3) gain substantial exposure due to the collaborative nature of Inspector General investigations where many law enforcement agencies have the ability to work with software, upload documents to the case, etc.

This time, the Inspector General has a conversation with AUSA Kirsch around February or March 2009. It is communicated to us that AUSA Kirsch told Amy Kurland, who is the Inspector General for the City of Philadelphia and a former AUSA that an indictment was coming against the Defendants in this case. Mr. Kirsch did not even seek a true bill until four to five months later. Mr. Banks had a conversation with Kurland's executive admin who communicated that because Mr. Kirsch told her an indictment was coming she would have to regretfully pull the project. Again, IRP

Solutions business is thwarted by the actions of AUSA Kirsch and the article on the Internet released to the press while under seal from being able to make money and pay their business obligations. Mr. Walsh, we were in the business of selling software to law enforcement. Our ability to sell that software and pay the debt greatly diminishes the credibility of Government's case and substantiates our justification for doing legitimate business and our desire to pay our debt to staffing companies. We say again, we never filed for bankruptcy because we felt it was our responsibility to pay for services rendered to our company. Business plans don't always play out within the exact time expected, in fact in most cases it never does. There are constant adjustments being made in business to accommodate unforeseen issues, competitive forces, etc. As you can see from opportunity in Philadelphia, we have a viable product that is of interest to law enforcement and even up until today there is not another company that has yet created anything like it. The product would be sold and our debts would be paid. Our business plan did not execute in the time we expected, but we never engaged in any criminal activity nor had any forethought or intention of doing so.

ISSUES WITH SUBPOENAS

In our latest discovery disk received, it appears that banking records originally received with the first set of discovery disks have been repackaged and given new bates numbers to cover-up that no subpoena's were ever used to acquire many banking records. In addition to the new bates numbers, a 2007 Wells Fargo Subpoena Declaration has been attached to 2003-2004 bank records, which leads one to believe that someone is trying to cover-up that banking records were originally gotten without a grand jury subpoena. If in fact grand jury subpoenas were used in 2003 and 2004, we have a right to any grand jury transcripts that were empanelled at that time and responsible for issuing grand jury subpoenas. As you know may know Mr. Walsh, we have previously requested to see the actual grand jury subpoena's, but were denied by Mr. Kirsch and subsequently by Judge Arguello in a legal ruling.

Here is a more detailed description of what we have found regarding the banking records:

At issue here is mixed in with a lot of the FBI discovery banking data are items with fax dates well before Feb 2007. Documents with Bates numbers 015332-015333 from Mr. Barnes bank account show a fax date of Oct 13 2004. In Leading Team's account with Bates number 010598 there shows a fax date of Oct 20 2004, Dave Zirpolo's account with Bates number 014858,014859 show a fax date of Jan 31 2007, and Lawanna Clark's with Bates number 016476 shows a fax date of April 1, 2005. These documents are inter-mingled with documents that have a date in between Feb 6 2007 and March 14 2007. Then there are documents that are clearly photo copied which none can determine when or how they were obtained. FBI Agent John Smith admits to seeing documents in his testimony of bank records of the companies at issue, the Colorado Springs Fellowship, and contractors before he testified before the grand jury. Which begs the question, how was he able to view banks records as early as 2004?

This is supported by the Wells Fargo document under the FBI discovery with Bates number 013075 which shows the bank was served a subpoena Feb 20 2007.

In Bates items ranging from 019944-019949 shows an inconsistency with dates in which information was subpoenaed from Wells Fargo from the IRP's bank account. Bates numbers 019946 - 019947 shows a photo copy date of March 12, 2007. But Bates number 019948 shows from Wells Fargo's official subpoena order timestamp a date of Nov 19 2004, and Bates number 019949 shows a timestamp of October 29, 2004. There are similar date issues like this throughout the new discovery information ranging from Bates numbers 019938 – 020342 sent from the US Attorney's office dated January 31, 2011. One glaring issue is Bates numbers 020223,020288,020231 which is a declaration of from Wells Fargo titled "Re: Subpoena" and referencing an Agency Case# 070245 showing a date served of Feb 15, 2007. While

these declaration forms are new information provided to the defendants, they are sent and mingled with discovery information already provided by the government. This has created an issue of duplicate Bates numbers for the same information. Listed below are samplings of those Bates numbers:

010700 = 019948

010705 = 019955

010706 = 019956

010707 = 019957

010708 = 019958

010709 = 019959

010712 = 019964

010713 = 019965

010714 = 019966

010717 = 019972

010718 = 019973

These above listed Bates numbers are copies of checks issued from Wells Fargo via a subpoena order from 2004. What this appears to mean is that possibly there was a Grand Jury convened around late 2004 and 2005 in which none of the defendants have been able to view any Grand Jury testimony. But obviously there must have been a Grand Jury in session at some point around late 2004 early 2005 in order for company banking records and individual banking and work related records to have been turned over to the government.

OTHER QUESTIONS

Some of our frustration with this process has been so many things that were done did not make sense. That is why we have fought so hard. We not only have to defend ourselves, but we have to defend the integrity of our church. So many people have been hurt by this process until it has been absolutely painful to watch.

- Why was our church targeted?
- Why during the course of the investigation did the Government not interview one contract employee not affiliated with the church, of which virtually all are Caucasian?
- Why did the Government only call church members to testify before the grand jury?
- Why did the Government pursue and convict the pastor's daughter to six months in prison for perjury when post-trial evidence exonerated her? The conviction was not overturned nor was a new trial granted in light of this evidence.

- Why do church members who were called before the grand jury say they faced a barrage of questions about the church and the pastor?
- Why did the Government release an article to press about the raid of IRP Solutions while under seal?
- Why did the Government use this press article to lure and sway staffing companies who had filed civil claims to become a part of the criminal case?
- Why did a former Assistant United States Attorney who was friendly with staffing company executives forward a letter to his previous boss to criminally prosecute the company?
- Why did AUSA Kirsch tell the Inspector General of the City of Philadelphia in 2009 that an indictment was coming months before requesting an indictment from the grand jury; interfering with the company's business activities and prohibiting them from generating revenues to pay its debt?
- Why won't the Government turn over grand jury subpoena's if the banking records were legally obtained?
- Why did FBI agents go to church member's jobs in an effort to get them fired?
- Why did FBI agents go to church member's neighbors to tell them that they were involved in criminal activity?
- Why is the Assistant U.S. Attorney involved in civil business matters?
- Why did the Government try to implicate the church in a criminal scheme?
- Why would AUSA Kirsch refuse to meet with us and our counsel early on to hear our side of the story?

CONCLUSION

Mr. Walsh, we hope that we have presented you with a compelling look into our business and the intent of our actions and conduct. We hope that you find that there was absolute zero criminal intent in all of our actions and ***we ask you to consider:***

1) We had a reasonable expectation of revenue along the way starting with CBI in 2003, NYPD in 2004, DHS in 2003 & 2004 and even Philadelphia in 2009 prior to the indictment. Each of those opportunities would have made in possible for us to more than satisfy our outstanding debts at that time.
2) The reason we extended our debt with staffing companies for the express purpose of modifying the CILC software and gaining a contract vice a scheme just to bilk staffing companies.
3) As a software company we retained the services of attorneys, we met with members of Congress, hired retired federal agents to be paid upon the sale of the software or when staffed, sought out bank financing and other type of investment into our business, met with the El Pomar foundation to help fund our technology for small law enforcement agencies in Colorado
4) The fact that we took numerous business trips and conducted many presentations/demonstrations of our software with the NYPD, DHS and others.

5) Why would a company doing business with law enforcement and retain law enforcement professionals intentionally engage in any questionable activity, let alone criminal activity? To do that would completely destroy all work on the software and completely destroy our ability to make money and stay in business

6) Being our shoes and feeling the excitement as small business trying to accommodate the needs of some very large customers with large revenue potential and how big of a win that would have been for our company.

7) The affidavits of Michele Harris and William Williams outlining the ability to work up to three 40 hours per week information technology jobs.

8) John Shannon's February 25, 2004 email to David Banks concerning our activities at the NYPD, Mr. Shannon's expectation that we would close business in February of 2004 and Mr. Banks' communication to Mr. Shannon that we needed to close business with NYPD to satisfy our outstanding debts.

9) The staffing prospectus and presentations that were provided to staffing companies upfront, the lack of any evidence that staffing companies relied on alleged statements about a contract. In fact, there were many internal conflict and discussions within staffing companies on whether or not they should proceed doing business with IRP specifically on a creditworthiness basis and not one email exchange related to proceeding on the basis of a Government contract.

10) The fact that not one staffing company representative responded to an IRP, DKH or Leading Team executive during the collection process that with a comment that they had been told that there was a contract in place.

11) That at some point, the overwhelming lack of conversations about a contract by staffing companies and the overwhelming number of conversations about credit has got to point to the fact that the contract theory came to fruition on the basis of a Government theory that was communicated to staffing companies through initial contact from the FBI and the dissemination of the Gazette Telegraph article release about the raid. This also shows that a contract was not in the minds of staffing company representatives in evaluating doing business with IRP and was not material to their decision-making process.

12) Many of the companies had filed civil suits and received judgments against IRP.

13) Many personal guarantees were signed by Mr. Banks and Mr. Harper.

14) Emails and FBI reports of DHS' Paul Tran that said DHS was interested in buying the software and willing to commit to $12 million dollar pilot. DHS received quotes exceeding $100 million dollars in December 2004 and coordinated a joint DHS/DOJ meeting to showcase IRP's software.

15) No unjust enrichment by the Defendants

16) That the overwhelming majority of money paid by staffing companies went directly to contract employees and not to the Defendants, except when they were billing on the project. Remember over 50% of contract workforce was unaffiliated with the church or friends of the Defendants.

17) That the Defendants could have staffed more of their wives and many more church people if they were truly engaged in a scheme

18) That we were new to doing business with the federal government

19) Companies, specifically IBM were being referred to us from a "large federal agency" (DHS)

20) The fact that the Defendants would not have to go to the extent and perform all the work, engage in all the meetings, trips, hire non-friends as contractors to accomplish a scheme to bilk staffing companies.

21) Philadelphia Police Department's imminent install of CILC software modules and the excitement of the Phialdelphia's Office of Inspector General's about the implementation of our software.

22) Emails showing the imminent completion of the CILC Precinct software in late 2002 by Developer Mikel Nelson who is unaffiliated with the church or friends of the Defendants.

23) Our interaction with the FBI and DOJ, including Assistant FBI Director Louis Quijas at the International Association of the Chiefs of Police and DOJ Chief Information Officer Van Hitch and his special assistant Price Roe. Why go through the trouble?

24) No criminal records by any of the Defendants

Thank you for reviewing our proffer. If there are any clarifications you need, we would be more than happy to provide you with further explanation and/or supporting evidence. We hope we have provided you with enough.

Sincerely,

Gary Walker
David Banks
Clinton Stewart
Demetrius Harper
David Zirpolo
Ken Barnes