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10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12 W 06-01018 NM PLA_x

13 SECURITIES AND EXCHANGE
14 COMMISSION,
15 Plaintiff,
16 vs.
17 CHARIS JOHNSON, LIFECLICKS,
18 LLC, and 12DAILY PRO,
19 Defendants.

Case No.
COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
6 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
7 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) & 78aa. Defendants have, directly or indirectly, made use of
9 the means or instrumentalities of interstate commerce, of the mails, or of the
10 facilities of a national securities exchange, in connection with the transactions,
11 acts, practices, and courses of business alleged in this complaint.

12 2. Venue is proper in this district pursuant to Section 22(a) of the
13 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
14 § 78aa, because certain of the transactions, acts, practices, and courses of conduct
15 constituting violations of the federal securities laws occurred within this district.

16 **SUMMARY**

17 3. This matter involves the fraudulent, unregistered offering of
18 investment contracts constituting securities in a Ponzi scheme offered and sold via
19 the Internet by two entities, defendant 12daily Pro and defendant LifeClicks, LLC,
20 and their owner, defendant Charis Johnson (collectively “Defendants”).

21 4. LifeClicks and Johnson operate the Internet website
22 www.12dailypro.com. 12daily Pro purports to be a “paid Autosurf program”
23 whose members purportedly earn money for “viewing the websites owned or
24 promoted by other online professionals.” In fact, 12daily Pro’s offer and sale of
25 membership units constitutes the unregistered offer and sale of securities in the
26 form of investment contracts under federal securities law. Unbeknownst to its
27 investors, 12daily Pro is, in reality, operating a massive Ponzi scheme.

28 5. Through the 12daily Pro website, Defendants solicit investors to

1 become “upgraded members” of 12daily Pro by buying “units” for a “membership
2 fee” of \$6 per unit. 12daily Pro claims to have had more than 300,000 members
3 over the life of the offering and to currently have more than 180,000 active
4 members. 12daily Pro’s website was recently ranked the 352nd most heavily
5 trafficked website on the Internet.

6 6. 12daily Pro promises to pay each upgraded member 12% of his or her
7 membership fee per day for 12 days. At the end of 12 days, the member
8 purportedly will have earned a total of 144% of his or her original membership fee,
9 44% of which is profit on the membership fee.

10 7. To receive the promised payment, an upgraded member purportedly
11 must view at least 12 web pages per day during the 12-day period. 12daily Pro
12 estimates that viewing the web pages should take five minutes per day.

13 8. Since mid-2005, the Defendants have raised more than \$50 million
14 from more than 300,000 investors nationwide and overseas.

15 9. One of the Defendants’ payment processors, StormPay, Inc., currently
16 holds approximately \$50 million in investor funds, which it has voluntarily agreed
17 to freeze. The Defendants are seeking to undo the freeze.

18 10. The Defendants have made material misrepresentations and omissions
19 in offering and selling the 12daily Pro investment program. Undisclosed to
20 investors, the Defendants are operating 12daily Pro as almost a pure Ponzi
21 scheme—at least 95% of the funds 12daily Pro uses to pay returns to upgraded
22 members come from new investments in the form of new or existing members’
23 upgrade fees.

24 11. In addition, the Defendants are misappropriating investor funds.
25 Undisclosed to investors, Johnson has transferred approximately \$1.9 million in
26 investor funds to her personal bank account since mid-2005. The bank holding
27 Johnson’s account is unwilling to freeze the funds in the account without a court
28 order.

1 17. The Defendants purport to operate 12daily Pro as a “paid Autosurf
2 program” whose members purportedly earn money by viewing websites owned or
3 promoted by other online members.

4 18. Autosurf is a form of online advertising program that purportedly
5 generates advertising revenue by automatically rotating advertised websites into a
6 viewer’s Internet browser. Advertisers purportedly pay money to “hosts” such as
7 12daily Pro, which then pay their members to view the rotated websites.

8 19. Through the 12daily Pro website, the Defendants solicit investors to
9 become members of 12daily Pro.

10 20. The Defendants offer two kinds of membership—regular
11 memberships (which are free) and “upgraded” memberships.

12 21. To become an upgraded member, a member must pay 12daily Pro a
13 “fee” of \$6 per unit, with a maximum of 1,000 units.

14 22. To pay for the upgraded membership, a member must open an account
15 with one of 12daily Pro’s Internet payment processors.

16 23. Until recently, 12daily Pro used StormPay to process the majority of
17 its transactions.

18 24. 12daily Pro provides upgraded members with three benefits not
19 provided to regular, or non-paying, members.

20 25. First, 12daily Pro pays each upgraded member (but not regular
21 members) 12% per day on his or her membership fee for 12 days, purportedly for
22 the upgraded member’s viewing a minimum of 12 web pages per day. At the end
23 of 12 days, each upgraded member has purportedly earned 144% on his or her
24 membership fee, 44% of which is profit on the membership fee. This return
25 equates to an annualized yield of more than 1,300%.

26 26. Second, 12daily Pro pays each upgraded member a 12% “referral
27 commission” on first level referrals.

28 27. Third, 12daily Pro allows each upgraded member to submit one

1 website to be included in the online advertising program that automatically rotates
2 the advertising websites into the Internet browsers of other 12daily Pro members.

3 **THE INVESTMENT NATURE OF THE 12DAILY PRO MEMBERSHIP UNITS**

4 28. The membership fee paid by an upgraded member of 12daily Pro
5 constitutes an investment contract because the receipt of payment from 12daily Pro
6 is dependent upon a member's payment of the membership fee, and not on his or
7 her provision of services.

8 29. Under the terms of the 12daily Pro program, the Defendants pay the
9 purported 12% daily return only to upgraded (i.e., paying) members who agree to
10 view 12 web pages per day, but pay nothing to regular (i.e., non-paying) members
11 regardless of how many web pages they view.

12 30. The amount of returns that 12daily Pro pays an upgraded member is
13 dependent solely upon how much money he or she has put into the program, not on
14 the amount of service he or she renders to 12daily Pro. For instance, an upgraded
15 member receiving the purported 12% daily return on a \$6,000 investment (\$720
16 per day) is not required to view any more web pages than an upgraded member
17 receiving the purported 12% daily return on a \$6 investment (\$0.72 per day).

18 31. The funds purportedly used to pay the upgraded members result
19 principally from the efforts of the Defendants, and not from the efforts of the
20 upgraded members. The 12daily Pro website states that upgraded members'
21 earnings "are financed by multiple income streams, including advertising, and off-
22 site investments." Upgraded members have no role, however, in negotiating
23 advertising agreements, making off-site investments, or collecting revenue from
24 any of the purported income sources.

25 32. The so-called "services" purportedly rendered by the upgraded
26 members are minimal or non-existent. The Defendants estimate that upgraded
27 members' web page surfing requirement will take five minutes per day. There is
28 no requirement that members must evaluate, comment on, or otherwise respond to

1 the web pages viewed. It is unclear whether 12daily Pro is even able to determine
2 whether an upgraded member has actually viewed the web pages or simply turned
3 his or her computer on and left the room.

4 **THE UNREGISTERED OFFERING OF SECURITIES IN THE FORM OF INVESTMENT**

5 **CONTRACTS BY 12DAILY PRO**

6 33. The membership units in 12daily Pro that are offered and sold by the
7 Defendants are securities in the form of investment contracts.

8 34. No registration statement has been filed with the Commission or is in
9 effect with respect to the Defendants' offer or sale of securities in the form of
10 investment contracts with 12daily Pro.

11 **DEFENDANTS' OPERATION OF A PONZI SCHEME AND MISUSE OF INVESTOR**

12 **FUNDS**

13 35. On the home page of the 12daily Pro website, Defendants represent
14 that the earnings paid to upgraded members "are financed by multiple income
15 streams including advertising, and off-site investments."

16 36. In the Frequently Asked Questions section of the 12daily Pro website,
17 Defendants represent that "upgrade earnings are financed not only [by] incoming
18 member fees, but also with multiple income streams including advertising, and off-
19 site investments."

20 37. Defendants, however, fail to disclose that approximately 95% of the
21 funds that the Defendants have paid to upgraded members have come from new
22 investments in the form of upgrade membership fees paid by new or existing
23 members, that the other income streams are not sufficient to pay the promised
24 returns to upgraded members, that the Defendants are operating the 12daily Pro
25 program as almost a pure Ponzi scheme, and that Defendants will have to obtain an
26 ever-increasing number of upgraded members, or investors, to continue to pay the
27 returns promised to current investors.

28 38. Defendants have used substantial amounts of investor funds for

1 improper purposes. Since mid-2005, Johnson has transferred approximately \$1.9
2 million in investor funds to her personal bank account. Defendants failed to
3 disclose these transfers to investors.

4 39. There is a reasonable likelihood that Defendants' fraudulent conduct
5 will continue if they are not enjoined.

6 **FIRST CLAIM FOR RELIEF**

7 **UNREGISTERED OFFER AND SALE OF SECURITIES**

8 **Violations of Sections 5(a) and 5(c) of the Securities Act**

9 40. The Commission realleges and incorporates by reference paragraphs 1
10 through 39, above.

11 41. Defendants, by engaging in the conduct described above, directly or
12 indirectly, made use of means or instruments of transportation or communication
13 in interstate commerce or of the mails, to offer to sell or to sell securities, or to
14 carry or cause such securities to be carried through the mails or in interstate
15 commerce for the purpose of sale or for delivery after sale.

16 42. No registration statement has been filed with the Commission or has
17 been in effect with respect to the offering alleged herein.

18 43. By engaging in the conduct described above, Defendants violated, and
19 unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of
20 the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

21 **SECOND CLAIM FOR RELIEF**

22 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

23 **Violations of Section 17(a) of the Securities Act**

24 44. The Commission realleges and incorporates by reference paragraphs 1
25 through 39, above.

26 45. Defendants, by engaging in the conduct described above, directly or
27 indirectly, in the offer or sale of securities by the use of means or instruments of
28 transportation or communication in interstate commerce or by use of the mails:

1 persons.

2 49. By engaging in the conduct described above, Defendants violated, and
3 unless restrained and enjoined will continue to violate, Section 10(b) of the
4 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
5 240.10b-5.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, the Commission respectfully requests that the Court:

8 **I.**

9 Issue findings of fact and conclusions of law that the Defendants committed
10 the alleged violations.

11 **II.**

12 Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d),
13 temporarily, preliminarily and permanently enjoining Defendants and their
14 officers, agents, servants, employees, and attorneys, and those persons in active
15 concert or participation with any of them, who receive actual notice of the
16 judgment by personal service or otherwise, and each of them, from violating
17 Sections 5(a), 15 U.S.C. § 77e(a), 5(c), 15 U.S.C. § 77e(c), and 17(a), 15 U.S.C. §
18 77q(a), of the Securities Act, and Section 10(b), 15 U.S.C. § 78j(b), of the
19 Exchange Act, and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

20 **III.**

21 Issue, in a form consistent with Fed. R. Civ. P. 65, as to all Defendants, a
22 temporary restraining order, an order for accountings, an order prohibiting the
23 destruction of documents, an order expediting discovery, an order freezing their
24 assets (including, without limitation, accounts at StormPay, Inc., EMO
25 Corporation, e-gold, Ltd., and Bank of America), an order appointing a receiver
26 over the assets of 12daily Pro and StormPay, and preliminary and permanent
27 injunctions.

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1 **IV.**

2 Order each Defendant to disgorge all ill-gotten gains from their illegal
3 conduct, together with prejudgment interest thereon.

4 **V.**

5 Order the Defendants to pay civil penalties pursuant to Section 20(d) of the
6 Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15
7 U.S.C. § 78u(d)(3).

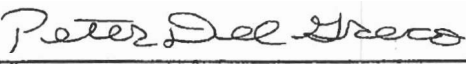
8 **VI.**

9 Retain jurisdiction of this action in accordance with the principles of equity
10 and the Federal Rules of Civil Procedure in order to implement and carry out the
11 terms of all orders and decrees that may be entered, or to entertain any suitable
12 application or motion for additional relief within the jurisdiction of this Court.

13 **VII.**

14 Grant such other and further relief as this Court may determine to be just and
15 necessary.

16
17 DATED: February 20, 2006



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10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**

12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **PHOENIXSURF.COM, LLC, NEW**
17 **MILLENIUM ENTREPRENEURS,**
18 **LLC, JONATHAN W. MIKULA, AND**
19 **GABRIEL J. FRANKEWICH,**

20 **Defendants.**

Case No.

COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS



1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
6 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
7 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) & 78aa. Defendants have, directly or indirectly, made use of
9 the means or instrumentalities of interstate commerce, of the mails, or of the
10 facilities of a national securities exchange, in connection with the transactions,
11 acts, practices, and courses of business alleged in this complaint.

12 2. Venue is proper in this district pursuant to Section 22(a) of the
13 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
14 § 78aa, because certain of the transactions, acts, practices, and courses of conduct
15 constituting violations of the federal securities laws occurred within this district.

16 **SUMMARY**

17 3. This matter involves the fraudulent, unregistered offering of
18 investment contracts constituting securities in a Ponzi scheme offered and sold via
19 the Internet by two entities, defendant Phoenixsurf.com, LLC, also known as
20 Pheonixsurf.com, LLC (“Phoenix Surf”), defendant New Millenium Entrepreneurs,
21 LLC (“NME”), NME’s owner, defendant Jonathan W. Mikula (“Mikula”), and
22 Phoenix Surf’s president, Gabriel J. Frankewich (“Frankewich”) (collectively
23 “Defendants”).

24 4. From February 22, 2006 through May 21, 2006 (the “offering
25 period”), the Defendants operated the Internet website www.phoenixsurf.com.
26 Phoenix Surf purported to be a “traffic exchange program” whose members
27 purportedly earned money for viewing the websites that other paying users had
28 submitted to the Phoenix Surf website. In fact, Phoenix Surf’s offer and sale of

1 “advertising packages” constituted the unregistered offer and sale of securities in
2 the form of investment contracts under federal securities law. Unbeknownst to its
3 investors, Phoenix Surf, in reality, operated a massive Ponzi scheme.

4 5. Through the Phoenix Surf website, the Defendants solicited investors
5 to become paying “advertising package users,” of Phoenix Surf by purchasing
6 advertising packages, in increments of \$8, with a maximum membership level of
7 \$6,000.

8 6. Phoenix Surf promised to pay each advertising package user 15% of
9 cost of his or her advertising package each day for eight days. At the end of eight
10 days, the advertising package user purportedly earned a total of 120% of the cost of
11 his or her advertising package, 20% of which was profit on the advertising package
12 purchase.

13 7. To receive the promised payment, an advertising package user
14 purportedly was required to view at least 15 web pages per day during the eight-
15 day period. Phoenix Surf estimated that viewing the web pages would take two
16 and half minutes per day.

17 8. During the offering period, the Defendants raised a total of \$41.9
18 million from more than 20,000 investors nationwide and overseas.

19 9. The Defendants made materially false and misleading statements in
20 offering and selling the Phoenix Surf investment program. The Defendants
21 represented that they used “revenue generated by ad sales and other
22 businesses/programs within the NME/Phoenix network” to pay advertising
23 members. In fact, the Defendants were operating Phoenix Surf as almost a pure
24 Ponzi scheme—at least 99% of Phoenix Surf’s revenues were generated from
25 advertising package purchases from new or existing investors and used to pay
26 returns to investors. During the offering period, Phoenix Surf paid a total of \$36.7
27 million to investors.

28 10. On or about May 22, 2006, the Defendants’ Ponzi scheme collapsed.

1 On this date, the Defendants were unable to make payouts to investors and closed
2 the Phoenix Surf offering and stopped accepting investments.

3 11. Defendants, by engaging in the conduct described in this complaint,
4 violated, and unless enjoined will continue to violate, the antifraud and securities
5 registration provisions of the federal securities laws. By this complaint, the
6 Commission seeks permanent injunctions, disgorgement with prejudgment interest,
7 and civil penalties against each of the proposed Defendants.

8 THE DEFENDANTS

9 12. Phoenixsurf.com, also known as Pheonixsurf.com, is a Georgia
10 limited liability company located in Marietta, Georgia. On its website,
11 www.phoenixsurf.com, Phoenix Surf was described as an income opportunity
12 program in the traffic exchange industry. No registration statement was filed with
13 the Commission or was in effect with respect to Phoenix Surf's offer or sale of
14 securities. In August 2006, Phoenix Surf ceased all business operations, but
15 remains a legally formed LLC.

16 13. New Millenium Entrepreneurs, LLC is a Georgia limited liability
17 company located in Athens, Georgia. NME owned and purported to operate
18 Phoenix Surf during the offering period. In August 2006, NME ceased all business
19 operations but remains a legally formed LLC.

20 14. Jonathan W. Mikula, age 21, is a resident of Athens, Georgia. Mikula
21 is NME's founder and Chief Executive Officer.

22 15. Gabriel J. Frankewich, age 29, is a resident of Byron, Georgia.
23 Frankewich was Phoenix Surf's president during the offering period.

24 THE PHOENIX SURF OFFERING

25 16. From February 22, 2006 through May 21, 2006, through the Phoenix
26 Surf website, the Defendants offered and sold securities in the form of investment
27 contracts to approximately 20,000 investors nationwide and overseas, which
28 includes more than 1470 accounts of investors who reside in California, many of

1 whom reside in the Central District of California.

2 17. The Defendants operated Phoenix Surf as a “traffic exchange
3 program” whose members purportedly earned money by viewing websites that had
4 been entered onto the Phoenix Surf website by other paying users.

5 18. The traffic exchange program was a form of online advertising
6 program that automatically rotated certain websites into the browsers of members
7 of the traffic exchange program. The advertising websites purportedly paid money
8 to the “host,” Phoenix Surf, which then paid its members to view the rotated
9 websites.

10 19. Through the Phoenix Surf website, the Defendants solicited investors
11 to become users or members of Phoenix Surf.

12 20. The Defendants offered two kinds of membership: (1) registered
13 users, users who registered for free to view the Phoenix Surf website, and (2)
14 advertising users, who were users that purchased advertising packages.

15 21. To become an advertising user, a member purchased an “advertising
16 package” and paid Phoenix Surf \$8 per unit. A member could purchase a
17 maximum of 750 units, or a \$6,000 membership level.

18 22. To pay for the advertising package, users were required to open an
19 account with e-Gold, an Internet payment processor. In early May 2006, users
20 were also given the option of purchasing advertising packages via a debit card
21 issued by Virtual Money, Inc., an Internet bank.

22 23. Phoenix Surf provided advertising users with three benefits that were
23 not provided to registered users.

24 24. First, Phoenix Surf allowed each advertising user to submit one
25 website to be included in the online advertising program. That website would then
26 automatically rotate into the Internet browsers of other Phoenix Surf members.

27 25. Second, Phoenix Surf paid each advertising user (but not registered
28 users) 15% per day on his or her advertising package for eight days. Phoenix Surf

purportedly made this payment in exchange for the advertising user's agreement to view a minimum of 15 web pages per day. At the end of eight days, each advertising user purportedly earned 120% on his or her advertising package, 20% of which was profit on the advertising package. The return equated to an annualized return of more than 912%.

26. Third, Phoenix Surf paid each advertising user an 8% "referral commission" for referring other investors to Phoenix Surf.

THE PHOENIX SURF MEMBERSHIP UNITS WERE INVESTMENT CONTRACTS

27. The membership fee paid by an advertising user of Phoenix Surf constituted an investment contract because the payment that Phoenix Surf received depended on a member's payment of the membership fee, and not on his or her provision of services.

28. Under the terms of the Phoenix Surf program, the Defendants paid the purported 8% daily return only to advertising (i.e., paying) members who agreed to view 15 web pages per day, but paid nothing to a registered (i.e., non-paying) member regardless of how many web pages they viewed.

29. The amount of returns that Phoenix Surf paid an advertising member depended solely upon how much money he or she put into the program, not on the amount of service he or she rendered to Phoenix Surf. For instance, an advertising member who received the purported 8% daily return on a \$6,000 investment (\$480 per day) was not required to view any more web pages than an upgraded member receiving the purported 8% daily return on a \$8 investment (\$0.64 per day).

30. The funds purportedly used to pay the advertising members resulted more from the efforts of the proposed defendants than the efforts of the advertising members. In the Frequently Asked Questions section of Phoenix Surf's website, the defendants stated that "the business model designed by NME ensures the long-term stability of Phoenixsurf.com. *In addition, we use revenue generated by ad sales and other businesses/programs within the NME/Phoenix network*" (emphasis

added). The advertising members did not have any role in negotiating advertising agreements or collecting revenue from any of these purported income sources.

31. The “services” provided by the advertising members were minimal or even nonexistent. On the Phoenix Surf website, the defendants estimated that the web page surfing requirement would take members only about 2 ½ minutes per day. The advertising members did not have to evaluate, comment on, or otherwise respond to the web pages viewed.

THE UNREGISTERED OFFERING OF SECURITIES IN THE FORM OF INVESTMENT

CONTRACTS BY PHOENIX SURF

32. The membership units offered and sold by the Defendants were securities in the form of investment contracts.

33. No registration statement was filed with the Commission or was in effect with respect to the Defendants’ offer or sale of membership units in Phoenix Surf.

DEFENDANTS’ INVOLVEMENT IN AND OPERATION OF A PONZI SCHEME

34. In July 2005, Mikula decided to form NME to build a multiple income stream business targeting network marketers. At its inception, Mikula, NME’s founder and CEO, appointed Frankewich as NME’s head of Internet security. Frankewich held that position until February 2006.

35. In February 2006, Mikula appointed Frankewich as Phoenix Surf’s president. As president, Frankewich was responsible for running the day-to-day operations of Phoenix Surf. His responsibilities included paying purported returns to Phoenix Surf investors, paying salary to Phoenix Surf staff, and assisting in Phoenix Surf’s outside investments. Frankewich was required to update Mikula on major expenditures and any anomalies in the Phoenix Surf account.

36. At Mikula’s instruction, Frankewich purchased a traffic exchange “script.” The script was the basis of both the Phoenix Surf website and its database. Mikula hired outside consultants to “fill in the script’s holes” and

1 complete the Phoenix Surf website layout and database programming. Mikula
2 helped create the website by providing the consultants the critical language
3 describing the Phoenix Surf program. Mikula also approved the forms and
4 language on the website.

5 **37.** In the Frequently Asked Questions section of the Phoenix Surf
6 website, the Defendants represented that Phoenix Surf would earn revenues
7 through “ad sales and other businesses/programs within the NME/Phoenix
8 network.” This statement was false.

9 **38.** In reality, Phoenix Surf operated almost purely as a Ponzi scheme,
10 generating over 99% of its revenues from other investors through “ad sales.”
11 During the offering period, Phoenix Surf raised \$41.9 million from “ad sales” to
12 investors. In contrast, the NME network of businesses/programs generated a total
13 of only \$200,000. That money was kept in accounts separate from the Phoenix
14 Surf account into which ad sales were deposited and investor payouts were
15 disbursed. During the offering period, Phoenix Surf paid a total of \$36.7 million to
16 investors.

17 **39.** **The Defendants failed to disclose to investors that new and existing**
18 **investors’ advertising package purchases accounted for nearly all of the funds paid**
19 **to investors. Nor did the Defendants disclose that the revenue generated from**
20 **other businesses/programs within the NME/Phoenix network constituted a very**
21 **small fraction of Phoenix Surf’s revenue and was insufficient to pay the returns**
22 **Phoenix Surf owed to its advertising members.**

23 **40.** On May 22, 2006, NME closed the Phoenix Surf offering and stopped
24 accepting investments because of liquidity problems. In early June 2006, Phoenix
25 Surf, NME, and Mikula began the process of issuing refunds to those investors
26 who lost money. In mid-July 2006, Phoenix Surf’s website stated that NME was
27 temporarily pausing the refund process due to the lack of available funds but that
28 refunds would resume when additional funds became available. On August 19,

1 2006, both NME and Phoenix Surf ceased all business operations and appointed an
2 administrator to oversee the recovery of funds allegedly owed to NME and
3 Phoenix Surf. A total of \$4,332,400 remains owing to Phoenix Surf investors.

4 **FIRST CLAIM FOR RELIEF**

5 **UNREGISTERED OFFER AND SALE OF SECURITIES**

6 **Violations of Sections 5(a) and 5(c) of the Securities Act**

7 41. The Commission realleges and incorporates by reference paragraphs 1
8 through 39, above.

9 42. Defendants, by engaging in the conduct described above, directly or
10 indirectly, made use of means or instruments of transportation or communication
11 in interstate commerce or of the mails, to offer to sell or to sell securities, or to
12 carry or cause such securities to be carried through the mails or in interstate
13 commerce for the purpose of sale or for delivery after sale.

14 43. No registration statement has been filed with the Commission or has
15 been in effect with respect to the offering alleged herein.

16 44. By engaging in the conduct described above, Defendants violated, and
17 unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of
18 the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

19 **SECOND CLAIM FOR RELIEF**

20 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

21 **Violations of Section 17(a) of the Securities Act**

22 45. The Commission realleges and incorporates by reference paragraphs 1
23 through 39, above.

24 46. Defendants, by engaging in the conduct described above, directly or
25 indirectly, in the offer or sale of securities by the use of means or instruments of
26 transportation or communication in interstate commerce or by use of the mails:

- 27 a. with scienter, employed devices, schemes, or artifices to
28 defraud;

- 1 b. obtained money or property by means of untrue statements of a
2 material fact or by omitting to state a material fact necessary in
3 order to make the statements made, in the light of the
4 circumstances under which they were made, not misleading; or
5 c. engaged in transactions, practices, or courses of business which
6 operated or would operate as a fraud or deceit upon the
7 purchaser.

8 47. By engaging in the conduct described above, Defendants violated, and
9 unless restrained and enjoined will continue to violate, Section 17(a) of the
10 Securities Act, 15 U.S.C. § 77q(a).

11 **THIRD CLAIM FOR RELIEF**

12 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES**

13 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

14 48. The Commission realleges and incorporates by reference paragraphs 1
15 through 39, above.

16 49. Defendants, by engaging in the conduct described above, directly or
17 indirectly, in connection with the purchase or sale of a security, by the use of
18 means or instrumentalities of interstate commerce, of the mails, or of the facilities
19 of a national securities exchange, with scienter:

- 20 a. employed devices, schemes, or artifices to defraud;
21 b. made untrue statements of a material fact or omitted to state a
22 material fact necessary in order to make the statements made,
23 in the light of the circumstances under which they were made,
24 not misleading; or
25 c. engaged in acts, practices, or courses of business which
26 operated or would operate as a fraud or deceit upon other
27 persons.

28 50. By engaging in the conduct described above, Defendants violated, and

1 unless restrained and enjoined will continue to violate, Section 10(b) of the
2 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
3 240.10b-5.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, the Commission respectfully requests that the Court:

6 **I.**

7 Issue findings of fact and conclusions of law that the Defendants committed
8 the alleged violations.

9 **II.**

10 Issue judgments, in a form consistent with Rule 65(d) of the Federal Rules
11 of Civil Procedure, permanently enjoining Defendants and their officers, agents,
12 servants, employees, and attorneys, and those persons in active concert or
13 participation with any of them, who receive actual notice of the judgment by
14 personal service or otherwise, and each of them, from violating Sections 5(a), 5(c)
15 of the Securities Act, 15 U.S.C. §§ 77e(a), 77(e)(c) & 77q(a), and Section 10(b) of
16 the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
17 240.10b-5.

18 **III.**

19 Order each Defendant to disgorge all ill-gotten gains from their illegal
20 conduct, together with prejudgment interest thereon.

21 **IV.**

22 Order the Defendants to pay civil penalties pursuant to Section 20(d) of the
23 Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15
24 U.S.C. § 78u(d)(3).

25 **V.**


26 Retain jurisdiction of this action in accordance with the principles of equity
27 and the Federal Rules of Civil Procedure in order to implement and carry out the
28 terms of all orders and decrees that may be entered, or to entertain any suitable

1 application or motion for additional relief within the jurisdiction of this Court.

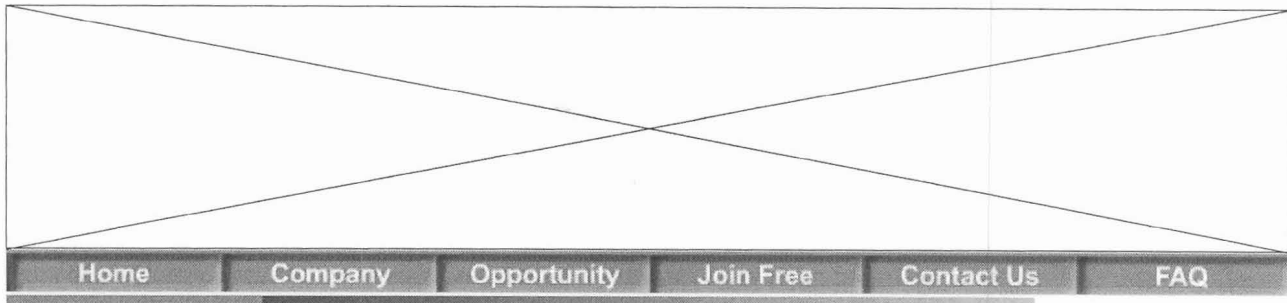
2 **VII.**

3 Grant such other and further relief as this Court may determine to be just and
4 necessary.

6 DATED: July 23, 2007


KELLY C. BOWERS
MOLLY WHITE
RABIA CEBECI
Attorneys for Plaintiff
Securities and Exchange Commission

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Program Overview Presentation!
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Member Login

Username:

Password:

[Forgot your password?](#)

Welcome To **ASD** Your Ad Surf Daily Cash Generator Business!



Terms of Service

THESE TERMS OF SERVICE SET FORTH THE TERMS AND CONDITIONS UNDER WHICH ADSURFDAILY, INC OR ASCDASHGENERATOR (HEREINAFTER REFERRED TO AS "ASD") WILL PROVIDE ITS SERVICES. THESE TERMS ARE AN AGREEMENT BETWEEN THE ADVERTISER AND ASD. THE TERMS DESCRIBE THE ADVERTISER'S RIGHTS AND OBLIGATIONS WHEN USING THESE SERVICES.

THE TERMS OF SERVICE ALSO DESCRIBES THE RIGHTS AND OBLIGATIONS OF ASD. THE ADVERTISER MUST READ THESE TERMS OF SERVICE CAREFULLY AND BE SURE THAT HE OR SHE UNDERSTANDS THESE TERMS OF SERVICE. IF THE ADVERTISER DOES NOT AGREE TO THESE TERMS OF SERVICE, THE ADVERTISER SHOULD NOT ACCESS OR USE THE SERVICES OF ASD.

- 1.1. Creation or use of an account with ASD means the Advertiser accepts ALL the terms and conditions of this agreement and is bound by the terms herein.
- 1.2. The parties to this agreement are ASD and the Advertiser.
- 1.3. In this agreement, "you" or "your" means any person or entity of whatsoever nature using the Service ("Advertisers"). Unless otherwise stated, "we," or "our" will refer collectively to ASD.
- 2. Although we will attempt to keep members informed of any changes in these Terms of Service, we may amend this Agreement at any time without any prior notification by posting the amended terms on our site. We may notify you via the e-mail address you have on file with ASD of any changes to the terms. ASD expressly reserves the right to make said changes and same may be posted on the website or otherwise noticed to members/advertisers in addition to or in lieu of the hereinabove mentioned e-mails.
- 3. We value our Advertisers and wish to provide them with a results-oriented advertising program. To offer you the best service, all advertisers need to follow the same Terms of Service. These Terms of Service are intended to make ASD the most efficient and profitable advertising program in the industry.

Advertising Rebates

Testimonials

ASD has changed my life...
David Meade

I can't believe how easy this is...
Lorna Thurston

I finally found a program that works...
Shayla Hill

This Cash Cow is giving me money...
Scott Doble

I'm finally building a great income...
Bill Schrock

Read These Amazing Testimonials! And More!

Click Here!



Rebates are paid to advertisers for viewing other advertiser's websites.

We have an innovative advertising rebate. An advertiser can receive 125% of their advertising cost in rebates by viewing 24 web sites of other advertisers on a daily basis for 15 seconds each. An advertiser must have an active ad package to earn rebates.

Sometime between 12:01 am and 9:00 am Central Standard Time (CST), we total the number of ad package sales from the previous day and the commissions received from ASD's external income sources.

We multiply the total of all these sales by 50%. We then divide this total by the total number of outstanding ad packages. This determines the amount of rebate to be paid per ad package. That amount will be multiplied by the number of ad packages in each advertiser's account and the total will be credited to his/her cash account on a daily basis. Rebates will show up in advertiser's accounts after midnight CST. If you miss a day of viewing the required number of web sites, you do not earn any rebates for that day only.

Advertisers will be paid rebates until they receive 125% of their ad purchases.

To maintain the stability of the program the daily rebate will be capped at 8%. Any excess will go into a reserve account to be used when rebates are extremely low. Five percent (5%) of ad package sales, banner ad sales, ebook sales, and or external income sources on the Cash Generator will be placed in the reserve account to be used for the same purpose.

Your ad purchase will expire when you receive a 125% rebate of your advertising cost.

Five percent will be used for contests or raffles.

Fifteen percent will be used for referral commissions.

Fourteen percent will be paid to various boards, trainers and designers.

Eleven percent will be used for administrative costs, customer support, hosting, site maintenance, advertising and profit.

Referral Commissions:

An advertiser may pay a monthly membership fee and eliminate fees for cash outs, increase referral commissions and decrease the number of sites to view on a daily basis. The amount of your monthly membership fee determines the number of times you can *cash out each week, the amount of your referral commissions and the number of sites you must view each day to receive your rebates.

If you do not pay a membership fee you will be paid a 3% referral commission on all of your personal sales only. Free members cannot earn commissions.

When you pay a \$10.00 per month membership fee you earn a 5% referral commission on your personal sales and 3% on your second level sales. When you pay a \$25.00 per month membership fee you earn a 7% referral commission on your personal sales and 4% on your second level sales. When you pay a \$100.00 per month membership fee you earn a 10% referral

commission on your personal sales and 5% on your second level sales. All rebates and referral commissions can be changed at any time with a 10-day notice to Advertisers. Any such notice will be sent by email to the email address you used to join as an Advertiser, or displayed in an updated Terms of Service, on your replicated website or in our ASD News website. *Cash out privileges are explained in the Cash out Section.

Ad Packages and Credits

All payments made to ASD are considered advertising purchases, not investments or deposits of any kind. All sales are final. ASD does not guarantee any earnings and/or rebates. All rebates paid to advertisers are for the service of viewing other advertiser's web sites. All commissions are for referring advertisers to ASD. All advertising purchases are non-refundable after the passing of the 3 days right of rescission.

Each ad package is \$1.00 and is made up of 1 credit. You get 1 showing of your web site for each credit. The minimum ad purchase is \$10.00. The minimum cash out is \$10.00.

You receive 1 credit (1 showing of your web site) for each site you view. Depending on your membership level, you must view up to 24 web sites each day for 15 seconds each to receive your daily rebate. Viewing up to 24 sites daily will provide you with enough credits to keep your web site showing everyday.

You can view a maximum of 72 web sites per day. This should enable you to keep 3 web sites showing on a daily basis. You can show one web site, view web sites and earn credits even as a free member.

Maximum Ad Purchases

You may purchase a maximum of 12000 ad packages at \$1.00 each at any one time for a total of \$12,000.00. If you desire to purchase a single amount greater than this, you will need approval from the company President, Mr. Andy Bowdoin.

Number of Web Sites that can be Advertised

Free Members can advertise 1 web site for 10 days. If you have purchased ad packages and are not paying a membership fee, you can advertise 3 web sites for as long as you have active ad packages. If you pay a membership fee of \$10.00 per month you can advertise 3 web sites for as long as you have active ad packages. If you pay a membership fee of \$25.00 per month you can advertise 4 web sites for as long as you have active ad packages. If you pay a membership fee of \$100.00 per month you can advertise 5 web sites for as long as you have active ad packages. .

Advertising and Promotion

To maintain the integrity of advertisers advertising the ASD Advertising Program, certain requirements and guidelines governing the advertising and promotion by ASD's advertisers must be imposed. Misuse of the ASD name or logo and its affiliated products diminishes the goodwill of the Company, affects all ASD advertisers and is strictly prohibited. You may NOT copy any portion of the website(s) or ASD sponsored websites without permission from ASD. Personal advertising that contains any of the above will need to be approved by the ASD Admin.

1. **Use of Authorized Promotional Materials:** Only the materials

that are made available directly by ASD may be used for advertising or promoting ASD. ASD will produce and offer for sale, at a reasonable price, (or at no cost) materials that can be used to promote your business. No reproduction, personalization or modification of any of these ASD materials is allowed unless approved in writing by ASD. Advertisers may not develop, publish, sell or distribute any ASD-related promotional materials they create. Any violation of this policy may result in termination of your membership.

2. Blind Ads: No radio or television advertising of any type is permitted without written permission of ASD. You may use Blind Ads (advertising that does not mention ASD) without approval.

3. Other forms of Advertising: Remember, **ASD is NOT an investment company.** ASD does NOT sell investments. You do NOT invest in ASD. You do NOT re-invest in ASD. As an **OPTION** you can purchase advertising packages and earn cash rebates by viewing our advertiser's websites. You do not get paid back... you earn cash rebates. ASD does not make any guarantees as to the amount of daily rebates. Even though sponsoring is not required to earn cash rebates, **ASD is not a "passive" program.** You are required to purchase advertising packages and view advertiser's websites to earn cash rebates. You only earn cash rebates on the days you view a required number of websites.

As an advertiser participating in our rebate program it is your responsibility to read and understand the **ASD** program. ASD currently offers on-line training as well as comprehensive details throughout our website. If you sponsor other advertisers it is your responsibility to present the program in a knowledgeable manner, giving your referrals sufficient information so they can make an informed decision. There is no excuse for false statements or misrepresentation of the program.

When you join **ASD** you are required to agree to the **TERMS and CONDITIONS.** ASD expects you to know what you are agreeing to and act responsibly when representing **ASD.** **To be clear, at no time can you make false claims or statements. Doing so may cause your immediate removal from the company and loss of any potential rebates.**

ANY and **ALL** advertising must be approved by **ASD** or taken from our pre-approved ads available for you. They are located on the ASD News site which can be found when you log in to your replicated website. Approval is required for (but not limited to) email advertising, private websites, blogs, forums, social networking sites, mailers, pamphlets, flyers, any and all printed material and all forms of verbal communications **PRIOR** to the commencement of your chosen form of advertising.

You are expressly **FORBIDDEN** from any form of "**Check Waving**". This is **ILLEGAL.** You can not place income charts in personal advertising. You can not show any proof of income in the form of checks or deposits you receive. Anyone caught using these methods as a way of enticing another individual to purchase advertising may **IMMEDIATELY** be dismissed and forfeit any current or future earnings.

4. Business Cards/Stationery: ASD offers business cards and stationery through an approved independent vendor. Advertisers may use the services of a printer of their choice, providing that ASD's guidelines are followed. The ASD logo may be duplicated on the business card or stationery, but the words "Independent Contractor" must appear immediately after the logo. All that may be printed on the card is phone number(s), two lines of address,

advertiser's name, e-mail address and web address with your referral link or redirect address.

5. Business Names: ASD's advertisers may not use the word AdSurfDaily or AsdCashGenerator within another business name.

6. Copyrights: ASD reserves ownership rights to the contents and design of all ASD's published materials and web sites.

7. Telephone Calls: Advertisers shall not answer the telephone "AdSurfDaily" or AsdCashGenerator, or give an answer that creates an impression that he/she has reached the corporate office of ASD.

8. Prerecorded Telephone Solicitation Devices: ASD's name or copyrighted material may not be used in automatic calling devices or "boiler room" operations to solicit ASD's products or services.

9. Media Inquiries: ASD's advertisers may not solicit coverage or publicity from the media regarding the ASD business, nor may they appear on radio or television talk shows to promote their ASD activities. If an ASD advertiser is contacted by the Media (radio, television, the press, or other), the contact should be referred to the ASD corporate office in order to maintain information accuracy and a consistent Company image.

Member Responsibilities:

All members are responsible for the following:

- Read our Frequently Asked Questions (FAQs)
- You must sign up with your own, unique email address.
- You must sign up with our choice of payment processors. They are listed during the sign-up process. They include but may not be limited to; ASD Approved Debit Cards, Solid Trust Pay Solutions, Alert Pay etc.
- You must sign up with your own, unique IP address.
- You may not be sponsored by or receive 1st or 2nd-level referral commissions from anyone in your same household, unless you have approval through ASD and your sponsor. (Example: Each person would have to be operating their own business, and that may be monitored). **Stacking is prohibited.**
- **In order to be an advertiser of ASD, you must have your own product, program or opportunity to advertise or have access to a website for which you are an authorized reseller with the right to advertise.**
- If you have problems viewing ads, you must submit a support ticket the SAME day you have the viewing problem.
- If you're "Home Page" or "History" page is not reflecting the proper credit, dates, rebates or commissions, you must submit a support ticket the SAME day the problem occurred.
- You must know the time zone and the cut off time for viewing web sites. You have twenty-four (24) hours to view twenty-four (24) web sites. A day at ASD begins at 12:01 a.m. CST and ends at 12:00 a.m. CST.
- You **MUST** be courteous to our administration staff at all times, regardless of any problems you are experiencing.
- When making an advertising purchase with any payment

processor be, sure to follow the process all the way through so that the purchase is reflected on your ASD account.

You must be willing and able to receive emails from ASD as a requirement of your membership.

- Be aware that if you use emails such as @AOL, @hotmail, @yahoo, @BellSouth or @MSN addresses, you may not always receive our emails because of their SPAM systems. If this occurs, please use a different email address or check your bulk mails. Thus far we have had no problems with @gmail.

User-Supplied Content:

ASD's services and materials may be used for lawful purposes only.

Spam: If you are found to have spammed, without warning, ASD reserves the right to disable or terminate your account immediately. All funds will be forfeited. ASD may impose a penalty for each spam policy violation. ASD also reserves the right to determine what violates this policy, in which case, any violation that occurs will result in account termination without refund of any monies.

Refusal of Service: ASD, at its sole discretion, reserves the right to refuse or cancel service to any Advertiser. Violation of any policies, rules or regulations could result in a warning or possible account termination. Accounts may be terminated for any reason and without any prior notice to the Advertiser. Accounts terminated due to policy violations will not be subject to refunds.

Each site that you promote on ASD's web site must comply with the following rules:

1. Web sites advertised must not have any pop-up windows, pop-in windows, downloads, redirects, Trojans or malicious code.
2. Web sites advertised must not be broken, under-construction, or slow-loading.
3. Web sites advertised must not contain the following themes: pornography, matchmaking, mail-order brides, religion, politics, Gothic, Wicca, Satanism, war games and must not contain violent or inappropriate content. ASD reserves the right to determine unacceptable themes.
4. Do not promote your AsdCashGenerator.com referral page with the ASD rotator. Any sites submitted using ASD web site will be deleted.
5. We do not allow Rotators or URL Trackers of any kind.
6. We will accept sites in any language, but your largest target market is English.

If you break any of the above rules, your account may be deleted without notice and all funds will be forfeited.

Waiver: In keeping with these terms, I, the advertiser, furthermore release and forever discharge and hold harmless AdSurfDaily, Inc. AsdCashGenerator, (ASD), it's heirs, successors and assigns and employees from any liability, claims and or demands of any kind or nature either in law or in equity, which arise or hereafter arise from my advertising purchases.

Indemnification:

The advertiser agrees that it will protect, indemnify, save and hold ASD harmless from any and all liabilities, losses, expenses and claims, as well as reasonable attorney's fees assessed against ASD, its agents, officers, employees and administration that may arise or result from any service provided or performed or agreed to by any product sold by its advertisers or customers, agents, employees or assigns. Advertiser agrees to defend, indemnify and hold ASD harmless against liabilities arising out of, but not limited to, (1) any injury to person or property caused by any products sold or distributed by advertiser and advertised on ASD web site, (2) any material furnished by advertiser infringing or allegedly infringing on the rights of a third party, (3) copyright violation and any defective products sold to a customer from the ASD web site.

Cash Outs and Upgrades:

All cash outs are reviewed manually for accuracy and increased security to protect each member's money.

Cash outs are typically completed within 5-7 days after the cash out request has been made. There will not be any cash outs paid on Saturday, Sunday or Holidays. The minimum cash out is \$10.00 and the minimum upgrade is \$10.00.

If you do not pay a membership fee you can cash out only on Mondays but you must pay a cash out fee. There is a cash out fee if you do not pay a monthly membership fee. The fee depends upon your payment processor or the method of your cash out.

1. If you pay a monthly membership fee, ASD will not charge you a fee up and above the fee charged by your payment processor. If you pay a \$10.00 per month membership fee, you can cash out your rebates every Monday without paying a fee to ASD over and above the fee charged by your payment processor. If you pay a \$25.00 per month membership fee, you can cash out your rebates every Monday, Wednesday and Friday without a fee from ASD. You will only pay the fee charged by your payment processor. The same applies if you pay a \$100.00 per month membership fee, you can cash out your rebates and upgrade daily without a fee from ASD, you will only pay the fee from your payment processor. If you pay a membership fee you will not be charged a cash out fee if you request to be paid by ASD's check or bank transfer.

2. Due to security reasons you may NOT call the office for cash out requests. There are a variety of options to choose from when you click on the cash out button.

3. If you have bought Ad Packages with more than one payment method, you will be asked to select the account to which your cash outs can be paid. You may request to be paid by a check from ASD or by a bank transfer. When ASD request a bank transfer online, it usually takes 2 or 3 days to go through the banking system. It is not an instant transaction.

4. We reserve the right to assess fees as per our Fee Schedule. All fees are displayed and calculated in US Dollars.

5. You understand that you will need a valid e-mail address for communication purposes, and you agree to maintain the e-mail address provided on the release form attached to this agreement so long as you use the services of ASD. If you have a change in your e-mail address, you agree to notify ASD of these changes before further using the Service offered by ASD.

5.1. If you open an ASD account, you hereby consent to receive periodic newsletters and other types of e-mail communications

from ASD, including customer service issues, new product offers and other matters. We reserve the right to e-mail you at any time regarding issues related to your account and your use of your ASD account.

5.2 You agree to and understand the full Terms of Service of ASD, and you agree to and understand that ASD has the right to terminate your account for any violations of the terms to which you have agreed, and all your funds would be forfeited.

6. You agree that all transactions involving your ASD account are final and not reversible, and you understand that there is no refund available after completing a transaction.

6.1. You agree that you are liable for any transactions made from your account, and you agree to indemnify, defend and hold harmless ASD for any transaction of whatsoever nature processed from your account.

7. You agree that you will not file a chargeback with your credit card company or bank account against ASD, and if you do file a chargeback, your account will be terminated and all funds in your ASD account will be forfeited and you will be banned from using the services of ASD in the future.

8. You acknowledge and accept that in the case of a claim of unauthorized transactions, the presumption shall be that all transactions are authorized by you and are your liability.

9. ASD agrees that we will not share your personal information with any third parties other than authoritative officials with authoritative rights. We will not surrender any of your information unless a court order and/or a Subpoena and/or a Protective Order is presented to us, and then we will abide by the laws of the United States and surrender your information only to the proper authorities who have the legal rights to said information. We view protection of Advertisers' privacy as a very important principle. We store and process your personal information on computers located in the United States and elsewhere as we deem necessary that are protected by physical as well as technological security devices.

10. Nothing contained on www.AsdCashGenerator.com should be understood as granting you a license to, but not limited to, use any of the trademarks, service marks, or logos owned by ASD or by any third party.

11. You must not divulge your password to anyone else, nor may you use anyone else's password. You agree that ASD will treat any person accessing your account using your password as you, and you understand and agree that any action taken by any person using your password shall be binding on you and all other parties involved in said action.

11.1. ASD is not responsible for any losses incurred by you as the result of the misuse of your password.

12. In order to use the service, you must register for an ASD account at www.AsdCashGenerator.com. You may hold one ASD account, and this may be used for business or personal transactions. Our services are only available to individuals or businesses that can form legally binding contracts under applicable law.

13. If you are an international Advertiser, you warrant that you are violating no law or regulation in your jurisdiction or any other jurisdiction by advertising with ASD.

14. We are not an escrow service, and we make no guarantee of a product or service or the quality of a product or service you may receive from another Advertiser after purchasing it through www.AsdCashGenerator.com account as we are not the person selling the product or service. If you have a complaint about the product or quality of the product, you agree to contact the Advertiser from whom you purchased the product or service and indemnify, defend and hold harmless ASD. We do not and cannot ensure the quality, safety, or legality of any merchandise received, nor that the seller will even ship the merchandise.

15. We agree to initiate ACH (Automated Clearing House) transfers to and from your bank account only after you request the transaction through your ASD account, and we agree that the transaction will only be for the amount you request, less any applicable fees as found in our Fee Schedule on www.AsdCashGenerator.com, additional standard transactional banking or other appropriate standard transactional fees.

16. WE AND OUR SUPPLIERS PROVIDE OUR SERVICES "AS IS" AND WITHOUT ANY WARRANTY OR CONDITION, EXPRESS, IMPLIED OR STATUTORY. WE AND OUR SUPPLIERS SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. COMPANY DOES NOT WARRANT THAT THE SITE OR THE SERVICE WILL MEET YOUR REQUIREMENTS OR THAT THE OPERATION OF THE SITE OR THE SERVICE WILL BE UNINTERRUPTED OR ERROR-FREE. THE INFORMATION AND SERVICES MAY CONTAIN BUGS, ERRORS, PROBLEMS OR OTHER LIMITATIONS. WE AND OUR AFFILIATED PARTIES HAVE NO LIABILITY WHATSOEVER FOR YOUR USE OF ANY INFORMATION OR SERVICE. ASD shall make reasonable efforts to ensure that requests for all payments and cash outs are processed in a timely manner but we make no representations or warranties regarding the amount of time needed to complete processing because our service is largely dependant upon many factors outside of our control, such as delays in the banking system or the U.S. or international mail service.

17. IN NO EVENT SHALL WE OR OUR SUPPLIERS BE LIABLE FOR LOST PROFITS OR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH OUR WEB SITE, OUR SERVICE, OR THIS AGREEMENT (HOWEVER ARISING, INCLUDING NEGLIGENCE).

18. ASD will not be responsible for delays or failures in the transmission, receipt or execution of orders, payments, deliveries or information due to events beyond its control (acts of God). The obligations of this contract precede any government enactment.

19. We have the right to refuse service to particular individuals or entities, at our sole discretion, with or without cause.

20. We will suspend or re-activate an ASD account, if ordered to do so by an Order from a court or arbitration body of acceptable jurisdiction, as determined by ASD.

21. Solely to enable ASD to use the information with which you supply us, so that we are not violating any rights you might have in that information, you agree to grant us a non-exclusive, worldwide, royalty-free, perpetual, irrevocable, sublicensable (through multiple tiers) right to exercise the copyright, publicity, and database rights (but no other rights) you have stored in your ASD account, in any media now known or not currently known, with respect to the information you have provided to ASD.

22. ASD and all related logos, products and services described in this website are either trademarks or registered trademarks of ASD., or its licensors, and (aside from the circumstances described below) may not be copied, imitated or used, in whole or in part, without the prior written permission of ASD. In addition, all page headers, custom graphics, button icons, and scripts are service marks, trademarks, and/or trade dress of ASD and may not be copied, imitated, or used, in whole or in part, without the prior written permission of ASD.

22.1 Notwithstanding the above, HTML logos or website payments features may be used without prior written consent for the purpose of directing web traffic to ASDcashgenerator.com. These logos may not be altered, modified, or changed in any way, or used in a manner that is disparaging to ASD. Logos may not be displayed in any manner that implies sponsorship or endorsement by ASD. ASD is an advertising company, and no partnership, joint venture, employee-employer or franchiser-franchisee relationship is intended or created by this Agreement.

23. You agree that you will not use any device, software or routine to interfere with the proper working of the site or any activities conducted on our site. You agree that you will not take any action that imposes an unreasonable or disproportionately large load on our infrastructure. Much of the information on our site is proprietary or is licensed to ASD by our Advertisers or third parties. You agree that you will not copy, reproduce, alter, modify, create derivative works, publicly display or frame any content (except for your personal information) from our web site without the prior expressed written permission of ASD or the appropriate third party. If you use, or attempt to use our web site for purposes other than sending and receiving payments and rebates and managing your account, including but not limited to tampering, hacking, modifying or otherwise corrupting the security or functionality of our site, your account will be terminated, your available funds will be forfeited, and you will be subject to damages and other penalties including criminal prosecution where available.

24. You may close your account at any time by submitting a ticket using our support system on www.ASDcashgenerator.com with the appropriate topic title: Close Account. Upon the termination of an account, any and all pending transactions will be cancelled and all unclaimed rebates are forfeited. You will remain liable for all obligations related to your account even after such account is closed.

25. Without limiting other remedies, we may update inaccurate or incorrect information you provide to us, contact you by means other than electronically, immediately warn our community of your actions, place a hold on funds in your account, limit funding sources and payments, limit access to an account and any or all of the account's functions (including but not limited to the ability to send money or making withdrawals from an account), limit withdrawals, indefinitely suspend or close your account and refuse to provide our Services to you if:

You breach this Agreement or the documents it incorporates by reference.

We are unable to verify or authenticate any information you provide to us.

We believe that your account or activities pose a significant credit or fraud risk to us or the public.

We believe that your actions may cause financial loss or legal liability for you, our Advertisers or us.

25.1. To secure your performance of this Agreement, you grant to ASD a lien on and security interest in your account.

26. You may not transfer any rights or obligations you may have under these Terms of Service without the prior written consent of ASD. ASD reserves the right to transfer these Terms of Service or any right or obligation under these Terms of Service without your consent.

27. You shall comply with all applicable U.S. and international laws, statutes, ordinances, regulations, contracts and applicable licenses regarding your use of our Services. ASD is not responsible to establish your legal right to use our services. Such requirements rest entirely on the Advertiser. Earnings over \$600 per year will be reported to the IRS for US residents.

28. Any controversy or claim arising under or related to these Terms of Service shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association before a single arbitrator appointed by mutual consent of the parties to these Terms of Service. The language of the arbitration shall be English.

29.1. These Terms of Service are governed by the laws of Panama as AdSurfDaily is incorporated in Panama.

29.2. In the event that any provisions of these Terms of Service shall be determined by an arbitration body or a court of competent jurisdiction to be unenforceable in any jurisdictions, such provision shall be unenforceable in that jurisdiction and the remainder of these Terms of Service shall remain binding upon the parties as if such provisions were not contained therein. The enforceability of such provision shall otherwise be unaffected and remain enforceable in all other jurisdictions.

30. These Terms of Service are governed by and interpreted under the laws of Panama as such laws are applied to agreements entered into and to be performed entirely within Panama by residents and the jurisdiction of Panama. You agree that this Agreement and all incorporated agreements may be automatically assigned by ASD, in our sole discretion, to a third party in the event of a merger or acquisition. Our failure to act with respect to a breach by you or others does not waive our right to act with respect to subsequent or similar breaches. These Terms of Service set forth the entire understanding between both parties with respect to the subject matter hereof.

31. The Services are offered by AdSurfDaily, Inc. located currently at 13 S. Calhoun St., Quincy, FL 32351.

32. Disputes between you and ASD regarding our Services may be reported to Customer Support using our online ticket system at any time, or by calling (850) 627-2206. Our return phone calls will only be between the hours of 8 AM and 5 PM Eastern Standard Time.

If you do not abide by these terms and conditions, ASD has the option to terminate your account immediately.

ASD reserves the right to change the terms and conditions of this site and Agreement at any time.

AdSurfDaily, Inc.

By: T. Andy Bowdoin

Title: President

Updated: May 16th 2008



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13 S. CALHOUN ST., QUINCY, FL



BUSINESS SIGN and "13" ON LEFT SIDE OF DOOR ON RIGHT SIDE



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William Buckley Dot Name

Tuesday, July 15, 2008

Do you want to know what Andy Bowdoin Said At the July 12 Rally?

Good Evening Aces,
As if Robert Mecham isn't amazing enough by putting together the new ASD Video Presentation that we all viewed in Miami, he also transcribed Andy Bowdoin's speech for all us too. See below...

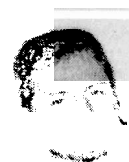
Andy Bowdoin July 12, 2008 in Miami, FL

Hi folks! I tell you. This is fantastic when you look out over the group. This is one of the largest rally's we've had up to this point. They told me earlier that they were blocking the expressway out there because people couldn't get in. I don't know ... there's probably 5,000 to 6,000 people.

Reward yourself GET A Free Report on Blogging. Better yet never miss a post from me.

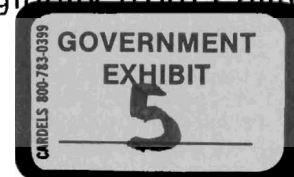
Name:

Email:



Will

Will Buckley is a stay at home dad and believes if you think it so it will be. He is a jack of all trades in Internet Marketing and specifically website promotion. He retired from the U. S. Air Force in 2004 and received a Masters degree in Elementary Education in 2005. Will's other interests include Music, Self Development, and anything creative. Originally from California



Everybody keeps giving me credit. But you people are the ones that deserve the credit. You people are making it happen, and that's great.

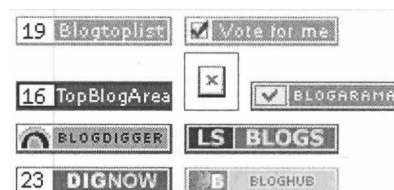
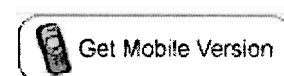
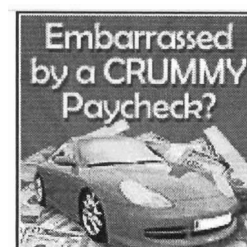
I going to do something today that I've never done before – that is use some notes. The reason for that is I've got some special issues that I want to cover. And I want to make sure that I don't miss any.

There are usually three talks that you give. One is the one that you prepare in your mind before you ever give the talk – that some people put down in notes. But always put it down mentally. And sometimes you leave out some things. But the second, if usually the talk that you actually give. And the third is the talk that you wish you would have given.

First of all I'd like to introduce a personal assistant that started Friday. And she'll be able to take a lot of the phone calls – for those that haven't

he lives in Germany with Cynthia, Clayton, Tinker Bell their Ragdoll cat and Sydney the Fox Terrier.

[View my complete profile](#)

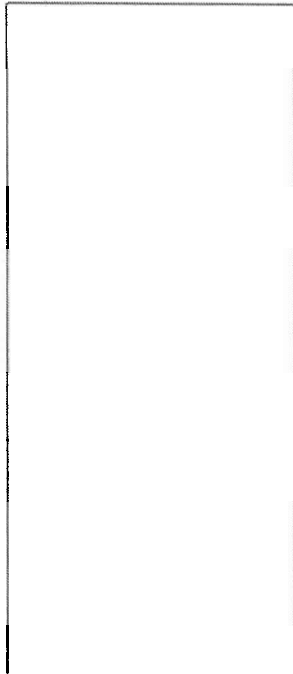


been able to get thru on [my] cell phone. I have so many cell phone calls coming in that it's very difficult to take care of. She'll also be handling emails. I haven't been able to take care of all of the emails. But she'll be taking care of this for us. And you'll see a big, big improvement in that area. There's a lot of things that I'm no longer able to do when we first started. I was able to take a lot of the problems that you had and get them solved for you when we first got started.

Now we're at a point, I'm having to look at the big picture in the company to see how we can go to the next level. And take this company into one of the largest internet advertising companies.

We're looking at things so we can have an integrated company so that we can own our own credit card processing company. We're looking at that right now. We have companies that we're talking with.

We looking ... and this is looking very,



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very good at purchasing controlling interest in an international bank. So that we have our banking, our processing, and we're looking at several call centers down in some of the Latin American countries – and we'll be purchasing one of those, and one of those has about 185 people working it. [They are] making good money with a lot of contracts in the United States. And it's a company that we'll be able to go in to and train these people very quickly with us until we build ours up.

We're run out of room. We started with about 2,000 sq. feet. We filled that up. Then we rented space next door, about 2,000 sq. feet. And within a few days, we filled that up. And it was looking like we we're going to have to move to Tallahassee.

It was very difficult to find the space that we needed in Quincy. But the Chamber of Commerce really got involved, and the city of Quincy really got involved – and said, "we don't want you leaving Quincy, because you can

System: ASD Cash Generator and Andy Bowdoin.

- Wealth Attraction System: The Medal of Distinction, Andy Bowdoin, a scam?
- Wealth Attraction System: An Old School Ideas gone New update.
- Wealth Attraction System: ASD Cash Generator, Chews4Health and DownlinePartners.
- Wealth Attraction System: Tom Hua - The Viral Marketing Guy.
- Wealth Attraction System: Now I have to brainstorm a niche...
- Wealth Attraction System: make money
- Wealth Attraction System: Lawn Chair Millionaire and Rachael Long.
- Wealth Attraction System: Massive Team Build by some of the most well-known group leaders on the Internet!
- Wealth Attraction

make a tremendous impact."

So they started looking around. And there's a building, which is the tallest building in Quincy – four stories. We are negotiating and processing in purchasing that building. It will be about 19,000 sq. feet, which will give us expansion, and we're looking forward to getting that started. And we have a person, George Harris who is heading up our real estate division, and he'll be working with the contractors to get the renovation going. And our customer service department should be able to move in there within the next two weeks.

So we're at a stage where we can add additional employees to be able to take care of the load.

The personal assistant is his wife, Judy Harris, and she'll be the one that you'll be talking too when you first call in on my cell number.

We will also have another stream of

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income for us – because of what is happening in the real estate market, [where there's] a lot of distressed property. This has happened before in the real estate industry, and it always comes back. And we're looking into properties that are in distress, properties that have been foreclosed on that we can go in and purchase for ten-cents on the dollar. And we can take these and hold on to them, until they increase which can be put into Ad Surf Daily to help increase rebates.

Now one of the things that we're looking into with one of these call centers is to increase the rebates, and the bank profits will be used help rebates. And we're always looking for other ways to increase that.

I've asked the question, time and time again – "Andy, are you ever going to reduce rebates?" Folks, this is what's built the company. It's a very unique concept we have here, and rebates is what makes it happen. This is what creates the members, that creates the

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Every day we give away software you'd have to buy otherwise. Today it's GridinSoft Notepad 3.3.
 Text editor is considered to be the basic instrument for every software developer. Convenient location of panels, menu, and vast tools for working with text, as well...
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interest for the national advertisers.

And right now we're at the point where national advertisers are looking. We're brought on Joseph to head this division up for us, so we can start bringing national advertisers in, and 50% of what you saw up here, of the income will go right back into rebates.

You know, it's just great to have each and everyone of you here today. Because it shows you're committed to building wealth in your life.

It's amazing to hear the stories we hear constantly everyday about how this is happening. This is what ASD is about – is helping people build wealth. This is our goal. This is what we're going to do, is to help people just like you, all over the world.

There's a great need. Where companies are going bankrupt, they are laying off people and crime is increasing constantly, constantly. Which means God has a tremendous hand in what

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[Happy Fourth of JULY to my American Friends.](#)

[Nutritional iPod MLM Pre Launch](#)

- ▶ [June \(16\)](#)
- ▶ [May \(15\)](#)
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- ▶ [2007 \(126\)](#)

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[My Three Year Old LOVES this stuff!](#)

we're doing.

Just like John said, we're helping thousands of people, all over the world – save their homes. We hear this everyday. Save their marriages. Enabling people to people quit their J.O.B. or job. Helping retirees enjoy retirement.

But folks, when you're doing this much good, there will always be evil forces that's coming against us, to try and stop us. But let me tell you, WE WILL NOT BE STOPPED! If God is for us, who can be against us?!!

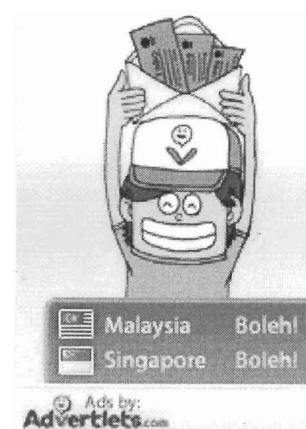
There will always be people who are speaking out against us. But we'll just continue to grow, grow, grow.

The negative news that we're receiving, means that we're making waves in the market place. Because we're one of the fastest growing companies on the internet today. Which means that we will always have people shooting at us, and like Don said. Now, this is the first

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	johnisfit 3 days ago
	maxgxl 8 days ago
	kaira 11 days ago
	porchdog 13 days ago
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time that I've ever been shot at.

This is not a real blessed experience, but I've always tried to analyze why certain things happen. This morning, during my quiet time, I was asking, "why are we receiving this bad publicity?" And I came up with about three reasons.

#1 – it's because our people start making money the very first day that their ad packages are credited to their account. There's no selling to make that money. There's no recruiting that you have to do to make that money. How many network marketing companies can make that claim? So we're always going to have a lot of these big network marketers and companies that own network marketing companies shooting at us.

I understand that Robert [Fava] was telling me that some of the network marketers are saying that [ASD] is the biggest scam on the internet. But people from these companies are



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getting involved in us, and their trying to stop it, because as you know, there are only about 5 to 10% of the people in network marketing that really make much money.

#2 – Any company, where their success depends on recruiting other people to get them to sell their product, they're going to speak out about our business. Again, because a lot of their people are getting involved with us.

#3 – We just have people that are jealous of success.

Folks, you are part of making history in the financial community. Because we're revolutionizing the way people advertise their websites, and how people can earn money with a two-level payout system. We don't have to be a network marketing company with seven levels or ten levels. Our people are making tremendous profits with two-levels – which takes us out of being a network marketing company.

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Live traffic feed

Potomac, Maryland arrived on "Wealth

Each one of you here today are a leader in Ad Surf Daily. The people in your organization that look to you for guidance. You have to be strong, you have to explain to them "why the negative press" which is what we've just talked about right here.

I looked at one of the email a couple of days ago. I just picked out a couple of things that just talked about Robert Garner, and that he's not licensed to practice law in Florida. Well, we never said he was. He's licensed to practiced law in North Carolina – but that's the way they turned it around, and made it look like he wasn't even an attorney.

We retained a law firm in Miami, that have offices in Washington D.C. that have about 500 attorneys in the firm that do a lot of SEC work. We will be meeting with them Monday morning – and they are retained to keep us straight with the SEC.

And Don mentioned a national firm, an attorney firm that he was talking about

Attraction System: Do you want to know what Andy Bowdoin Said At the July 12 Rally?"

🇺🇸 Jacksonville, Florida arrived from google.com on "Wealth Attraction System: The Medal of Distinction, Andy Bowdoin, a scam?"

🇺🇸 Los Angeles, California arrived from blogsearch.google.com on "Wealth Attraction System: Do you want to know what Andy Bowdoin Said At the July 12 Rally?"

🇺🇸 Anderson, South Carolina arrived from google.com on "Wealth Attraction System: An Old School Ideas gone New update."

🇺🇸 Rushden, Northamptonshire arrived on "Wealth Attraction System: Do you want to know what Andy Bowdoin Said At the July 12 Rally?"

🇺🇸 Las Vegas, Nevada arrived from williambuckley.name on "Wealth Attraction


who has experience in bringing the hammer down on people that need it, and we're given him the authority with the go ahead.


These people that are making these slanderous remarks, they are going to continue these slanderous remarks in a court of law defending about a 30 to 40 million dollar slander lawsuit.


Now, we're ready to do battle with anybody. We have a legal fund set up. Right now we have about \$750,000 in that legal fund. So we're ready to get everything started and get the ball rolling.


Now there is one email that came from an ASA monitor. Let me tell you about this company. They used to monitor the real time surf sites. They monitor surf sites. A lot of people used to go to this website to see how they rated surf sites. One of our members said, "Andy, you need to advertise on this website because they have places where you can put banner advertising. This is one

System: The Medal of Distinction, Andy Bowdoin, a scam?"

 Minneapolis, Minnesota arrived from dogpile.com on "Wealth Attraction System: An Old School Ideas gone New update."

 Drumheller, Alberta arrived on "Wealth Attraction System: An Old School Ideas gone New update."

 United States arrived from google.com on "Wealth Attraction System: The Medal of Distinction, Andy Bowdoin, a scam?"

 Izola, Bohinj arrived from google.com on "Wealth Attraction System: The Medal of Distinction, Andy Bowdoin, a scam?"

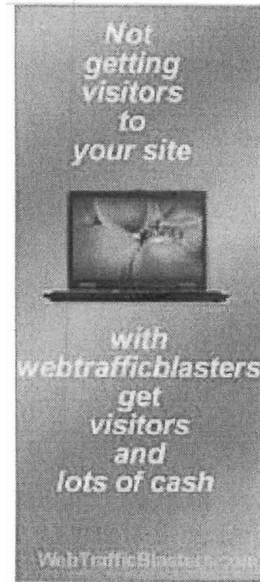
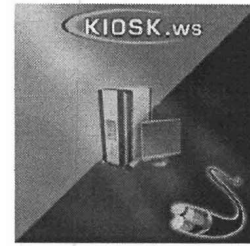
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of the first websites we had. And we had problems with that website and we had to come up with a new website. While we were doing that I learned that this ASA monitor would write good things about websites that would advertise [with] them. If you didn't advertise, they'd write bad things. I didn't want to be a part of that. And when we started back up last July, he called our office and said, "Now, Andy let me help you." And I said, "no thanks, not at this time." So I guess this payback time with him. So Jay will answer to that with a lawsuit.



I just want to leave a challenge with you this afternoon. Let's really give our adversaries something to talk about by continuing to set records in the financial world.



////////////////////////////////////

Interesting Rally I am sure.

If you are interested in getting involved you may click here to find out more.



Posted by Will at [8:45 AM](#)

Labels: [make money](#)

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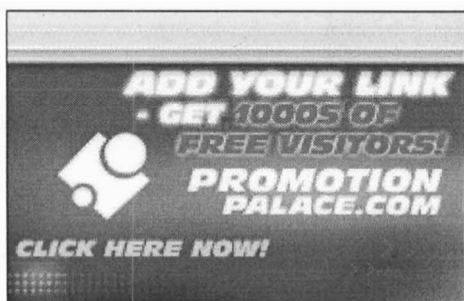
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Retired broke now making \$2,000/week
"I'm 60 and completely computer illiterate. But when I read this 5-page article, I started making money right away. I made \$400 on my first day. Here's the article ... "

WE'LL PAY YOU up to \$4,800 /month to add these 4 Links on Your Website!
Add this banner ad on your website and make up to \$170/day!! It only takes 15 minutes and it's FREE!

Search Engine Optimization



1000s of visitors instantly Click on the Banner now!

Pay Per Play is The Way TO GO



Event Location: _____ Event Date: _____

Member Name: _____ English ID: _____ Spanish ID: _____

Member Phone: _____ Member Email: _____

Sponsor Name: _____ English ID: _____ Spanish ID: _____

Sponsor Phone: _____ Sponsor Email: _____

**** ENGLISH ACCOUNT **** Make Checks Payable to: Ad Surf Daily, Inc.

Total Amount Purchased on English Account: \$ _____
(Due on Event Date, NO EXCEPTIONS)

Method of Payment: _____ Amount: \$ _____ Check # _____
(Example: Check, Money Order, English Cash Balance)

Method of Payment: _____ Amount: \$ _____ Check # _____
(Example: Check, Money Order, English Cash Balance)

English Match Percentage Paid to Member and Sponsor: _____%

**** SPANISH ACCOUNT **** Make Checks Payable to: Ad Surf Daily, Inc.

Total Amount Purchased on Spanish Account: \$ _____
(Due on Event Date, NO EXCEPTIONS)

Method of Payment: _____ Amount: \$ _____ Check # _____
(Example: Check, Money Order, Spanish Cash Balance)

Method of Payment: _____ Amount: \$ _____ Check # _____
(Example: Check, Money Order, Spanish Cash Balance)

Spanish Match Percentage Paid to Member and Sponsor: _____%

Member Signature: _____ Date: _____

Member acknowledges that processing time may take up to 14 business days before ad packages are reflected in account.
Member also acknowledges they may not start earning rebates on new purchases until ad packages are reflected in account.

***** FOR OFFICE USE ONLY *****

**ASD Approval: _____
(Signature)



NOTES: _____



Getting Started Guide

- 1) Sign up for **ASD Cash Generator** (English) Website: <http://www.asdcashgenerator.com>
Get with your sponsor to obtain their English member referral link with ID number.
- 2) Sign up for the **La Fuente de Dinero** (Spanish) Website: <http://lafuentedinero.com>
Get with your sponsor to obtain their Spanish member referral link with ID number.
- 3) Attend Training, Opportunity Presentations and Question & Answer sessions in the **ASD Web Training Room** located online at <http://www.adsurfdailywebroom.com>
Follow the instructions on the website to enter the web room and view the schedule.
- 4) Check the **ASD News Headlines** on a daily basis to stay up to date on your ASD Business.
Visit: <http://www.freewebs.com/dawnstowers/index.htm> and click the various links near the top of the page for details.
- 5) View **ASD Training Videos** to learn how to: “Surf the Websites”, “Add a Website to the Rotator” and “Upgrade Ad Packages”.
Training Videos: <http://www.asdcashgenerator.com/training.php>
- 6) **Watch the video** of ASD Founder & CEO, Andy Bowdoin, as he speaks to you from his home in Quincy, Florida. <http://www.designstrategies.com/adcash/page2.html>
- 7) **Watch the video** of ASD Founder & CEO, Andy Bowdoin, along with ASD Attorney, Robert Garner, as they speak to you from Andy’s office at the company headquarters.
http://www.asdcashgenerator.com/thank_you.php?ocd=reg_noemail
- 8) Read the **“Legality Statement”** located at the top of the Frequently Asked Questions (FAQ) page on the ASD Cash Generator website.
- 9) Attend the **Monday Night Opportunity Calls** with Andy Bowdoin at 9:30 PM EST.
Dial 1-218-486-7200 Code 459978 or join us in the Web Training Room too.
- 10) Attend the **Tuesday Night Company Training Call** with Andy Bowdoin at 9:30 PM EST.
It is best to attend this in the ASD Web Training Room (address listed above).
- 11) Promote and attend as many **Monthly Rally Meetings** as possible. See the link on the ASD News Headlines for the upcoming Rally schedule.
- 12) Promote and attend the **ASD Annual Convention**.



Page last modified: April 3rd, 2008

LEGALITY STATEMENT

Presented by Mr. Robert Garner, Attorney at Law,

Chief Legal Counsel for Ad Surf Daily, Inc.

**Garner Law Office – P.O. Box 13002 – Greensboro - NC –
27415 – USA**



INTRODUCTION

My name is Robert Garner, and I am an attorney and the principle owner of the Garner Law Office in Greensboro, North Carolina. At our Law Office we specialize in corporate, business and real estate law, and my firm represents Ad Surf Daily, Inc., or ASD, which is Andy Bowdoin's company that operates the Ad Cash Generator business opportunity.

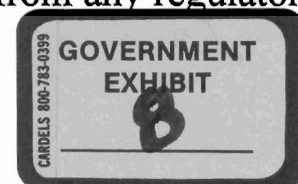
To give you some of my background as an attorney, I am a graduate of the Law School at the University of North Carolina at Chapel Hill, and I've had thirty years experience as a North Carolina licensed attorney. I have handled everything from first degree murder cases to million dollar construction litigation. But for the past twenty years, I have primarily represented corporations and security houses, such as stock brokerage firms and investment firms.

Our work includes the handling of public stock offerings, negotiating complex mergers and acquisitions, and the preparation of filings for the Securities and Exchange Commission, also known as the SEC. In case you don't know, the SEC is a regulatory branch of the US Government created by Congress to protect investors from fraud and other abuses.

In addition to myself, we have other attorneys in our offices who are dedicated to this work with Andy and his company, and who are available at any time to deal with issues as they arise. We are working daily to advance the business plans of Andy's entire organization, and we are moving forward in a number of positive directions which will benefit everyone involved.

LEGALITY CONCERNS

Now, I want to address the concern that new ASD members sometimes have in the area of the legality of the Ad Cash Generator opportunity. And for the record, I can say that there is no litigation, no threatened litigation, or even any inquiries from any regulatory body



about ASD or the Ad Cash Generator opportunity.

Everyone at my law firm understands Andy's sincere commitment to honesty and integrity in all aspects of his company, and we have given those values the highest level of importance in all our activities as his legal counsel. For the past 2 years now, Andy has directed us to ensure that his company is structurally sound today and tomorrow and far into the future. My staff and I are dedicated to Andy's vision that his company will continue to rapidly grow bigger and stronger, and will continue to be an industry leader in Internet advertising in the years to come.

LEGALITY OVERVIEW

Now, here is an overview of what ASD and the Ad Cash Generator income opportunity program are doing from a legal viewpoint:

ASD and the Ad Cash Generator opportunity provide businesses a way to advertise on the Internet. It allows them to purchase page views, where their ads can be seen by the general public. At this time, Ad Cash Generator is offering rebates to purchasers of advertising. These rebates function something like "loss leaders" in that advertisers are presented a way to earn their money back, plus a little more, in addition to having their ads viewed on the Internet. If you are not familiar with this business term "loss leader", it is when a product or service is sold at a very low price or at a loss for the purpose of attracting customers to a retail store.

Not everyone qualifies for the rebates, but for those who do participate, it is a great opportunity for them to expose their Websites to the public, and earn back some of the cost. I should tell you that like all rebates, this offer may be withdrawn at some time in the future, and the opportunity will be gone. However, the special offers will be honored for all who do participate at this time.

These ASD programs are open to everybody. ASD had a program to allow businesses to place ads on the ASD site for viewing by the general public without cost. For others who are seeking wider exposure, there are "ad packages" available for purchase which will guarantee greater numbers of page views, as selected by the advertiser. It is for those people that a rebate program is available now, to recover their cost, and perhaps earn some additional money. As ASD grows and develops, this program may change and improve as well.

COMPANY OPERATIONS

Now, I would like to go over some legal and operational information about ASD as a company.

ASD is incorporated, pays state, federal and all other taxes, and complies with all laws and regulations that apply to it. It provides its contact information, including its physical location, on the Internet. It has customer service representatives who are responsive to customer calls. The customer service representatives are not offshore, they are right here in the United States. To provide even better customer support, ASD has implemented a “ticket” system to allow inquiries via its website, and answers every one within 24 hours, Monday through Friday. The goal is to have zero customer complaints.

In addition, ASD is continuing the expensive work of improving back office operations, so that everything will run more smoothly for everyone. And, as I stated before, there are many other exciting things coming in the future that will benefit everyone involved with the ASD income opportunities.

ASD and its related companies are not selling stock, nor are they seeking investors. Should any of the related companies elect to do so in the future, strict adherence to SEC and state regulations would be observed. At this stage, a stock offering to the general public, in compliance with SEC regulations, is at best only in the talking phase. There are no concrete plans for this right now.

If ASD or its related companies were to offer shares of stock, they would be required to file a registration statement with the SEC. If ASD, or anyone, anywhere were to offer a “security,” which is defined as an investment opportunity, to US citizens, the offering would need to be first approved by the SEC before being legal. The ASD rebate program is designed to respect these regulations. It is not an investment opportunity, and should not be considered as such. ASD is seeking to build up its base of subcontractors who will continue to sell Internet advertising for them, even after the rebate program ends and is replaced with something even more exciting and beneficial. ASD also wants to acquire information about companies that will continue to purchase advertising on the Internet in the future, and ASD is willing to pay for that information through the rebate program.

Because of the rebate program, some people have asked if ASD or the Ad Cash Generator income opportunity is a “Ponzi” scheme or a pyramid. A Ponzi scheme and/or a pyramid are illegal, because they use money from new investors to pay the first investors in the scheme their promised returns. When the base of the pyramid stops growing, the pyramid collapses. While ASD commits a portion of its future revenues to pay rebates, it does not guarantee a return, and the time it takes to earn rebates is affected by the revenue stream in

the future. Not everyone elects to participate in the rebate program, and not everyone will earn rebates.

ASD's Ad Cash Generator business model is not dependent on a base that continues to expand. Plus, ASD is developing other revenue sources constantly. Even more important, the rebates are fixed, and will allow the participants to only earn a set amount, and that amount is based on performance. There is no continuing obligation to pay returns to infinity, as in illegal pyramid programs. Because of these major differences, the Ad Cash Generator business opportunity is not an illegal "Ponzi" scheme or pyramid, and it is not in violation of any SEC laws or regulations.

As the founder and president of ASD, Andy envisions a day in the near future when the company will operate as a premier distributor of Internet advertising, utilizing the information now being acquired to market its services. We understand that Andy's goal is to follow the example of other broad based companies such as Amway and Avon, and to use the methods they developed to become a recognized leader in providing Internet marketing services.

FURTHER LEGAL QUESTIONS

If anyone has legal questions about the Ad Cash Generator opportunity, I have provided this Legality Statement on the ASD Website that you are now reading. If you cannot find answers to your questions here, you should contact the staff at ASD, or submit a ticket for a written response. For more complex legal or regulatory questions, we ask that you have your attorney contact us for more detailed discussions, and we are happy to take such calls at 336-621-3890. Note: We will only take these legality question calls from licensed attorneys, so please have your attorney call us, not you.

In closing I want to assure you that as a licensed attorney for the past 30 years, I know there is no such thing as a free lunch, meaning you can get paid money for doing nothing in exchange. But, at the same time, I do believe that opportunity still exists, and that steady work and dedication can pay off. We know that ASD is committed to creating an environment where these opportunities can be found, opportunities to earn the money necessary for the challenging economic times ahead and for those who want to achieve even higher long term goals to live a life with much more financial freedom and security for them and their families.

We wish everyone involved with the Ad Cash Generator great success, and we will do our part to help make it happen.