

Penny Auction Solutions, Inc.



& Bid Win Fun – Fully Owned Subsidiary



Executive Summary

The information in this document is confidential and is to be only read by authorized parties. This business plan is not an offering of securities.

BidWinFun (BWF) is a wholly owned subsidiary of Penny Auction Solutions, Inc. (PAS)

Table of Contents

The Concept: Penny Auctions.....	3
How Penny Auctions Work.....	3
Mission & Vision & Goals.....	4
Business Model for Growth.....	5
Management Team.....	7
Market Size & Description.....	7
Competitive Analysis.....	8
Competitive Advantages.....	8
Proforma Profit & Loss Statement.....	9
S.W.O.T. Analysis.....	9
Industry Buzz.....	10
Exit Strategy.....	11
Capital Injection Request	11
Use of Funds	12
The Future.....	12
Contact Information	13
APPENDIX A (Key Management Bios).....	14
APPENDIX B-D (Specialized Auction Platforms).....	17

Legal Notice Regarding Forward-Looking Statements:

This release of this information contains forward-looking information within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934 and is subject to the Safe Harbor created by those sections. This material contains statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Such forward-looking statements by definition involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Penny Auction Solutions Inc., to be materially different from the statements made herein. This document does not constitute an offering of securities.

The Concept: Penny Auctions

Even though auctions of all types have been around for thousands of years, there is a new kind of auction that is taking the world by storm. It's called the "Penny Auction." Penny Auctions combine the thrill of online shopping with gaming and intense bidding, to form a highly captivating and enriching experience.

Penny Auctions are very entertaining because unlike eBay or other auction sites, Penny Auctions happen in a matter of hours or minutes, instead of weeks or months. The attraction of Penny Auctions is easily understood. Even in a tough economy, where many people are forced to "do without," Penny Auctions give them a chance to get that new luxury item they couldn't otherwise afford. For a fraction of the cost (literally pennies on the dollar), they have a chance to get that television, laptop, purse, iphone, jewelry, gift card, high end consumer item and even cars they have always wanted. It is possible to win an auction and receive up to a 99% discount on name brand merchandise. Our current plan is to only sell new and shrink-wrapped merchandise as is common with other Penny Auction web sites.

This new form of shopping entertainment is truly exhilarating and addictive game play. Penny Auctions are currently exploding and gaining attention in North America, the United Kingdom, Continental Europe, and Asia. Yet a large part of the worldwide market remains largely untapped, leaving the door open for Penny Auction Solutions to capture a sizeable share of the global Penny Auction market.


How Penny Auctions Work

The concept of a Penny Auction is simple and so is the process of participating in and winning auctions. The following points illustrate the basic flow of how the Penny Auction process works.

1. People register to become members of our sites, which will allow them access to all auction items up for bid. In order for consumers to participate in auctions, they must purchase Bids or Bid Packs. We will sell individual bids for \$0.15 to \$0.20 depending on the quantity of bids purchased in packs at one time. Bid packs can consist of 50, 100, 250, 500, 1,000 or more individual bids. The term "bid pack" merely refers to a collection of a set number of bids.
2. Members locate auctions of interest on our site and start placing bids for one or more items. For each bid that is placed (i.e. spending one of their bids worth \$0.15 to \$0.20 each) it raises the price of an auction item by just \$0.01. This enables the items to potentially sell cheaply (i.e. the winning bid price) while making a profit for the company. It is important to note that once a bid has been expended, the bid fee is not returned to the consumer.
3. The auctions are timed; smaller items may only be ten-minute auctions while larger items may be longer (hours and maybe up to a couple of days). There is an eventual end time on all auctions should they run excessively long just to ensure all auctions will end with a winner being named. However, it is rare for auctions to last more than 24 to 48 hours once members start bidding.
4. For the sake of simplicity, each time an item is bid on, ten seconds are added to the bid clock. So the closing seconds of an auction can last however long people want to bid on an item(s) - helping to escalate the final price of the item(s). When the time expires on the clock, the highest bidder wins the auction at the current stated price.
5. Members who have won an auction are then directed to proceed to "check out" to pay for the merchandise they have won (i.e. the closing auction price) and arrange for shipping. Most items are simply drop-shipped from our vendors directly to our members and often the Penny Auction company will cover the shipping costs.

The following is an example auction on the Bid Win Fun auction site:

The following auction represents a flat screen Toshiba TV. With bids averaging \$0.20, the amount that Bid Win Fun has collected so far is \$859.00, with the retail price being around \$400.00. Therefore, the profit thus far is over \$500.00 and the auction is still in progress.

<p>Toshiba 40L5200U 40" LED HDTV 1080P</p>  <p>00:09:32</p> <p>\$42.95</p> <p>Wizard</p> <p>Bid Now</p>	<p style="text-align: center;">Auctions Generate High Profits and Margins of 150% to 300%</p> <ul style="list-style-type: none"> • The number in red represents the time left in the auction (9 minutes, 32 seconds) as the clock counts down to zero. • The dollar amount in green is the current auction price. • Since each bid adds \$0.01 to the price of the auction, the total number of bids placed so far is 4,295. (\$42.95 x 100). • The member "Wizard" was the last (and highest) bidder. <hr/> <p style="text-align: center;">Auction Profit Calculation</p> <p>Average Bid Cost: \$0.20 Number of Bids Placed: 4,295 Television Retail Price: \$400 Total Collected: \$859 (4,295 bids x .20 per bid) PLUS the winning bid amount: \$42.95 (currently)</p> <p>Total Profit: \$501.95 ...and the auction <u>is</u> still in progress!</p>
--	---

Penny Auction companies typically collect 150% to 300% of the value of a product in high volume auctions which makes the business model very profitable. As noted, once a member purchases a bid pack, they are free to cast their bids on any active auction. However, the Penny Auction company makes money at the time a member purchases a bid pack, but it's easy to compute average revenue levels on each item that is being auctioned as described above. Also, in order to maximize our profit, we strategically analyze the auction data to determine how many higher-end to lower-end merchandise auctions to host on an ongoing daily, weekly, or monthly basis.

It's important to note that every single auction will have a winner if just a single bid has been cast toward that auction. The highest bidder always wins the item when the clock timer has run down to zero.

Some of the items that will be sold by Penny Auction Solutions (PAS) via its different auction sites such as Bid Win Fun (BWF) will include, but are not limited to:

- Flat screen TVs
- High end home theatre electronics
- Home décor items and kitchen electronics
- Vehicles
- Small scale consumer electronics such as iphones, ipads, and other mobile devices
- Gift cards
- Cruises and other vacation packages
- Services (flying lessons, scuba lessons, NASCAR driving experience, etc.)

Vision & Mission & Goals

Commencement of Operations

Penny Auction Solutions (PAS) plans to commence operations for its first site Bid Win Fun (BWF) in 2023 after the requisite capital has been secured and the business launches its U.S. based operations. PAS has not yet commenced normal business operations however members of the management team have been operating Penny Auction web sites for several years.

PAS has acquired or purchased the assets of four (4) Penny Auction web sites in order to establish our presence in the Penny Auction industry. These purchases represented some of the best technology in the Penny Auction industry and also offered us access to several large customer databases. Our plan is to utilize the best technology, auction platforms, customer experiences, and marketing methods from these sites in order to build our “Enterprise” version of a Penny Auction business and launch as a new brand under the PAS name.

Vision Statement

BidWinFun will become the Premier Global Choice and an industry leader in the Penny Auction marketplace by incorporating a rewarding shopping and entertainment experience for our customers.

Mission Statement

Our mission is to develop an expansive array of Penny Auction websites that capitalize on the strong consumer demand for users to bid on high end retail items at a fraction of their cost while providing a fun and exciting experience for the end user. The business model will be customer-service-focused ensuring longevity and loyalty of brand interaction.

Goal Statements

- To develop an “Enterprise” version of our Penny Auction business that consists of a traditional, MLM (multi-level-marketing), and a Mobile Device platform.
- To launch a Global array of Penny Auction web sites based on a deployment plan that maximizes our presence and profitability in each country and region.
- To develop an extensive customer retention program that results in acquiring and retaining more members than current industry ratios.
- To design and deploy a customer centric presence on our sites that result in very rewarding and exhilarating shopping experiences for our customers.
- To continue to acquire additional Penny Auction web sites and operations to increase our market share and global presence.
- To continually refine and develop the Penny Auction model to open additional channels of revenue and company growth.
- To seek out technologies and services that will offer future growth to our company and more value-added experiences to our customers.

Business Model for Growth

PAS has identified several areas for potential growth of our business model. The core of our growth is represented by three major initiatives in the development of our Penny Auction Enterprise model. This model consists of deploying a traditional Penny Auction platform, an MLM Auction platform, and a Mobile Computing Device platform.

Each of these platforms represents a major revenue component and potentially reaches more Penny Auction users due to the variety of the auction model. The Penny Auction craze is spreading quickly and our approach to the marketplace will provide us with a large advantage over future sites by addressing all of these platforms.

One of the strongest of the revenue models could be the deployment of the MLM platform and especially in the international market. We have partnered with several key resources in the MLM arena that are highly respected and successful in assisting companies such as ours develop a credible and powerful business model to attract a vast amount of potential Penny Auction users.

Another strong component comprising our growth strategy is the Mobile Internet Market. There are over five billion unique mobile internet users in the world actively buying goods and services on a daily basis¹. Another interesting fact is that in recent years German consumers alone actually spent over five billion dollars gambling on mobile phones. Gambling enthusiasts and shopaholics are still flocking to Penny Auctions and the mobile market is quickly becoming a great way to reach this audience..

By utilizing .mobi domains, it truly shouts “mobile”. The mobile user will instantly know that the site will be mobile friendly. In addition, it is a widely held belief within the Search Engine Optimization (SEO) industry that Google will increasingly give higher rankings to .mobi sites on the mobile internet because those sites are known to be mobile user friendly and thus more relevant to mobile searchers. Google is also one of the companies that founded and strongly backed the “.mobi” domain suffix and is therefore likely to favor these sites when it comes to organic page rankings.

For the foreseeable future, we plan to continue the development and evaluation of the Penny Auction platform to further enhance our customer’s experience and our related revenues and will in addition, continue with the development of our Sports and Recreation Celebrity/Charity and VIP Experience Auctions as discussed in Appendix B and C listed at the end of the Full Executive Summary. Another major component of our growth model will come from additional Penny Auction company acquisitions. We will continue to assess the marketplace and based on our findings, we may extend offers to acquire sites that offer the greatest potential for domestic or international expansion.

As with any technology company, PAS will continually research the marketplace at large to consider the acquisition and development of other technologies and associated potential revenue centers. Since PAS defines its business model as “Auction, Shopping, and Entertainment,” there are a number of possible technology areas to consider to further extend our brand and our global company in any of these areas.

Employing any number of these growth strategies could offer us the opportunity to quickly grab a sizeable share of the World Market before most people have even heard of Penny Auctions. Now is the opportune time for us to launch a global presence and become the industry leader in a relatively short timeframe.

NOTE: Please consult the Appendices for additional auction platforms we plan to incorporate into our business model which could offer additional and substantial revenue sources.

Management Team

Our management team consists of Mr. Micheal Holt, CEO and President; Cassie Jazmine, COO and Board Member; Richard Schmitz, CFO; our technology partners Ninthlink and NeuSolutions; Alex Consulting (stock market consultants); Evan Karsch (Penny Auction business consultants); as well as SEC attorneys; accountants; and several successful business entrepreneurs serving on our Board. These resources possess direct Penny Auction industry experience, as well as extensive experience in web development, internet marketing, and entrepreneurial ventures. Working together, we have meticulously developed our business plans which are designed to launch our brand and grow our business into a 100+ million dollar valued company within a few years. The professional backgrounds of our key resources can be found in the full business plan and upon request.

Market Size & Description

Penny Auctions have a wide appeal among consumers. It appeals to both the young and old; males and females; low to high income households; and all educational levels. Our potential target market is very large but our current target audience consists of the following: consumers between 18 and 65 years of age who regularly spend money online and enjoy shopping, gaming, and obtaining great deals on all types of consumer merchandise. There are over 100 million prospective users in the US alone meeting this criterion.

Customer Profile

Users of Penny Auction Solutions' web sites will have a broad array of characteristics, but there are many common trends among the users. As such, the following demographics exemplify the broad group of users that will participate in our Penny Auctions.

- Players range from the ages of 18 to over 65
- Have a per capita income of \$20,000 to \$95,000 among working individuals
- Bargain hunters and deal seekers who like the opportunity to acquire big ticket items at a low cost
- People who enjoy shopping online and spend money regularly on typical consumer merchandise
- People who tend to enjoy gaming, entertainment activities, casino visitors, participating in various types of auctions, eBay users, and mobile phone users

Competitive Analysis

Below is an analysis of some of our major competitors. Although Penny Auctions have only existed in the U.S. (and even globally) for a few years, you can see that Penny Auction sites are already gaining a lot of traction. Their viral nature tends to help their user base grow quickly because the word of using Penny Auctions to land great deals spreads fast. These sites are growing fast as you can see by the rankings listed below.

- **DealDash** – One of the most popular Penny Auction web sites in the United States. They have managed to capture a sizeable segment of the Penny Auction market in the USA. They offer a variety of popular consumer items for auctions, a beginning auction platform, and a winning guarantee on select bid packs. They also offer a number of programs to earn free bids and the ability for winners to have a portion of their spent bids returned to them.

The most competition in the online auction industry is eBay. Although it is not a Penny Auction style web site, many people have come to trust eBay in regards to purchasing retail items from other users. However, their business model is drastically different from Penny Auctions and as such, they are only a peripheral competitor to PAS.

Competitive Advantages

The following list represents our competitive advantages both pre-launch and post-launch of our operations. For a further explanation of each of these items, please consult our “PAS - Competitive Advantages” document.

- Planned Entry into Global Marketplace
- Development of an MLM Penny Auction Model
- Planned Entry into Mobile Device Marketplace
- Excellent P.R. Coverage Opportunities as a public company
- Highly Experienced Management & Operations Teams
- Proven Web and IT Model
- Extensive and Target Driven Marketing Model

Proforma Profit & Loss Statement

The company anticipates an exceptional rate of growth upon the commencement of operations. The chart below exemplifies management's vision for growth during the first five years of operations on a worldwide basis. We plan to bring on line our second and third site (one web based site and a .mobi site) in Year 2 where we also reach some economies of scale and the operational expenses are anticipated to drop. Thereafter every year one site will be added including additional .mobi sites.

Proforma P&L - Full Year of Operation:					
Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$ 326,000	\$3,150,950	\$23,632,125	\$59,080,313	\$118,160,625
Cost of Goods Sold	\$1,075,142	\$1,890,570	\$7,798,601	\$23,632,125	\$53,172,281
Gross Margin Dollars	\$ (749,142)	\$1,260,380	\$15,833,524	\$35,448,188	\$64,988,344
Operating Expenses	\$2,883,389	\$3,171,727	\$4,757,591	\$7,136,386	\$10,704,579
EBITDA	(\$3,632,531)	(\$1,911,347)	\$11,075,933	\$28,311,802	\$54,283,765
Site Members	4.5K	50K	373K	930K	1.9M
# Sites Launched	1	3	5	7	9+
Total Headcount	16-20	30-35	50-60	90-100	120-150

S.W.O.T Analysis

Strengths

- Strong capitalization of up to \$5 Million in funding (equity based credit line once public and trading)
- Strong demand among aware consumers for Penny Auction style web sites
- A highly experienced and proven management team
- Contracted with several Penny Auction consultants with successful track records
- Low development costs
- Low operating costs
- Very high gross margins from the company's operations
- Distinctive strategic marketing plan poised to catapult Penny Auction Solutions into a market leadership position

Weaknesses

- Entering the market over five years after number one competitor
- Other companies are already operating in some of our initial target markets
- Although Penny Auctions are still newsworthy, it has lost initial market news impact
- Relatively low level of potential audience or market awareness of the market niche, "Penny Auctions"
- Low retention rate of current customers, but improving statistics

Opportunities

- BWF has the potential to become a world leader in the MLM market space with the deployment of the Penny Auction model
- Potential acquisition of web sites that operate in a Penny Auction style capacity
- Ability to vastly expand the US market and capture the lion's share of that energized market via trade association branding and aggressive promotion and marketing
- Ability to be the first to achieve deep penetration in many of the untapped countries around the globe and become the prominent brand in those markets
- Potential to sell other unique items on Penny Auction Solutions' sites to differentiate its product line from that of the industry competitors

Threats

- Multiple competitors with increasing market penetration in the U.S.
- Insufficient capitalization will lead to the inability to effectively penetrate each of the key markets or countries identified for entry by PAS
- Penny Auction industry could be subjected to regulations such as the Casino industry

Industry Buzz

Business Week Online

Business Week commented on a Penny Auction web site stating "... [it] has designed a flawless and I mean flawless business plan that ensures they are not only profiting from these auctions but flat out raking the money in."

Prnewswire.com

"With more users now having access to broadband internet from their mobile devices, consumers are more inclined to shop from the comfort of home, or anywhere else they may have high speed internet access. By incorporating a social network within a purely shopping environment, and adding the benefit of buying premium products for pennies on the dollar, Social Entertainment Shopping has all the right elements to become one of the preferred online stores among e-commerce titans such as Amazon and eBay. Plus, shopping is predicted to become even more popular with mobile users and people will find that Penny Auctions are a fun way to shop."

Ezinearticles.com

"Unlike eBay, "Penny Auctions" are relatively a new phenomenon but have taken the world by storm within its short life of barely a few years. This exciting concept is best explained as a "smart shopping channel" that allows sellers to sell their products "on" exceptionally cheap prices but still make huge profits."

Exit Strategies

Our management team has planned for two possible exit strategies. The first exit strategy would be to sell the company to a larger entity at a significant premium. Since the internet content industry maintains a very low risk profile once the business is established, the management feels that the company could be sold for ten to fifteen times earnings.

The second exit scenario would entail a merger with another technology company or other retail, entertainment, or Penny Auction company. The merger could be structured where the PAS management team retains only an interest in the merged company or the operations and responsibilities could be equally distributed.

Since PAS (as the parent company) is in the process of becoming a public company, we could sell a portion of the company via our public offering (or “IPO”). After a detailed analysis, it was found that the company could sell for thirty to fifty times earnings on the open market depending on the business’ annual growth rate and strength of earnings. However, taking a company public involves significant legal effort. Penny Auction Solutions, Inc. would be bound by the significant legal framework of the Sarbanes-Oxley Act in addition to the legal requirements set forth in form S1 of the Securities and Exchange Commission (SEC). PAS would also have to comply with the Securities Act of 1933 and the Exchange Act of 1934.

Capital Injection Request

We are seeking an initial \$10 MM investment in order to start operations domestically and then launch a series of consumer sites in identified countries in Asia, South America, and Europe.

Management has begun the work associated with getting operations in place and will continue doing so during the period that these initial funds are being received. The capital would be used to fund our initial operations to the point that the company is profitable and self-sustaining with one domestic consumer site. This initial funding would also be used to pay the fees associated with the paperwork and process such as SEC attorneys, auditors, accountants, and other related fees to support the required costs to complete the process of going public. The IPO is an optional component of our investment plan and would depend upon the agreement of our investor base and PAS management. Note that upon PAS obtaining an effective S1 statement, the company will, under certain conditions and taking into account certain restrictions, gain access to an equity based line of credit from our funding partner, Kodiak Capital for up to \$5 Million. These funds would be used to support our equity market and further expand operations into other countries.

With the total raise of \$10 MM, we would expect to be in revenue within 9 months of receiving the funding and profitable in 12 to 15 months thereafter.

Use of Funds Summary (Initial 24 months)

#	Item	Estimate
1	Commissions and Fees	\$200,000
2	Escrow Fees	\$10,000
3	Satisfaction of Short Term Debt	\$100,000
4	Leases and Rents / Tennant Improvements	\$50,000
5	Purchase of Equipment	\$100,000
6	Purchase of Inventory	\$100,000
7	Purchase of Software	\$25,000
8	Working Capital	\$9,415,000
	Total	\$10,000,000

The Future

In order to accomplish the full level of planned operations, an additional investment of \$10 Million (Phase 2 Funding) is needed. We project that these funds would be generated by the successful operations of the business or potentially generated from the funds received via our IPO and our equity line of credit. The funds are required to begin the implementation of our entire suite of specialized Penny Auction web sites online. **(See appendix B through Appendix D in the Full Executive Summary for a list of our planned specialized sites).** Most of the funds would be directed towards the marketing budget in order to ensure we have ample traffic on our sites to accomplish our EBITDA goals.

In addition, the funds would also be used for the following purposes:

- Innovative branding, marketing and PR campaigns to launch and sustain top-of-mind brand awareness for PAS auction sites
- Strategic advertising through banner ads, Pay-Per-Click (PPC), print and radio media to drive specific target audiences to the web sites
- Web site programming and administrative support
- Capital for inventory purchases and fulfillment
- General working capital to support office and operations personnel
- Capital for search engine optimization

Management intends to continually increase the market visibility of the Penny Auction style web sites through continued reinvestments into the company's marketing, PR, search engine optimization (SEO), technology, advertising, and PPC marketing campaigns. Additionally, the business will continually integrate foreign language Penny Auction sites into the PAS family of Penny Auction style web sites. Penny Auctions are the latest online auction style of gaming, with huge profit potential and extended future sustainability. As outlined in this document, BWF is uniquely positioned to become the dominant brand in the U.S. and abroad.

Contact Information

Micheal Holt, CEO
Penny Auction Solutions
Phone: 1-858-336-4999
Email: Mike@PennyAuctionSolutions.com

References

¹ [Mobile Internet - Statistics & Facts | Statista](#)

APPENDIX A

Key Management Bios

Micheal C Holt, CEO and Chairman of the Board

Mr. Holt has extensive experience in startup operations with 25 years of operations management experience and an emphasis in sales and marketing initiatives in working with small to mid-size firms. He had owned and operated a nationwide seminar and event planning company as well as a real estate auction and investment company in San Diego, CA. Mr. Holt also offers his expertise to business owners through personal consulting services where he teaches strategies on starting and building a successful business. For over 18 years of his career, he worked for several fortune 1000 companies in a management and IT capacity for firms such as General Electric, Management Insights, Systems and Computer Technology, and Harcourt Trade Publishers where he held such titles as CEO and COO and Senior VP.

Cassie Jazmine, COO and Board Member

As a solution creator committed to excellence and devoted to compassion, Ms. Jazmine is focused on raising the quality of life across the planet. Her attention to detail while keeping the vision of the project in focus requires a wide range of communication, business, and financial acumen. She is a flexible team player and a natural leader while maintaining the utmost integrity in all projects. Executing strategic visionary goals with the ability to connect differing views and ideas while driving the evolution of complex projects facilitates her innate ability to make positive impacts that routinely exceed expectations. She also brings over 20 years of industrial and distribution real estate experience that includes billions of dollars in transactions.

Richard Smeltz, CFO

A CPA (retired) & Attorney (inactive status) with over 25 years of experience in retailing as a financial executive. He spent five years (69-74) with Bullocks Department Stores of California whose parent was Federated Department Stores headquartered in Cincinnati, Ohio. The stores operate today under the Macy's banner. The computerization of the financial records and store operations was their highest priority. The learning experience was a major building block in his career. His next 8 years (74-83) was spent in the retail hardware business with The Handyman Corporation owned by Edison Shoe Stores based in St. Louis, MO. When he joined they had 30 stores; nine years later they had 75 stores in California, Oregon, Arizona, Texas, Oklahoma and Illinois. The founder's son and other executives made presentations in 1982 to the executive committee of our parent company to adopt the Home Depot model but they believed the capital requirement would be excessive and declined. Handyman was successfully liquidated in 1986. Three executives left Handyman in early 1983 to prepare for the launch of a yet unnamed membership warehouse. In early 1983 the first 5 executives gathered in Denver to create Pace Membership Warehouse. From 1983 to 1988 as one of Pace's five executives he helped grow Pace from one store to over ninety stores doing billions of dollars in revenue; when we sold out to Kmart who resold to Sam's in the early nineties.

PAS Board & Key Advisors

Randell Young

Randell Young is the managing general partner of Venture-Net Partners, an investment group which currently includes: Doug Pewitt, the former assistant director of the White House Office of Science and Technology Policy in the Reagan Administration; and Mario Fiori, the former assistant secretary of the Army in the Bush Administration. He was an early-stage investor and board member of Accuray Incorporated (ARAY), manufacturer of the CyberKnife radiosurgery and Tomo radiotherapy systems; and an early-stage investor and current board member of Okeanos Technologies, developers of a new, ionized field-based desalinization platform.

Randell Young has previously served as chief financial officer for portals MedNets.com (acquired by MD Home) and TheGospel.com (acquired by Maxx International) and participated as a director and early-stage investor in numerous other projects including Telephony International, Inc., a joint telecom venture with Lucent Technologies (ALU); Synodon, Inc. (SYD), developers of innovative pipeline surveillance technologies; The Orange County Blues Festival; and Kingstone Media Group.

A founder and former Orange County Chapter Chair of Boone Pickens' United Shareholders Association, Randell Young has represented shareholders and, on their behalf, addressed the annual meetings of Northrop Corporation, Allergan, National Education Corporation, Community Psychiatric and Southern California Edison.

Randell Young is the author of *Mission to Millionaireship*. He has lectured at the graduate level on contemporary issues in venture capital at The University of Phoenix and holds a doctorate in music (D.Mus.) from City University Los Angeles. His Venture Capital Primer has been used by McGraw-Hill's Online Learning Center in support of its textbook *Principles of Corporate Finance*, Sixth Edition (Brealey & Myers); and Harvard University in support of KSG PED-328 Community Financial Institutions and Microfinance in Theory and Practice.

Christian White

Christian White is the founder and managing general partner of Newport Social Group, an event production company which provides unique experiences for an elite clientele of entrepreneurs, investors and professionals. He has formerly served as an investment broker with Cushman & Wakefield and as an investment advisor to various family offices. He holds a BA in history from California State University Fresno and served as a Corpsman in the United States Navy.

David Wiggins, Audit Chairman

After working in marketing and sales for Coca Cola enterprises for over 8 years, Mr. Wiggins moved into the entertainment business joining TM Productions in 1994. Since that time, he has become a part owner and Vice President of TM Productions. In 2007, Mr. Wiggins formed MND Events to produce and promote club/bar events, with the intent to bring back the production of the party scene, which had been neglected for years. MND Events worked with the state of Hawaii to bring Paradise Festival to the islands in May 2011 as an event celebrating music and what local island has to offer. Mr. Wiggins has expanded his entrepreneurial endeavors since 2012 to include the buying and selling of abandoned storage units with much success. He also continues to acquire properties to develop into entertainment projects for film, television, and stage. Mr. Wiggins is a partner in Neighbors Entertainment, a commercial and independent film production company that controls the many film, stage, and book rights of the George Axelrod estate. He was a producer on the independent film "Em & Me" which won numerous awards on the film festival circuit both here in the states and abroad. Mr.

Wiggins also served as Executive Producer on the hit independent film “My Big Fat Independent Movie.”

Balazs Wellisch, Technology and Ecommerce Business Consultant

Mr. Wellisch is an accomplished internet entrepreneur and technologist having founded, operated and guided to acquisition several profitable online, consulting and e-commerce businesses. Drawing on over 20 years of experience in computing and software development Mr. Wellisch has held several significant leadership roles throughout his career. Mr. Wellisch founded and operated Neu Solutions, a provider of e-business optimization services, culminating in the company's successful acquisition in 2008. Previously, Mr. Wellisch served as Chief Technology Officer and Co-Founder of Digital Trends, growing the start-up into a multimillion dollar business while servicing several Fortune 500 companies among its clientele. As a direct result of this success, Digital Trends was purchased by Change.com, a subsidiary of Business.com, in a lucrative acquisition deal. Business.com was later acquired by Dex One (then R.H. Donnelley). Mr. Wellisch has also served as Vice President of Engineering as well as Chief Technology Officer for several successful internet startups.

APPENDIX B

Specialized Sports Auctions

Sports & Recreation Auction Overview

PAS is developing other additional platforms to include a Specialized Sports and Recreation Auction Model which will capitalize on the popularity of sports, Sports Figures and Memorabilia from different sports or events. We believe hosting auctions based on the sports industry would represent a substantial profit center for PAS while serving as an excellent promotional tool for league sports of all types. The platform will include a Charity component which offers the participating sports organizations and/or the auction winners the ability to contribute a portion of the auction proceeds (per auction) to a charity of their choice.

The Platform

The auction process will be similar to a traditional penny auction model, but there are some key differences that should be noted. The content of the auctions will be unique and specifically related to the popularity of sports and sports memorabilia. The auction Bid Packs will be priced commiserate with the type of auctions we promote and the collection of winning bid items will also be personalized for the winning bidder. As the bid price increases during the bidding process, each auction may follow a different model and the timing of the auctions will vary as well. The following paragraphs outline the composition of the entire auction process for reference.

The Auction Suppliers

PAS plans to develop relationships with all the Major Sports Leagues and associated industries to supply the content for our auctions. Some examples of the major leagues we seek to partner with include Major League Baseball, National Basketball Association, National Football League, National Hockey League, Major League Soccer and the corresponding Alumni Association for each. Other associations we seek to partner with include those associated with golf, tennis, auto racing, boxing, and yachting. We may seek out the ability to work with the collegiate sports organizations to capitalize on this very large market to offer more specialized auctions on a specified time table. The other associations we may reach out to include the vendors or suppliers to these leagues and associations because they can also bring some specific content to our site that would be appreciated by fans of any sport.

Auction Contents

This is where the excitement of these auctions comes to life! Most of these would be appropriate for any age group from the youngest fans to the oldest fans rooting for their favorite teams. These events would encompass both men and women sporting events so all fans can find some favorite events and sports stars of both genders. The type of auctions we propose to host include (but are not limited to) the following ideas:

MLB (Major League Baseball)

- Hit a pitch from your favorite pitcher
- Become a bat boy for a game
- Signed merchandise from current and former players

- Playoff tickets & World Series tickets
- Become a member of your favorite team for a day
- Announce a game
- Season Tickets
- Sit with the owner in the owner's box
- Get a private clubhouse tour
- "Meet your favorite league Player or Alumni" – private meeting with family and friends (dinner)
- "Meet the Coach" – private meeting with family and friends (dinner)
- Assist the coach for a day
- Free MLB coverage for a year at home
- Official MLB Merchandise
- Clubhouse buffet and/or box seats
- Game worn and signed jerseys
- Hit a homer challenge
- "Little League coaching day" from a major league player

NFL (National Football League)

- Signed merchandise from former and current players
- Assist the coach for a day
- "Meet the Coach" – private meeting with family and friends (dinner)
- Sit with the team for a game
- Get a private clubhouse tour
- VIP ride to the game with box seats
- Announce a game
- Trip to the pro bowl all expenses paid. (i.e. Hawaii)
- Super bowl Tickets and VIP treatment
- Playoff Tickets
- Tickets to the NFL draft
- Announce a draft pick
- Season Tickets
- "Meet your favorite league Player or Alumni" – private meeting with family and friends (dinner)
- Attend a road game with the team
- Game worn and signed jerseys

Nascar and/or Indy Car

- Attend Indy 500 or Daytona 500
- Box seats with the VIP treatment at major racing events
- Official Nascar Merchandise
- Signed merchandise from current and former players
- "Meet the Coach" – private meeting with family and friends (dinner)

- Attend a race of your choice
- Ride along with favorite driver (non-racing event)
- Drive a stock car
- Wave the green and checker flag at Daytona 500 or Indy 500
- “Meet your favorite league racing driver” – private meeting with family and friends (dinner)

NBA (National Basketball Association) and NCAA (National Collegiate Athletic Association)

- March Madness tickets / NBA Championships
- Season Tickets
- Signed merchandise from current and former players
- Game worn jerseys
- VIP treatment to a game, including tickets, transportation, lodging, and airfare
- Announce a game
- Assist the coach for game
- “Meet the Coach” – private meeting with family and friends (dinner)
- VIP clubhouse tour, sit in the owner’s box
- “Meet your favorite league Player or Alumni” – private meeting with family and friends (dinner)
- Playoff tickets
- Championship tickets (i.e. March Madness)
- Dinner with your favorite player

PGA (Pro Golfers Association)

- Be a caddy for your favorite player
- Tickets to Open’s / PGA Masters
- Solheim (LPGA) Cup
- Signed game worn merchandise
- Drive a golf cart for your favorite player
- Out drive your favorite golfer
- VIP treatment to attend golf tournament of your choice
- Play 18 holes of golf with favorite golfer
- “Meet your favorite league Player or Alumni” – private meeting with family and friends (dinner)

Soccer

- World Cup tickets
- Signed merchandise
- Tickets to game of your choice
- Assist the coach for a game
- “Meet the Coach” – private meeting with family and friends (dinner)
- Game worn jerseys

- Play 1 on 1 with favorite player
- VIP treatment, tickets, hotel, airfare, dinner
- “Meet your favorite league Player or Alumni” – private meeting with family and friends (dinner)

Boxing

- VIP trip to Vegas, private jet, hotel, gambling credit, dinner vouchers
- Sit ring side
- Announce the fight
- Be a ring girl for a premier fight
- Sit in the corner with your favorite fighter
- “Meet your favorite league Player or Alumni” – private meeting with family and friends (dinner)

Olympics

- Summer and Winter Olympics tickets to favorite sport(s)
- Walk with team USA or country of your choice in opening ceremony
- Attend opening and closing ceremonies
- Walk the flag for your country
- Sit sideline with favorite sport and team member
- VIP treatment, all expenses paid airfare, hotel, meals, and tickets
- Signed merchandise from current and former players

Other Sports & Related Events

- Free playoff tickets for semi-finals and final games Stanley Cup, Ryder Cup, and other major events from other sports
- “Spend at day at ESPN” – tag along with the broadcasters for a day
- Attend a private practice session with a major league team
- Free Pay Per View on select sports events
- Free Dish or Cable or U-verse sports package for a year
- An all-expense paid trip to a Hall of Fame location for a major league sport
- Game day catered food for your party (i.e. pizza and other snack foods from major restaurant chains delivered to your home)
- Various gift cards for major sporting stores (\$25 to \$500)
- Tickets to various Mixed Martial Arts events
- Attend selected award and presentation events for various sports

The Charity Proposition

The most important aspect to these auctions is the opportunity to donate to a variety of charities as part of the platform. We are passionate about promoting and assisting charities with their crucial work in helping others in need. Therefore, PAS has made a commitment to contribute a portion of the proceeds collected on each auction to the winning bidder’s charity of choice as well as that of the

sponsoring organization. Each party will split 50% of the designated proceeds from an auction to be donated to their charity of choice. In each case, there will be two charities that benefit from each auction (unless the winning bidder's and associated sponsor choose the same charity). We will publish the results of our auctions and the amounts donated to charity on a regular basis and pledge to be as transparent as possible with the donations. We also have employed auditors which are required to audit our financial records on an annual basis and we will make that report available via our website on an annual basis. We will require that the charity chosen by any organization or person be one that is recognized by the IRS as a charity for any domestic organizations or be recognized by the United Nations as a valid and documented charity for international organizations. We want to ensure that any amounts donated are in fact supporting legitimate and recognized causes through valid charity organizations.

Sponsoring Opportunities

PAS is offering the option and actively seeking to build a relationship with Sports Figures and their Leagues or Associations who are interested in making an investment in our company and our Sports and Recreation Auction Platform. The investment would be used to support PAS in efforts to build and market our company and the sports platform in order to attract a huge amount of fans and members to participate in our auctions. In turn, any partnership established between PAS and a sports league or organization would offer the sponsoring entity the ability to cross promote their products, services, events, and merchandise on our auction site(s). This would represent a major marketing opportunity for any organization by leveraging the charity aspect to bring further goodwill and positive press to their organization. There may be other promotional aspects to our relationship which could include a position on our advisory board, free site advertising, predominate auction placement, and partial ownership privileges in our platform.

Marketing Strategies

The marketing plan for our sports platform will be comprised of various promotional strategies directed to the general population and specific sports groups (some examples include fans clubs, sports package cable or dish subscribers, sports bars and restaurants, sports-based social media outlets, promotional companies, and sporting goods stores). Since we are building a charity based model, perhaps we can also promote to a league's private customer or fan database as well. We have the ability to reach our potential customer base through a variety of methods which consist of online, print, TV, radio, and other broadcasting outlets. PAS has contracted with some of the top rated marketing firms who are working with us to promote our products and services to the marketplace and specifically hone in on specialized market promotions as needed. With the assistance of these marketing companies, we could potentially grow our user database to millions of paying members in a short time frame.

Revenue Streams

The various auction models being employed by PAS offers a variety of revenue streams which could be shared with a participating sponsor depending on the extent of the participation. The revenue streams are identified below for your reference.

Active Revenue Streams:

- Proceeds from sale of "Bid Packs" to subscribers.
- Proceeds from sales of products and services from the winning auction
- Shipping and handling charges (on select items)
- Club membership fees
- Subscription fees

- Advertising income

Potential / Future Revenue Streams:

- Proceeds from Joint Venture offers to marketing partners with revenue sharing
- Potential revenue from licensing our penny auction business model
- Online gaming based on sports (i.e. like casino games are to the casinos)

As noted, PAS is willing to explore a partnership with the appropriate organization to share in the ownership and profits from the sports and recreation platform. This could represent a substantial amount of money to be generated for both parties. Some of the top sites in our industry have, and are, generating revenues in the 9 figures and the marketplace is still mostly untapped. The potential for growth of our basic auction model (both domestically and internationally) and certainly the sports based model is exponential with the right partnership.

Summary

As seen in the media over the last couple of years, the sports industry is undergoing unprecedented changes and is re-examining many of its practices as well as its options for growth. PAS represents a strong presence to rebuild (and build) relationships and extend its fan base and support for the entire sports industry. Working together with the leagues, we can bring a renewed interest to sports through our platform of shopping, auction, and entertainment. There are millions of dedicated fans who are passionate about their team(s) and keeping sports an active part of our communities. PAS offers fans the ability to keep that strong connection through a more interactive and personal experience. We can accomplish this by rewarding members with something they value more than anything; winning on a personal level and owning an item associated with a team or a "Personal Experience" with a team or team member in which they take great pride. We look forward to building our future with the Leagues and Associations.

APPENDIX C

Celebrity & VIP Experience Auctions

Celebrity & VIP Experience Auctions Overview

PAS is developing other auction platforms including a specialized celebrity and VIP Experience auction model which will capitalize on the popularity of all types of celebrities and a host of personalized VIP experiences. We believe hosting auctions based on celebrities & VIP experiences would represent a substantial profit center for PAS while serving as an excellent promotional tool for their personal brand and that of their employers and other associated organizations. The platform will include a charity component which offers the participating organizations and/or the auction winners the ability to contribute a portion of the auction proceeds (per auction) to a charity of their choice.

The Platform

The auction process will be similar to a traditional penny auction model, but there are some key differences that should be noted. The content of the auctions will be unique and specifically related to many of the popular celebrities in all type of media channels (movies, music, stage, entertainers, TV, and radio). The VIP experiences will encompass a wide variety of personalized tours, meetings, travel, and entertainment. The auction bid packs will be priced commiserate with the types of auctions we promote and the collection of winning bid items will also be personalized for the winning bidder. The bid price increases during the bidding process will follow a different model and the timing of the auctions will vary as well. The following paragraphs outline the composition of the entire auction process for reference.

The Auction Suppliers

PAS plans to develop relationships with some of the organizations which either promote or sponsor celebrities, individually or as a group, in order to supply the content for our auctions. Some examples of the organizations which we seek to partner with include but are not limited to the following:

Actors & Stage Performers

- The Screen Actor's Guild - SAG
- The American Federation of Television & Radio Artists - AFTRA
- National SAG Franchised Agents' List
- Directors Guild of America
- Producers Guild of America
- Writers Guild of America
- The National Association of Television Programming Executives - NATPE
- The Society of Operating Cameramen
- The Society of Stage Directors & Choreographers
- Stage Directors & Choreographers Foundation
- The Society of Motion Picture & Television Engineers
- American Association of Producers
- The Academy of Motion Picture Arts and Sciences - The Oscars
- The Academy of Television Arts and Sciences - The Emmys
- The Tony Awards
- The American Film Institute
- The Motion Picture Association of America
- Sundance Film Festival

- American Film Marketing Association
- Film Arts Foundation
- Cinema Sites
- Film Festivals Server
- Film Festivals on the World Wide Web
- Interguild Credit Union
- Star Comp
- Web Cinema Group
- Movie Database Search

Music Related Organizations

- Recording Industry Association of America (RIAA)
- National Academy of Music
- National Academy of Recording Arts and Sciences
- Americana Music Association (AMA)
- Nosotros
- National Endowment for the Arts
- Independent Musicians Organization (IMO)
- Guild of Music Supervisors

Other Related Organizations

- Major Motion Picture Studios
- Major TV Broadcasting organizations
- Major Radio Stations
- Major Stage and Playhouses
- Celebrity Brokers (professionals who communicate with all type of celebrities for various sponsorships and events)
- Automobile Manufactures
- Travel & Entertainment Industry
- High profile corporate companies
- High end restaurants

There are many other associations we may reach out to in the future which can also bring some specific content to our site that would be appreciated by most people. We will continually seek out other relationships we can foster within all types of industries that will bring value and content to our Celebrity & VIP Experience auction platform.

Auction Contents

This is where the excitement of these auctions comes to life! Most of these would be appropriate for any age group age 18+ and for either men or women. The type of auctions we could potentially host include (but are not limited to) the following ideas:

- Tickets Circus Del Sol
- VIP Experience (VEGAS) Airfare, Hotel, Transportation, gambling credit
- Tickets to a Broadway show, with the VIP experience in NYC
- Tickets (TV Live audience show) Big Brother, American Idol, Dancing with the stars, etc
- Tickets for (TV Sitcom or TV Series) Two and a half men, Mike and Molly
- Tickets (Award Shows) CMA's, Grammy's, Academy Awards, Tony's
- Announce a winner at an award show, meet and greet

- VIP tour of your favorite reality TV set
- VIP Experience to Local Casino headlining acts, Transportation, gambling credit
- VIP Experience to Vegas (gambling credit, transportation, hotel, meals)
- VIP Experience to Local Casino (gambling credit, hotel, meals)
- VIP Experience in Africa with Animal Rights advocates (Celebrities who care about animal conservation)
- VIP Experience in the outback (See above) Airfare, Hotel, Transportation, etc
- VIP Experience favorite beer Bottle Company EX... Miller, Budweiser
- VIP Experience tour your favorite product plant (Coke Cola, heresy's, M&M factory)
- VIP Experience favorite Sports venues (meet and greet)
- VIP Experience Co-host Saturday Night Live or guest appearance in a sketch
- VIP Experience Disney (see an animated film in progress) (tickets to the park)
- VIP Culinary Experience with TOP Chefs from around the world
- VIP Military Experience (tour a ship currently deployed) (Fly in a Helicopter) (Fly in an jet), stay on board for a week
- Captain for a day of a military vessel
- Dinner with your favorite celebrity and Spa Day
- Attend a High profile Opening of a restaurant
- Dine with your favorite chef in your favorite city
- Have your favorite Celebrity cook you dinner
- Walk in their Shoes VIP treatment with your favorite celebrity for a day
- Director of a movie for a day
- Attend a movie premiere
- Attend a movie premiere abroad
- Have a private music concert (favorite artist)
- Visit a "Habitat for Humanity" celebrity site build
- Hot Air balloon ride with favorite celebrity
- Bungee jumping with favorite celebrity at your favorite destination
- Ring the opening bell at the NYC Stock Exchange
- Signed Memorabilia from movies from favorite actor or actress
- Season tickets to the Opera
- Stay in a penthouse suite in NYC, Paris, Chicago, Miami, and Vegas for a week
- Engraved brick in a construction project or landmark destination of your dreams (Disneyland)
- Work with a CEO of fortune 500 Company for a day
- Travel with your favorite celebrity on a movie shoot
- Take a ride into space on a commercial carrier
- Dinner at trump towers location of your choice
- Assist the Captain of a cruise ship for a day
- Host a radio show with favorite radio personality
- Attend a Hollywood awards after party
- Attend a concert of your choice with favorite artist
- Attend your favorite opera with your favorite celebrity
- Meet and Greet with favorite TV personality
- Meet and Greet at Playboy Mansion
- VIP Experience with your favorite President
- Phone call for Mother's Day / Father's Day from President
- VIP tour of your favorite President's library
- VIP Experience, party with favorite Celebrity in Vegas
- VIP Experience with favorite celebrity and Disneyland or Disney World tickets
- VIP Experience with tour of Disney, free Disney merchandise
- VIP Experience with tour of Apple, free Apple merchandise
- VIP Experience and tour of Microsoft, free Microsoft merchandise

- VIP Experience and tour with your favorite automobile manufacturer
- VIP Package of “Running with the Bulls”

The Charity Proposition

The most important aspect to these auctions is the opportunity to donate to a variety of charities as part of the platform. We are passionate about promoting and assisting charities with their crucial work in helping others in need. Therefore, PAS has made a commitment to contribute a portion of the proceeds collected on each auction to the winning bidder's charity of choice as well as that of the sponsoring organization or celebrity. Each party will split 50% of the designated proceeds from an auction to be donated to their charity of choice. In each case, there will be two charities that benefit from each auction (unless the winning bidder's and associated sponsor choose the same charity). We will publish the results of our auctions and the amounts donated to charity on a regular basis and pledge to be as transparent as possible with the donations. We also have employed auditors which are required to audit our financial records on an annual basis and we will make that report available on our website on an annual basis. We will require that the charity chosen by any organization or person be one that is recognized by the IRS as a charity for any domestic organizations or be recognized by the United Nations as a valid and documented charity for international organizations. We want to ensure that any amounts donated are in fact supporting legitimate and recognized causes through valid charity organizations.

Sponsoring Opportunities

PAS is offering the option and actively seeking to build relationships with the industries identified as part of this auction platform who are interested in making an investment in our company and our auction platform. The investment would be used to support PAS in efforts to build and market our company and the platform in order to attract a huge amount of members in order to participate in our auctions. In turn, any partnership established between PAS and an organization would offer the sponsoring entity the ability to cross promote their brand, products, services, events, and merchandise on our auction site(s). This would represent a major marketing opportunity for any organization by leveraging the charity aspect to bring further goodwill and positive press to an individual, group or organization. There may be other promotional aspects to our relationship which could include a position on our advisory board, free site advertising, predominate auction placement, and partial ownership privileges in our platform.

Marketing Strategies

The marketing plan will be comprised of various promotional strategies directed to the general population and specific groups of interest within the industries associated with this auction platform. Since we are building a charity based model we also explore the ability to promote to an organization's private customer or fan database as well. We have the ability to reach our potential customer base through a variety of methods which consist of online, print, TV, radio, and other broadcasting outlets. PAS has contracted with some of the top rated marketing firms who are working with us to promote our products and services to the marketplace and specifically hone in on specialized market promotions as needed. We could potentially grow our user database to millions of paying members in a short time frame.

Revenue Streams

The various auction models being employed by PAS offers a variety of revenue streams which could be shared with a participating sponsor depending on the extent of the participation. The revenue streams are identified below for your reference.

Active Revenue Streams:

- Proceeds from sale of "Bid Packs" to subscribers.
- Proceeds from sales of products and services from the winning auction
- Shipping and handling charges (on select items)
- Club membership fees
- Subscription fees
- Advertising income

Potential / Future Revenue Streams:

- Proceeds from Joint Venture offers to marketing partners with revenue sharing
- Potential revenue from licensing our penny auction business model
- Online gaming based on sports (i.e. like casino games are to the casinos)

As noted, PAS is willing to explore a partnership with the appropriate organization to share in the ownership and profits from this auction platform. This could represent a substantial amount of money to be generated for both parties. Some of the top sites in our industry have and are generating revenues in the 9 figures and the marketplace is still mostly untapped. The potential for growth of our basic auction model (both domestically and internationally) and certainly this auction model is exponential with the right partnership.

Summary

PAS represents a strong presence to build relationships and extend the interest, goodwill, and support for the industries associated with this auction model. Working together with specific organizations we can bring a new level of awareness and potentially new customers to the participating companies through our platform of shopping, auction, and entertainment. PAS offers our members the ability to build and keep that strong connection through a more interactive and personal experience. We can accomplish this by rewarding members with something they value more than anything; winning on a personal level and owning a recognizable artifact or a "Personal Experience" with a celebrity or brand or company in which they take great pride.

APPENDIX D

Lifestyle Auctions

Lifestyle Auctions Overview

The Lifestyle Auction platform will cater to those who aspire to a finer lifestyle, and those who already live that lifestyle. The auctions specialize in goods from top-of-the-line electronics to art, antiques, and fashion goods, as well as exotic vacation packages. The target market is the aspirational buyer; those who wish to have a finer lifestyle without the high expense and those who relate to a lifestyle, live it, and desire a place to shop for products which fit that lifestyle. Diverse yet popular luxury lifestyle personas will be used for presenting the products as well as for the buyers who identify with these entities. These lifestyle personas will include the Urban Sophisticate, The Adventurer, Country Club Sport, and Quiet Town & Country Life. The platform will also include a charity component, which offers a cross-over opportunity with the Celebrity & VIP platform and a Celebrity Lifestyle auction. The platform may utilize a blog that follows trends in fashion and the art world, keeping our clients up with the latest and most desirable merchandise for their lifestyle aspirations.

Demographic target data suggests: 30s to mid-50s; Women 2:1 to Men in Fashion and Art categories, Men 2:1 in High End Electronics. Baby Boomers are the next biggest group. 50 % with at least 1 college degree, and a high cross-over with casino gamers.

The Platform

The auction process will be similar to the traditional penny auction model, but with its own unique products and price points. The content will focus on fashion and jewelry trends, collectibles, art and antiques, travel packages, premium electronics, and other high-end consumer products. Premium quality and award-winning products will be chosen for reflecting specific lifestyle personas. The auction bid packs will be priced commensurate with the types of merchandise being offered.

Product presentation will seek to go beyond simple, common, one-sentence descriptions. Our guiding principle is that knowledge leads to appreciation, which in turn leads to desire - something we hold to be even truer in the case of selling a sophisticated lifestyle. Links to information on each item will be accessible to educate the bidder on the quality and value of that particular item. The bidders will be able to ask questions about the items and have access to information from suppliers as well as an art historian, experts, and taste leaders from PAS. Merchandise displays will be set up in photo vignettes reflecting each lifestyle. The bidder can move a cursor across an item in the vignette which then displays a pop up window information about the item, including when it is to be auctioned. This engages the shoppers who like to browse through merchandise before bidding. The vignettes also show the bidders what other merchandise goes with that chair they like or designer handbag they want to buy. They can see the lifestyle they would like to have and the accessories that go with that lifestyle.

The range of auction items offered on the platform will be implemented and incorporated by a staggered strategy. Low touch, easy fulfillment merchandise that can be shipped directly from the manufacturer or supplier to the winner/buyer will be auctioned first on the platform. These will be no-touch items for PAS, with the lowest overhead and the highest volume. Then, as the operation grows in sales and refinement of model and systems, levels of product requiring higher degrees of touch and handling will be introduced. Higher levels of offering will include items such as special order or one-of-a-kind pieces, designer fashion merchandise that needs to be ordered in the winning bidder's size, items that may need to be internally warehoused for higher care, etc. Finally, high touch, high care items such as fine art and automobiles can be introduced into the offerings.

The Auction Suppliers

Most new fashion and electronic goods, as well as vacation packages, will be purchased by PAS directly from the manufactures or vendors and drop-shipped to the winning bidder. PAS plans to develop relationships with art and antique dealers to create a reliable source of products for auctions, while providing a stream of revenue for the dealers. Dealers are willing to discount their prices for dependable and regular clients. Shipping can be negotiated with the vendors so that PAS would not have to warehouse and inventory the majority of goods.

Auction Contents

Auction merchandise is grouped by the general lifestyle through which it is being marketed; for example:

Urban Sophisticate: Giorgio Armani, Tom Ford, Hermès designer clothing and accessories, contemporary art, Mid-Century Modern furniture, Samsung 85" UHD TV, drones, Bang & Olufsen TV and sound systems, vacation packages for two or more to New York, London, Paris, Tokyo including theatre or opera tickets.

The Adventurer: Omega, Rolex, chronograph and diver's watches, leather back packs and travel cases, Leica Binoculars, Celestron telescope, exotic travel packages to African wilderness areas, isolated islands in the South Pacific.

Country Club Sport: Gucci, Ralph Lauren, Prada designer clothing and accessories, titanium golf clubs, Wilson K factor tennis racquets, yachting accessories, resort vacation packages and cruises.

Quiet Town & Country Life: Ralph Lauren, Prada, designer clothing and accessories, European and American antiques, telescope, designer golf clubs.

Art: Paintings and sculptures by collectible artists, Antiques or Collectibles, Furniture, (antique and new).

Fashion Items: Designer clothing, handbags, shoes and jewelry.

High-End Electronics: Deluxe TV, sound systems, entertainment and Computer packages, drones, electric cars.

Vacation Packages: Exotic Island get-away packages, family adventure tours for kids. A week in a castle in Europe, Mediterranean Cruise on a private yacht, Adventurer tour of exotic and remote areas of the world.

Charity Auctions

The Lifestyle platform will work well with a Charity Auction component. This gives PAS the opportunity to donate to many different charities and to give back to the community. PAS would commit to donating a percentage of the proceeds from these auctions to the winning bidder's charity of choice. By publishing the amount given to charity, PAS builds goodwill for the company. Celebrities can be a part of this auction too. They can donate their time, or autographed merchandise or memorabilia that match a particular lifestyle. This would be a big draw for bidders who want to emulate the style of their favorite celebrities. Designers could donate a special work of art or fashion item that they created for the charity auction. Golf Pros could personally autograph a custom bag of golf clubs, etc. The winning bidder and the celebrity, donating sponsor, or supplier can each choose a charity they would like to benefit from

the auction. The designated charity proceeds would be split 50/50 and given to the respective charities. The charity auctions element of the Lifestyle auctions platform also gives PAS the chance to partner with sponsors who would like to align themselves with goodwill auctions. The investment by sponsors in PAS would allow the sponsor to cross-promote their brand, products and services on the PAS platform.

Revenue Streams

The various auction models being employed by PAS offers a variety of revenue streams which could be shared with a participating sponsor depending on the extent of the participation. The revenue streams are identified below for your reference.

Active Revenue Streams:

- Proceeds from sale of “Bid Packs” to subscribers.
- Proceeds from sales of products and services from the winning auction
- Shipping and handling charges (on select items)
- Club membership fees
- Subscription fees
- Advertising income

Potential / Future Revenue Streams:

- Proceeds from Joint Venture offers to marketing partners with revenue sharing
- Potential revenue from licensing our penny auction business model
- Online gaming based on sports (i.e. like casino games are to the casinos)

As noted, PAS is willing to explore a partnership with the appropriate organization to share in the ownership and profits from this auction platform. This could represent a substantial amount of money to be generated for both parties. Some of the top sites in our industry have and are generating revenues in the 9 figures and the marketplace is still mostly untapped. The potential for growth of our basic auction model (both domestically and internationally) and certainly this auction model is exponential with the right partnership.

Summary

“Aspirational Buyers” and high-end shoppers are a large market which PAS can tap with its “Lifestyle” platform. Our platform will allow the bidder to purchase items that they have only dreamed of owning, to do things they have only dreamed of doing. It also provides a platform for generating charitable donations that give back to the community and creates goodwill for PAS and all involved. As the world is full of people who aspire to live a life of wealth and delight beyond the one they hold, PAS will be able to take its platform success beyond the US, delivering an entertaining and exciting prospect of attainment to markets around the world.