

ORDERED in the Southern District of Florida on Aug. 30, 2017



Robert A. Mark, Judge
United States Bankruptcy Court

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION
www.flsb.uscourts.gov

In re:)
)
P.D.L., INC.,) Case Number: 17-20457-LMI
) Chapter 11
Debtor-in-Possession.)

**INTERIM ORDER UNDER 11 U.S.C. § § 105(a), 361, 363, AND 364 AND
BANKRUPTCY RULES 2002, 4001, 6003, AND 9014: (A) AUTHORIZING DEBTOR TO
FACTOR, AND INCUR POST PETITION SECURED INDEBTEDNESS; (B)
GRANTING SECURITY INTERESTS AND SUPER-PRIORITY CLAIMS; AND
(C) SCHEDULING FINAL HEARING**

P.D.L., Inc. (the “Debtor”), as debtor and debtor-in-possession in the above-captioned chapter 11 case (the “Chapter 11 Case”), filed on August 20th, 2017, an **Emergency Motion** (DE#6) seeking relief for use of cash collateral, which was *ore tenus* amended at the hearing on same on August 28th, 2017 at 2:00 p.m., and this Court determined that the requested relief was one for post-petition financing (factoring), under 11 U.S.C. §§ 105(a), 361, 363 and 364 and Bankruptcy Rules 2002, 4001, 6003 and 9014. At the conclusion of the hearing on the

Emergency Motion (DE#6), the Court made a ruling and announced same on the record, and all parties-in-interest in attendance at said hearing were polled for any objections or otherwise, and no objections were raised regarding the relief the Court granted (as further set forth herein-below).

Upon the record presented at the Interim Hearing and after due deliberation, for good and sufficient cause, the Court hereby orders as follows:

1. Disposition. The Motion, as amended at the Hearing of August 28th, 2017, is granted on an interim basis subject to the terms of this Order, pending the Final Hearing on the Motion scheduled for September 7th, 2017 at 2:30 p.m. (the “Final Hearing”). This Order shall be valid, binding on all parties-in-interest, and fully effective immediately upon entry.
2. Jurisdiction; Venue. The Court has jurisdiction over the Debtor’s Chapter 11 Case, the parties, and the Debtor’s property pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. §157(b). Venue is proper under 28 U.S.C. §§ 1408 and 1409.
3. Purpose, Necessity and Authorization for Factoring. The Debtor must, and is hereby authorized to, factor its invoices as described at the Hearing to timely pay the ordinary course expenses involved in operating the Debtor’s business post-petition, as follows: To fulfill its budgetary requirements in funding (the “Funding”) up to the conclusion of the Final Hearing, the Debtor is authorized to sell Accounts¹ to the Factor, RTS Finance Service, Inc., in accordance with the Factoring Agreement entered into prepetition, with the modification thereto of an increased Security Reserve to 7.5% and an increased Factor Fee to 2.5%, and Debtor shall use such Funding solely in accordance with the Budget attached as Exhibit A to this Order.

¹ All defined terms not defined herein shall have the meaning ascribed thereto in the Factoring Agreement, as defined herein.

4. Authorization of Factoring Agreement; Good Faith; Fair Consideration and Reasonably Equivalent Value. The terms of the Factoring Agreement (attached hereto as Exhibit “B”),² including the rates and fees applicable thereto, are hereby approved, the Debtor is deemed to have executed and delivered the same to the Factor, and the Debtor is authorized to perform the Factoring Agreement in accordance with the terms, conditions and limitations of this Order (if any). Based upon the record before the Court, the Factoring Agreement has been negotiated in good faith and at arm’s-length between the Debtor and the Factor. Any factoring or other financial accommodations made to the Debtor by the Factor pursuant to this Order and the Factoring Agreement shall be deemed to have been extended by the Factor in good faith, as that term is used in 11 U.S.C. § 364(e), and the Factor shall be entitled to all protections afforded thereby. The terms of the factoring under the Factoring Agreement are fair and reasonable, reflect the Debtor’s exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

5. Immediate Entry of Order. The Debtor has requested immediate entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and (c)(2) and 6003. The permission granted herein to enter into the Factoring Agreement and obtain funds thereunder is necessary to avoid immediate and irreparable harm to the Debtor and its bankruptcy estate. This Court concludes that entry of this Order is in the best interests of the Debtor’s estate and creditors as it will, among other things, provide the liquidity necessary for the continued flow of goods and services

² The Court notes the fact that the Parties (Debtor and RTS) are negotiating a new post-petition factoring agreement; and, to the extent they come to agreement for same then the Final Hearing (September 7th, 2017) will be for purposes of approval of the new agreement. Otherwise, the Final Hearing will be for purposes of continuing under the pre-petition agreement, subject to the increased rates/fees set forth above, to the extent RTS continues to agree to factor under said agreement.

to the Debtor that are necessary to maintain the operation of the Debtor's business, preserve the jobs of its employees and further enhance the Debtor's prospects for a successful restructuring.

6. Super-Priority Claim and Factor Liens.

Except as provided in this Order with respect to the Carve-Out Expenses (as defined below), and subject to the terms of this Order, the Factor is hereby granted, with respect to (a) all of the obligations of the Debtor under the Factoring Agreement, and (b) the diminution, if any, in the value of the Factor's interest in cash collateral by virtue of the Debtor's use of cash collateral ((a) and (b) collectively, the "Factoring Obligations"), an allowed super-priority administrative expense claim against the Debtor (the "Super-Priority Claims") pursuant to 11 U.S.C. § 364(c)(1), having priority over any and all administrative expense claims, adequate protection claims and all other claims against the Debtor, now existing or hereafter arising, of any kind whatsoever, including without limitation, all claims arising under 11 U.S.C. §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546, 726, 1113 or 1114 and any other provision of the Bankruptcy Code or otherwise. The Superpriority Claims shall be payable from and have recourse to all pre-petition and post-petition property of the Debtor and all proceeds thereof, including, without limitation, all proceeds or other amounts received in respect of the Debtor's claims and causes of action arising under state or federal law under sections 11 U.S.C. §§ 541, 542, 544, 545, 547, 548, 549, 550, 551, 552 and 553 (collectively, the "Avoidance Actions"), provided, however, the Factoring Obligations shall only be payable from the Avoidance Actions only if so approved in the Final Order. The Super-Priority Claims granted pursuant to this paragraph shall be subject and subordinate in priority of payment only to payment of the Carve-Out Expenses.

As security for the Factoring Obligations, the Factor is hereby granted liens under 11 U.S.C. §§ 361(2), 363, and 364(d) on all of the Collateral, as defined below, subject and subordinate in priority only to: (i) valid, perfected and unavoidable pre-petition liens; and (ii) payment of the Carve-Out Expenses (the "Factor Liens".) "Collateral" shall mean (1) all Accounts, wherever located or situated, and whether now existing or arising in the future, and whether now owned or at any time in the future acquired by Assignor, together with all proceeds and monies due or becoming due on such Accounts; all guaranties, insurance and security for such Accounts; all of Assignor's rights and interests in the goods giving rise to such Accounts, and the rights associated with or related or pertaining to such goods, including without limitation the right of stoppage in transit and any and all related insurance, any items substituted therefore as replacements and all additions thereto; (2) all of Assignor's chattel paper, instruments, general intangibles, securities, contract rights and insurance associated with or related to the Accounts; (3) all equipment and inventory; and (4) all proceeds of any of the foregoing Accounts, property, rights and interests, as set forth in Section 4 of the Agreement, (excluding the Avoidance Actions for purposes of this Order, but subject to the right of the Factor to obtain inclusion of Avoidance Actions upon entry of the Final Order), all cash and non-cash proceeds, rents, products and profits of any of the foregoing.

The Factor Liens shall be effective automatically and immediately upon the entry of this Order, and, other than as set forth in this Order, no lien or security interest granted to the Factor under this Order shall be subordinated to or made *pari passu* with any other lien or security interest created and/or perfected pursuant to 11 U.S.C. § 364(c) or (d) or otherwise. The Factor Liens arising hereunder shall be and hereby are fully perfected security interests, such that no additional steps need be taken by the Factor to perfect such interests.

The Factor Liens and Super-Priority Claims and other rights and remedies granted to the Factor under this Order shall continue in the Chapter 11 Case and in any superseding case or cases for the Debtor under any chapter of the Bankruptcy Code, and such liens, security interests and claims shall maintain their priority as provided in this Order, until all the Factoring Obligations have been paid in full in cash.

7. Carve-Out. The Factor Liens and the Super-Priority Claims shall be subject to pay United States Trustee fees allowed and payable under 11 U.S.C. § 503 (the “Carve-Out Expenses”).

8. Successors and Assigns. The Factoring Agreement and the provisions of this Order shall be binding upon and shall inure to the benefit of the Factor, the Debtor, and their respective successors and assigns, including, without limitation, any trustee, responsible officer, examiner with expanded powers, estate administrator or representative, or similar person appointed in a case for the Debtor under any chapter of the Bankruptcy Code.

9. Binding Nature of Agreement. Each of the documents and agreements included within the Factoring Agreement to which the Debtor is and will become a party shall constitute legal, valid and binding obligations of the Debtor, enforceable against the Debtor in accordance with their terms. The Factoring Agreement has been or will be properly executed and delivered to the Factor by the Debtor.

10. Subsequent Reversal or Modification. This Order is entered pursuant to § 364 of the Bankruptcy Code, granting the Factor all protections afforded by 11 U.S.C. § 364(e). If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, that action will not affect: (a) the validity of any obligation, indebtedness or liability incurred hereunder by the Debtor to the Factor prior to the date of receipt by the Factor of written notice

of the effective date of such action; or (b) the validity and enforceability of any lien or priority authorized or created hereby or pursuant to the Factoring Agreement.

11. No Waivers.

(a) This Order shall not be construed in any way as a waiver or relinquishment of any rights that the Factor may have to bring or be heard on any matter brought before this Court.

(b) The rights and obligations of the Debtor and the rights, claims, liens, security interests and priorities of the Factor arising under this Order are in addition to, and are not intended as a waiver or substitution for, the rights, obligations, claims, liens, security interests and priorities granted by the Debtor to the Factor prior to the commencement of the Chapter 11 Case.

Without limiting the generality of the foregoing subparagraphs, the Factor may petition this Court for any such additional protection it may reasonably require.

12. Adequate Notice. The notice given by the Debtor of the Interim Hearing was given in accordance with Bankruptcy Rules 2002 and 4001(c)(2) and the local rules of this Court. Under the circumstances, no other or further notice of the request for the relief granted at the Interim Hearing is required. The Debtor shall promptly mail copies of this Order and notice of the Final Hearing to all parties entitled to notice. Any objection to the relief sought at the Final Hearing shall be made in writing setting forth with particularity the grounds thereof, and filed with the Court and served so as to be actually received no later than five (5) days prior to the Final Hearing by the following via CM/ECF service: (a) counsel to the Debtor, Ariel Sagre, Esq.; (b) counsel to the Factor, James B. Miller, Esq.; counsel to Commercial Credit Group, Inc., Howard S. Toland, Esq.; counsel to Wells Fargo Equipment Finance, Inc., Ronald M. Emmanuel, Esq.; and, Office of the United States Trustee, Stephen Schneiderman, Esq. The

Court shall conduct a Final Hearing on the Emergency Motion (as amended) and this Order commencing on the 7th day of September, 2017 at 2:30 p.m..

13. Entry of Order; Effect. This Order shall take effect immediately upon execution, notwithstanding the possible application of Bankruptcy Rules 6004(h), 7062, 9014, or otherwise, and the Clerk of the Court is hereby directed to enter this Order on the Court's docket in the Chapter 11 case.

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Submitted by:
Ariel Sagre, Esq.

Copies to (via CM/ECF):

Ronald M Emanuel, Esq on behalf of Creditor Wells Fargo Equipment Finance, Inc.
ron.emanuel@emzwlaw.com, leslie.marin@emzwlaw.com

James B Miller on behalf of Creditor RTS Financial Service, Inc.
bkciami@gmail.com

Office of the US Trustee
USTPRegion21.MM.ECF@usdoj.gov

Ariel Sagre on behalf of Debtor P.D.L., INC.
law@sagrelawfirm.com

Howard S Toland on behalf of Creditor Commercial credit group inc
htoland@mitrani.com

(Attorney Sagre shall immediately serve a conformed copy of this Order upon all creditors and parties-in-interest not receiving a copy *via* CM/ECF, and shall file a certificate of service as to same)

EXHIBIT A

P.D.L.,INC.
Profit & Loss Budget Overview
August through October 2017

	<u>Aug 17</u>	<u>Sep 17</u>	<u>Oct 17</u>
Ordinary Income/Expense			
Income			
Fuel Surcharge	0.00	0.00	0.00
Services (Services)	<u>391,750.22</u>	<u>391,481.55</u>	<u>389,307.43</u>
Total Income	391,750.22	391,481.55	389,307.43
Cost of Goods Sold			
Lumper	1,550.00	1,550.00	1,550.00
Fax	434.11	534.80	428.87
Tolls	5,498.53	6,662.26	6,398.70
Contract Services	95,366.14	98,821.58	82,651.05
Fuel	181,194.15	160,342.17	139,357.42
Prepass	420.00	420.00	420.00
Repairs and Maintenance	<u>22,445.00</u>	<u>28,598.05</u>	<u>17,299.99</u>
Total COGS	<u>306,907.93</u>	<u>298,928.86</u>	<u>248,103.83</u>
Gross Profit	84,842.29	94,534.69	141,203.60
Expense			
Discount	100.00	4,897.00	359.15
Advertising	0.00	0.00	74.90
Automobile Expense (Automobile Expense)	303.19	288.86	276.93
Bad Debt Expense	0.00	0.00	0.00
Bank Service Charges (Bank Service Charges)	1,058.95	1,052.95	1,035.45
Depreciation Expense (Depreciation Expense)	0.00	0.00	0.00
Dues and Subscriptions (Dues and Subscriptions)	2,037.36	1,957.36	1,998.09
Equipment Rental (TRAILER # 531305R)	1,411.47	1,411.47	1,411.47
Insurance	25,000.00	25,000.00	25,000.00
Interest Expense (Interest Expense)			
Finance Charge (Finance Charge)	0.00	0.00	0.00
Loan Interest (Loan Interest Expense)	0.00	0.00	0.00
Interest Expense (Interest Expense) - Other	<u>1,003.19</u>	<u>379.86</u>	<u>182.70</u>
Total Interest Expense (Interest Expense)	1,003.19	379.86	182.70
Licenses and Permits (Licenses)	25.00	0.00	131.25
Office Expenses	3,801.01	3,258.00	3,616.91
Payroll Expenses	20,934.91	20,346.35	20,070.04
Postage and Delivery (Postage and Delivery)	115.07	120.00	120.00
Professional Fees (Professional Fees)	0.00	0.00	85.00
Rent (Rent)	3,163.00	3,163.00	3,163.00
Repairs (Repairs and Maintenance)	0.00	0.00	0.00
Taxes (Taxes)			
Weight Distance	175.01	0.00	0.00
Taxes (Taxes) - Other	<u>4,095.88</u>	<u>974.02</u>	<u>4,107.06</u>
Total Taxes (Taxes)	4,270.89	974.02	4,107.06

	<u>Aug 17</u>	<u>Sep 17</u>	<u>Oct 17</u>
Telephone (Telephone)	378.11	381.22	374.55
Travel & Ent (Travel and Entertainment)			
Meals (Meals)	0.00	0.00	0.00
Travel & Ent (Travel and Entertainment) - Other	0.00	0.00	0.00
Total Travel & Ent (Travel and Entertainment)	0.00	0.00	0.00
Utilities			
Gas and Electric	138.97	152.28	133.24
Water	28.59	5.00	60.00
Total Utilities	167.56	157.28	193.24
Total Expense	63,769.71	63,185.37	62,197.74
Net Ordinary Income	21,072.58	31,349.32	79,005.86
Other Income/Expense			
Other Income			
Reimbursed Expenses (Reimbursed Expenses)	30.15	0.00	0.00
Cash Rebate	602.19	1,026.54	790.75
Lumper BP	5,372.84	3,155.00	4,254.00
Other Income (Other Income)	10,940.57	0.00	0.00
Total Other Income	16,945.75	4,181.54	5,044.75
Net Other Income	16,945.75	4,181.54	5,044.75
Net Income	38,018.33	35,530.86	84,050.61

P.D.L.,INC.
Profit & Loss Budget Overview
August through October 2017

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Accrual Basis

TOTAL**Aug - Oct 17****Ordinary Income/Expense****Income**

Fuel Surcharge	0.00
Services (Services)	1,172,519.20
Total Income	1,172,519.20

Cost of Goods Sold

Lumper	4,650.00
Fax	1,397.58
Tolls	18,557.49
Contract Services	276,838.77
Fuel	480,893.74
Prepass	1,260.00
Repairs and Maintenance	68,341.04
Total COGS	851,938.62
Gross Profit	320,580.58

Expense

Discount	5,156.15
Advertising	74.90
Automobile Expense (Automobile Expense)	866.98
Bad Debt Expense	0.00
Bank Service Charges (Bank Service Charges)	3,147.35
Depreciation Expense (Depreciation Expense)	0.00
Dues and Subscriptions (Dues and Subscriptions)	5,990.81
Equipment Rental (TRAILER # 631305R)	4,234.41
Insurance	75,000.00
Interest Expense (Interest Expense)	0.00
Finance Charge (Finance Charge)	0.00
Loan Interest (Loan Interest Expense)	0.00
Interest Expense (Interest Expense) - Other	1,565.75
Total Interest Expense (Interest Expense)	1,565.75
Licenses and Permits (Licenses)	156.25
Office Expenses	10,675.92
Payroll Expenses	61,351.30
Postage and Delivery (Postage and Delivery)	355.07
Professional Fees (Professional Fees)	85.00
Rent (Rent)	9,489.00
Repairs (Repairs and Maintenance)	0.00
Taxes (Taxes)	175.01
Weight Distance	0.00
Taxes (Taxes) - Other	9,176.96
Total Taxes (Taxes)	9,351.97

	<u>TOTAL</u>
	<u>Aug - Oct 17</u>
Telephone (Telephone)	1,133.88
Travel & Ent (Travel and Entertainment)	
Meals (Meals)	0.00
Travel & Ent (Travel and Entertainment) - Other	0.00
Total Travel & Ent (Travel and Entertainment)	<u>0.00</u>
Utilities	
Gas and Electric	424.49
Water	93.59
Total Utilities	<u>518.08</u>
Total Expense	<u>189,152.82</u>
Net Ordinary Income	131,427.78
Other Income/Expense	
Other Income	
Reimbursed Expenses (Reimbursed Expenses)	30.15
Cash Rebate	2,419.48
Lumper BP	12,781.84
Other Income (Other Income)	10,940.57
Total Other Income	<u>26,172.04</u>
Net Other Income	<u>26,172.04</u>
Net Income	<u><u>157,599.80</u></u>

FACTORING AGREEMENT

THIS FACTORING AGREEMENT (the "Agreement") made and entered into this 21st of JANUARY, 2014 (the "Effective Date") by and between RTS FINANCIAL SERVICE, INC., ("Factor"), a Kansas Corporation; and P.D.L., INC. ("Assignor"), a CORPORATION in the state of FLORIDA.

RECITALS

1. Assignor desires to sell to Factor all existing and future Accounts Receivable ("Accounts") arising from services performed in the regular course of Assignor's business; and

2. Factor desires to purchase certain of those Accounts, which Factor in its sole discretion deems acceptable for purchase, according to the terms and conditions provided in this Agreement.

In consideration of the above recitals and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS

An "Account" means any right to payment for services rendered and goods sold by or on behalf of Assignor. "Account Debtor" means a person or other entity, which is obligated to pay the Account.

SECTION 2. PURCHASE OF ACCOUNTS

2.1 Assignor agrees to present to Factor for purchase, with recourse, all Accounts arising from the activities and services performed and good sold by Assignor.

2.2 Factor, in its sole discretion, may purchase such Accounts from Assignor as Factor determines to be acceptable. Assignor hereby agrees to sell, assign, transfer, convey and deliver to Factor, such Accounts as Factor shall elect to purchase. Assignor will notify each Account Debtor of the sale of its Account or Accounts to Factor and shall place a clear statement or legend, approved by Factor, on each such Account invoice, bill of lading, purchase order or statement, stating that such Account has been sold and assigned, and is payable to Factor at its office at 8601 Monrovia, Lenexa, Kansas 66215 or at such other address as Factor shall designate in writing. Factor shall become the absolute owner of all Accounts purchased hereunder. All remittances received by Assignor for payment of Accounts sold to Factor are the property of Factor, and Assignor shall hold such proceeds in trust for Factor, and shall immediately deliver to Factor, in the identical form, all payments received by Assignor on each such Account, together with all documents accompanying the remittance to Assignor. Assignor guarantees the timely payment of the monies and amounts represented by the assigned Accounts. Factor will not purchase Accounts representing services for which Assignor did not in fact act as a transportation carrier.

SECTION 3. PURCHASE PRICE AND FACTORING CHARGE; SECURITY RESERVES

3.1 The purchase price for each Account purchased by Factor hereunder shall be the net amount of such Account, less the Factor's fee, which fee shall be an amount equal to 2.5% of such net amount. "Net amount" means the gross amount of the Account less any discount or allowance of any nature allowed to the Account Debtor. Throughout the term of this Agreement, Factor will review the US Prime Rate in effect as of the first business day of each calendar month and, in the event that the then current US Prime Rate changes, the parties hereby agree to a commensurate increase/decrease to the Factor's fee.

3.2 Payment of the purchase price to Assignor shall be made as follows:

(a) Initial Payment and Security Reserve. Upon the presentation by Assignor to Factor of documents reasonably acceptable to Factor, for an Account approved for purchase by Factor, and provided no claim or dispute shall then exist with the Account Debtor as to the Account, Factor will pay to the Assignor the net amount of the Account, less the Factor's fee payable under Section 3.1 and less a Security Reserve equal to 5.5% of the net amount of the Account.

(b) Final Payment. Upon Factor's receipt of full payment of the Account invoice from the Account Debtor, and provided Assignor shall not be obligated to repurchase the Account under section 5, or otherwise be in default in any respect under this Agreement, Factor will remit to the Assignor the Security Reserve in complete and full payment of the purchase price.

SECTION 4. SECURITY INTEREST

Assignor hereby grants to Factor as collateral, to secure all of the debts, liabilities and obligations of Assignor to Factor under this Agreement, including all costs and expenses incurred by Factor in connection with the enforcement of its rights under this Agreement, a security interest in the following property of Assignor: (a) all Accounts, wherever located or situated, and whether now existing or arising in the future, and whether now owned or at any time in the future acquired by Assignor, together with all proceeds and monies due or becoming due on such Accounts; all guaranties, insurance and security for such Accounts; all security reserves related to such Accounts; all of Assignor's rights and interests in the goods giving rise to such Accounts, and the rights associated with or related or pertaining to such goods, including without limitation the right of stoppage in transit and any and all related insurance, any items substituted therefore as replacements and all additions thereto; (b) all of Assignor's chattel paper, instruments, general intangibles, securities, contract rights and insurance associated with or related to the Accounts; (c) all equipment and inventory; and (d) all proceeds of any of the foregoing Accounts, property, rights and interests. Factor in its own name, or Factor's collateral agent Exsequor 114 Trust in its name as the agent of Factor, may file financing statements and all amendments thereto describing as the collateral any or all of the foregoing collateral by any description Factor or its collateral agent deems appropriate in any jurisdiction or office Factor or its collateral agent deems appropriate to perfect Factor's security interest in foregoing collateral.

In the event of Assignor's breach of any warranty made in this Agreement or the Assignor's failure to observe or perform any of the provisions or obligations of this Agreement, Assignor shall be in default, and Factor may enforce payment and exercise any and all of the rights and remedies provided by Article 9 of the Uniform Commercial Code. In addition, upon default by Assignor, Factor shall also have the right to take all actions necessary to collect the Accounts directly from the Account Debtors.

SECTION 5. REPURCHASE OF ACCOUNTS

All Accounts purchased by Factor from Assignor are purchased with full recourse. If Assignor breaches any warranty or otherwise violates or defaults on any of its obligations hereunder, or if any Account purchased by Factor hereunder is not paid in full on or before the payment due date of such Account, then upon request by Factor, Assignor shall immediately repurchase such Account from Factor for an amount equal to the face amount of such Account (less any payments received by Factor on such Account from the Account Debtor), together with interest thereon at the rate of **ZERO% per annum** from the date of the assignment of such Account to Factor. Any security reserve held by Factor for such Account shall be released only in accordance with Section 3.2(b), and Factor shall in all events also be entitled to and shall retain its Factor's fee on the Account. Typically, Factor will require repurchase of any unpaid Account no later than 90 days after the Account invoice date, unless Factor, in its sole discretion chooses otherwise. However, in all cases, any unpaid Account must be repurchased by Assignor within 120 days after the Account invoice date. Assignor shall not be relieved of its absolute repurchase obligation hereunder, even though the Account Debtor, whose Account Assignor must repurchase hereunder, was listed on Factor's debtor credit rating list.

SECTION 6. REPRESENTATIONS AND WARRANTIES

Assignor represents, covenants, warrants and agrees as follows:

6.1 If Assignor is a corporation, that it is a corporation duly organized, existing and in good standing under the laws of the state of **FLORIDA**; that the execution, delivery and performance of this Agreement are in every respect within its corporate powers and have been duly authorized by appropriate corporate action; and that this Agreement, when duly executed and delivered by the Assignor and the Factor, will constitute a legal, valid and binding agreement of the Assignor fully enforceable in accordance with its terms and conditions.

6.2 The Assignor's address set out in Section 14 of this Agreement is the address of Assignor's principal office and its sole place of business. Assignor shall give Factor immediate written notice of any change in the location of its principal office, the addition of any new place or places of business and their addresses, any name change or the addition of any name under which Assignor does business, or any change in the nature or status of Assignor's business or operations.

6.3 As to each Account purchased by Factor under this Agreement: (1) the Account is not yet past due, arose in the ordinary course of Assignor's business and represents a bona fide completed transaction; (2) the title of Assignor to the Account is absolute and subject to no assignment, claim, lien or security interest; (3) the Account, as shown on Assignor's books and records and on any invoices, bills of lading or statements, delivered to Factor is a legally enforceable debt owed by Account Debtor to Assignor in its full face amount; (4) no partial payment has been made by anyone on such Account; (5) no set off, credit, allowance, adjustment, counterclaim or defense to such Account exists or will exist and no agreement has been made or will be made with any person or entity under which any deduction or discount may be claimed on such Account; (6) the Account is payable not more than thirty (30) days from the date of assignment of the Account to Factor.

6.4 Assignor shall execute any and all financing statements, Uniform Commercial Code forms or other documents or instruments which Factor deems necessary to protect its interest under this Agreement.

6.5 Assignor shall indemnify, defend and hold Factor harmless from and against any and all misrepresentations or breaches of warranty or other defaults hereunder by Assignor, and from any losses, expenses, attorney's fees or other costs incurred by Factor caused by or arising out of any such defaults or breaches of this Agreement by the Assignor and from any costs expenses or attorney's fees incurred by Factor in enforcing Factor's rights under this Agreement; from any dispute or claim resulting in liability, loss, expense, cost or attorney's fees caused by or arising out of the rejection of any work performed or services rendered by Assignor; or from any alleged claim, dispute, action, defense or set off of every kind and nature asserted by any Account Debtor.

6.6 The Assignor shall not, without the express written consent of the Factor, release, compromise, settle or adjust any Account purchased hereunder, or grant any discounts, allowances or credits thereon.

SECTION 7. POWER OF ATTORNEY

7.1 In order to carry out this Agreement, and to avoid unnecessary notification of Account Debtors, Assignor irrevocably appoints Factor as Assignor's true and lawful attorney with the full power and right to: (a) invoice or bill for, collect, receive, and deposit to Assignor's bank accounts any and all amounts which may be due or become due to Assignor from Account Debtors, and to use Assignor's name for purposes of billing and collection of any and all amounts due; (b) receive, accept, open, dispose of and redirect any and all mail addressed to Assignor; (c) negotiate any checks received in payment of Accounts whether payable to Assignor or Factor or both, and endorse the name of Assignor on any checks or other evidences of payment or other instruments or documents that may come into the possession of Factor on Accounts purchased by Factor and on any invoices or other documents or instruments relating to any of the Accounts or relating to any collateral or security hereby granted by Assignor to Factor; (d) in Assignor's name, or otherwise, demand, make claim for, sue for, collect, grant extensions, compromise, discharge, and get or give releases for any and all monies or funds due or to become due on Accounts; (e) execute and deliver receipts or acknowledgments to Account Debtors for such amounts due which shall be binding upon Assignor and Factor; (f) notify Account Debtors of the sale of Accounts to Factor and notify and instruct Account Debtors, in Assignor's name, of the address and procedures for making payments on any Accounts that are sold to Factor or which constitute collateral hereby granted by Assignor to Factor; (g) take all steps necessary to insure payment of such amounts and monies due, and do any and all things in Assignor's name necessary or proper to carry out the purposes intended by this Agreement; (h) file financing statements and all amendments thereto, describing as collateral any or all of the collateral described in Section 4 hereof by any description Factor deems appropriate in any jurisdiction or office Factor deems appropriate to perfect its security interest in the collateral described in Section 4 hereof; and (i) initiate debit or credit entries through the Federal Reserve Automated Clearing House System (ACH) to any deposit account maintained by Assignor wherever located in order to satisfy any obligations of Assignor to Factor under this Agreement. It is understood that this power of attorney is coupled with an interest, and is irrevocable until all obligations of Assignor to Factor under this Agreement have been satisfied.

7.2 Exercise of the foregoing powers shall be in the sole and absolute discretion of Factor, but Factor shall have no obligation to exercise any of the foregoing powers. Nothing contained in this Agreement shall in any way require Factor to initiate or become a party to any litigation or other legal proceedings.

7.3 The Factor shall not, under any circumstances, or in any event whatsoever, have any liability for any error, omission or delay of any kind occurring in the collection, payment or settlement of any Account or of any instrument received in full or in part payment thereof or in dealing with any lien, security or guaranty of any such Account

SECTION 8. BOOKS, RECORDS AND FINANCIAL STATEMENTS

All of Assignor's books, accounts, ledgers, correspondence, records and papers pertaining to all of the Assignor's Accounts and business shall be accurately and properly prepared and maintained by Assignor and shall disclose the sale of Accounts purchased by Factor. All such books, ledgers, accounts, records, correspondence and papers shall be opened by Assignor at all reasonable times for Factor's inspection, audit and copying. Upon request, but not more often than quarter annually, Assignor shall furnish Factor with financial statements including income statements and balance sheets showing Assignor's financial condition. Upon request, Assignor shall also provide Factor with annual financial statements acceptable to Factor.

SECTION 9. ATTORNEY'S FEES AND EXPENSES

If Factor retains the services of an attorney to enforce any obligation of Assignor to Factor under this Agreement, Factor shall be entitled to recover from Assignor all attorney's fees, court costs and expenses, regardless of whether or not an action is commenced.

SECTION 10. GOVERNING LAW AND CONSENT TO JURISDICTION

10.1 This Agreement is accepted and made in the state of Kansas and this Agreement and the rights of the parties hereunder shall be interpreted under and governed as to construction, enforcement and validity by the laws of the state of Kansas.

10.2 Factor and Assignor agree that any legal suit, action or proceeding arising out of or related to this Agreement shall be instituted, heard and resolved solely and exclusively in a State or Federal Court in or for Johnson County, Kansas. Factor and Assignor submit to the jurisdiction of the State and Federal Courts for Johnson County, Kansas for the purpose of deciding any questions, disputes or causes, arising under this Agreement, and in the event Assignor is not qualified to do business in the State of Kansas, the Secretary of State of the State of Kansas is hereby designated as Assignor's agent for service of process for any actions commenced under or to enforce this Agreement in the State of Kansas, provided that a copy of any such process shall be mailed to Assignor in accordance with the notice provisions of this Agreement.

SECTION 11. TERMINATION

11.1 This Agreement shall have an initial term of twelve (12) months from the Effective Date hereof (the "Original Term"), and shall automatically renew for successive periods of twelve (12) months ("Renewal Periods"), unless sooner terminated as hereinafter provided. Assignor may terminate this Agreement as of the expiration of the Original Term or any Renewal Term by giving Factor prior written notice of its intention to so terminate. Such notice shall be given by Assignor to Factor at least sixty (60) days, but not more than ninety (90) days, prior to the expiration of the Original Term or any Renewal Term. Factor may terminate this Agreement at any time upon thirty (30) days prior written notice to Assignor; provided however, that this Agreement shall terminate immediately, at the option of Factor, upon the insolvency of the Assignor or the filing of a petition in bankruptcy by or against the Assignor or upon any default or breach of this Agreement by Assignor. Assignor hereby acknowledges and agrees that Factor will incur significant time and expense setting up this financing relationship (the "Due Diligence Expenses"). In the event that Factor does not purchase any Accounts from Assignor under this Agreement for any reason out of the control of Factor (including, but not limited to, the inability of Assignor to completely terminate its relationship with another financing company), Assignor hereby agrees to pay Factor a fee equal to \$5,000.00 to cover the Due Diligence Expenses.

11.2 All of the Assignor's covenants, warranties and agreements under this Agreement made to Factor, and all rights and remedies of the Factor under this Agreement, shall survive the termination of this Agreement and shall continue in full force and effect until all Accounts purchased hereunder are paid in full and all debts and obligations to of Assignor to Factor hereunder have been satisfied in full. Upon termination Assignor shall remain liable to Factor for any and all unpaid Accounts, and for all other amounts and monies as may be owed to Factor under the terms and conditions of this Agreement. Upon termination, any security reserve and any other funds or monies from any source whatsoever which would otherwise be owing to Assignor by Factor may be retained by Factor until such time as all obligations and debts of Assignor to Factor have been fully satisfied, and Factor's security interest provided in Section 4 hereof shall continue until all obligations of Assignor to Factor are paid in full. Factor shall have the right, in its sole discretion, to set off against the security reserve and any other sums owing to Assignor by Factor all obligations and debts of Assignor to Factor.

SECTION 12. MODIFICATION, SEVERABILITY, SUCCESSORS AND ASSIGNS, ETC.

This Agreement may be modified only by written instrument signed by the parties hereto. In the event that any one or more of the provisions contained in this Agreement should be held by any court of competent jurisdiction to be unenforceable, the holding or decision shall not affect or impair any of the other provisions of this Agreement. This Agreement supersedes all prior agreements between the parties, and shall bind the successors and assigns of Assignor and shall inure to the benefit of the successors and assigns of Factor. As used in this Agreement, the singular shall be deemed to include the plural and vice versa, and the neuter shall be deemed to include the masculine or feminine, and vice versa.

SECTION 13. NO DELAY

13.1 No delay or omission on the part of Factor in enforcing or exercising any right hereunder shall operate as a waiver of such right or any other right. The waiver by Factor of the breach by Assignor of any provision of this Agreement, or of Assignor's compliance with such provisions, shall not be construed as a waiver of any other breach or of

the provision itself. No waiver or modification of the Agreement shall be chargeable against Factor unless in writing, signed by Factor and delivered by Factor to Assignor.

13.2 The waiver, compromise, discharge, extension or release by Factor, of any duty or obligation of any Account Debtor shall not reduce, diminish, limit, or restrict in any way Assignor's obligations and liabilities to Factor.

SECTION 14. NOTICE

Notices under this Agreement shall be in writing and mailed postage prepaid, registered or certified mail, return receipt requested, or sent by overnight delivery service, or by FAX transmission to the recipient's FAX machine, addressed to the addressees set forth below, or to such other address as either party notifies the other in writing. All such notices shall be effective upon receipt if delivered by hand or FAX or overnight delivery service; otherwise upon three (3) business days after the notice is placed in the U.S. Mail. Addresses for notices are as follows:

In the case of Assignor, to:

P.D.L, INC.
2366 WEST 80TH STREET #7
HIALEAH, FLORIDA 33016
TEL: (305) 364-4008
FAX: (800) 815-5309

In the case of Factor, to:

RTS FINANCIAL SERVICE, INC.
8601 MONROVIA
LENEXA, KANSAS 66215
TEL: (800) 860-7926
FAX: (913) 492-1998

SECTION 15. COUNTERPARTS; FACSIMILE SIGNATURES

This Agreement may be executed in one or more counterparts and by different signatories thereto, all of which counterparts, when taken together, shall constitute but one agreement. This Agreement may be validly executed and delivered by facsimile or other electronic transmission and any such execution or delivery shall be fully effective as if executed and delivered in person.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, as of JANUARY 21, 2014.

ASSIGNOR:
P.D.L, INC.
MC# 497817

ATTEST:

By: _____

WITNESS (REQUIRED)

Title: WITNESS

By: _____

EDMUNDO PONCE DE LEON

Title: PRESIDENT

FACTOR:
RTS FINANCIAL SERVICE, INC.

ATTEST:

By: _____

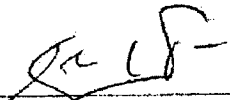
KEN BOWMAN
Title: VICE-PRESIDENT

By: _____

MARTIN J. RYAN
Title: VICE-PRESIDENT

GUARANTY

For valuable consideration and to induce RTS FINANCIAL SERVICE, INC. ("RTS") to enter into the Factoring Agreement dated JANUARY 21, 2014 ("the Factoring Agreement") with P.D.L, INC. ("ASSIGNOR"), I the undersigned, do hereby guarantee to RTS, its successors and assigns the full, prompt and complete performance by ASSIGNOR of all of the provisions, conditions, covenants and agreements contained in the Factoring Agreement, including the full and complete payment of all monies that become due thereunder to RTS by ASSIGNOR and do hereby waive all notice of default by ASSIGNOR and notice of acceptance of this guaranty by RTS, and do hereby consent to any extension of time that may be given by RTS to ASSIGNOR of time of payment or performance. This guaranty is not limited to any particular period of time, but shall continue until all of the terms, covenants, and conditions of the Factoring Agreement have been fully and completely performed by ASSIGNOR and the undersigned shall not be released of any obligation or liability hereunder so long as there is any claim of RTS against ASSIGNOR arising out of the Factoring Agreement that has not been settled or discharged in full. The undersigned waives any right to require RTS to proceed against ASSIGNOR, the account debtors or customers of ASSIGNOR or any other person, or to proceed against or exhaust any security or pursue any other remedy in RTS' power. Whether or not suit be initiated, the undersigned agrees to pay reasonable attorneys' fees and all other costs and expenses incurred by RTS in enforcing this guaranty and in any actions or proceedings arising out of or relating to the guaranty. This guaranty shall be governed and construed in accordance with the laws of the state of Kansas. The undersigned hereby consents to the sole and exclusive jurisdiction of any state or Federal court within the state of Kansas in connection with the enforcement of this guaranty.


EDMONDO PONCE DE LEON
1734 WEST 84TH STREET #7
HIALEAH, FLORIDA 33014

CERTIFIED COPY OF RESOLUTIONS
(CORPORATION)

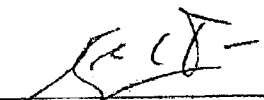
"RESOLVED, that the Factoring Agreement dated JANUARY 21, 2014, between P.D.L., INC. ("this company") and RTS FINANCIAL SERVICE, INC. ("RTS") and all other agreements and documents connected therewith be, and the same hereby are, approved on the terms and conditions as set forth therein";

"RESOLVED, that any officer of this company be, and he hereby is authorized and directed to enter into said agreement and all other agreements and documents connected therewith and to execute the same for and on behalf of this company on the terms and conditions set forth therein";

"RESOLVED, that any officer of this company be, and hereby is authorized and directed to negotiate, agree upon, execute and deliver, from time to time, in the name of, and on behalf of, this company, such agreements, amendments, and supplements to said agreement or any other agreement or document connected therewith, documents, instruments, certificates, notices and further assurances and to perform any and all such acts and things as may be required by RTS in connection with said agreement or any other agreement or document connected therewith, or may to him seem necessary or proper to implement and effect complete consummation of said agreement or any other agreement or document connected therewith in all respects and the purposes set forth in these resolutions";

"RESOLVED, that these resolutions shall remain in full force and effect until all indebtedness and obligations arising out of said agreement and all other agreements and documents connected therewith shall have been paid and satisfied in full."

The undersigned, being all of the Directors of P.D.L., INC. do hereby certify that the foregoing is a true and correct copy of the resolutions duly adopted at a meeting of the Board of Directors of P.D.L., INC., a MISSOURI company, duly called, noticed and held on JANUARY 21, 2014, at which meeting there were at all times present and acting all members of said Board; and that said resolutions are in full force and effect; and that the following is a true and correct list of all of the directors and shareholders of this company.



EDMUNDO PONCE DE LEON, PRESIDENT and 100% Shareholder

Dated: 1/21/14