

Strong Team and Business Model Position SOPK for Growth in the Rapidly Expanding Interactive Entertainment Market

Introduction: SouthPeak Interactive Corporation (OTCBB: SOPK) develops and publishes interactive entertainment software for all current hardware platforms including:

- Sony PLAYSTATION®3 computer entertainment system (PS3) and PS2
- PSP® (PlayStation® Portable) system
- PlayStation®2 computer entertainment system
- Microsoft Xbox 360® videogame and entertainment system
- Nintendo Wii™, DS™, Game Boy® Advance
- Personal Computer and games for Windows®

SouthPeak's games cover all major genres including action/adventure, role playing, racing, puzzle strategy, fighting and combat. SouthPeak's products are sold in retail outlets in North America, Europe, Australia and Asia. SouthPeak is headquartered in Midlothian, Virginia, and has offices in Grapevine, Texas and Leicester, England.

Model: SOPK serves as a publisher for the legion of game developers looking to maintain their creative and operational independence. This outsourced model enables SOPK to consider a wide range of game prospects from studios and small developers across the globe. As the larger publishers focus on extending existing brands and producing mega-hit games, SOPK has a growing pool of highly attractive publishing prospects from large and small development studios, resulting in a pipeline of over two dozen games and 60 distinct SKU's. At the recently completed E3 Expo, SOPK's *Raven Squad*™¹, a first person shooter / real-time strategy game to be released this summer, earned the "Best Strategy Game" award of E3 2009 from 411mania.com, and *Roogoo*™ *Twisted Towers* won the 411mania.com award for "Best Puzzle Game". SOPK also reported excellent reviews from outlets like GameSpot, IGN, GamesRadar and Playboy for *Section 8*™, and favorable reception for other upcoming titles including *My Baby: Next Steps*™, *Fast Food Panic*™, *Sushi Go Round*™, *Dementium II*™ and *Brave: A Warrior's Tale*™.

Outlook: The extensive sales and development experience of the SOPK management team positions the Company to capitalize on what gaming has become today:

- An industry growing in the mid to high 20% range,
- An increasingly important conduit for the distribution of film / music / TV content, and
- An increasingly frequent outlet for consumers' available entertainment hours.

The outsourced SOPK model is designed for consistent and profitable singles and doubles rather than the high risk / high reward mega-hit approach adopted by some of the larger publishers. Driven by the strength of the management team, the viability of the business model and a highly favorable outlook for the sector, Murphy Analytics is initiating coverage on SOPK with a 12-month price target of \$3.00 based on the expectation that SOPK earning power for fiscal 2010 and beyond will become clear over the coming quarters.

SOPK Recent Price	\$0.75	<u>Please review the risk factors outlined later in this report and the important disclosures and disclaimers at the end of this report.</u>
SOPK - Approximate Market Cap	\$31 million	
52-Week Price Range	\$0.55 - \$2.95	
MA 12-Month Price Target for SOPK	\$3.00	

¹ <http://www.ravensquad.com/region.php>



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SOPK Share Count, Executive Management and Directors
MA Estimate of Potential Fully Diluted Common Share Count

Outstanding Common Shares as of 5/15/09	41,253,100
Dilutive Effect of Common Stock Equivalents from 3/31/09 10-Q	<u>14,679,333</u>
Total estimated fully diluted share count	55,932,433

Name	Age	Title	Recent Reported Shares	Approx % of Outstanding Common
Terry Phillips*	51	<i>Chairman</i>	17,138,660	42%
Melanie Mroz *	45	<i>President, Chief Executive Officer and Director</i>	3,256,126	8%
Andrea Gail Jones*	37	<i>Chief Financial Officer and Treasurer</i>	5,500	< 1%
David Buckel	46	<i>Director</i>	5,000	< 1%
Louis M. Jannetty	55	<i>Director</i>	5,000	< 1%

*Denotes an executive officer; Greg Phillips, brother of Chairman Terry Phillips, owns 10 million shares, or approximately 24% of outstanding commons shares.

Terry Phillips has served as chairman since May 2008. Prior to that, Mr. Phillips served as the managing member of SouthPeak since 2000, when he purchased certain SouthPeak assets from SAS Institute. Mr. Phillips is also the managing member of Phillips Sales, Inc. (PSI), a company that he founded in 1991 that has become one of the largest manufacturer representative agencies specializing in the videogame industry. PSI represented many of the industry leading companies including, Sony Computer Entertainment America, THQ, Take-Two, Midway, Capcom Namco and Konami. PSI was awarded “manufacturer representative of the year” by Sony Computer Entertainment America in 1998 and has generated over \$2 billion in sales since inception. In 2003, substantially all of Phillips Sales was sold to an ESOP. From March 1999 to present, Mr. Phillips was the manager of Capitol Distributing, L.L.C., a videogame distribution company. From 1987 to 1991, Mr. Phillips was Vice President of Sales for Acclaim Entertainment, a videogame publisher. Mr. Phillips holds a Bachelor of Science in Business Administration from Elmira College in New York.

Melanie Mroz has served as president, chief executive officer and director since May 2008. Ms. Mroz was a member of SouthPeak from 2000 until May 2008. In 2005, she assumed responsibility for SouthPeak’s day-to-day operations. In 1996, Ms. Mroz joined Phillips Sales, Inc., one of the largest manufacturer representative agencies in the videogame industry, to head its representation of Sony Computer Entertainment America and thereafter assumed other management duties. While at Phillips Sales, Inc., Ms. Mroz represented some of the most successful videogame titles in the industry to major retailers, including titles such as “Metal Gear Solid” from Konami America and “Grand Theft Auto” from Take-Two Interactive Software, Inc.

From January 1995 to December 1996, Ms. Mroz was the Vice President of Sales for Digital Pictures, Inc., a private digital imaging, animation, and video products producer. From March 1992 to January 1995, Ms. Mroz was the national sales manager for Sony Imagesoft. Ms. Mroz entered the interactive software industry in 1986 with entertainment and educational software distributor SoftKat, then a division of W.R.Grace & Co. Ms. Mroz began with SoftKat as a buyer in the purchasing department and later became the Director of Purchasing. Ms. Mroz holds a Bachelor of Science from Winona State University in Minnesota.

Andrea Gail Jones has served as chief financial officer and treasurer since May 2008. From June 2007 to May 2008, Ms. Jones served as chief financial officer of SouthPeak. Prior to joining SouthPeak, Ms. Jones worked from 1999 until 2007 as a manager for Gregg and Bailey, P.C., a Richmond, Virginia based accounting firm of which SouthPeak was a client. From 1993 to 1999, Ms. Jones worked for Cherry, Bekaert, and Holland, L.L.P. as a tax specialist. She holds a Bachelor of Science in accounting from Virginia Tech and is a licensed Certified Public Accountant.

David Buckel has been an SOPK director since August 2008. He has served as Chief Financial Officer for three publicly traded Companies and a board member for two other publicly traded Companies. Mr. Buckel currently serves in a top executive role in operations and finance for Ryla Inc., a leading call center solutions provider with proven expertise in customer contact solutions and business process outsourcing. Prior to that Mr. Buckel served as VP and Chief Financial Officer of Internap, managing the Company's Accounting, Finance, Purchasing, Financial Planning Analysis, Investor Relations, Corporate Development and other Operating functions. Mr. Buckel had been with Internap since July 2003 until December of 2007 and led the company through its March 2004 public offering and subsequent leverage financings. Mr. Buckel was also Senior VP and Chief Financial Officer of Interland Corporation and AppliedTheory Corporation, both NASDAQ listed Companies where he managed numerous financial and operational groups. Mr. Buckel also managed and led an IPO for AppliedTheory in 1999.

Louis M. Jannetty has served as one of Directors since August 2008. Since 1986, Mr. Jannetty has served as the chief executive officer of Jansco Marketing Inc., a manufacturer representative firm that specializes in the videogame industry and represents major publishers such as Sony, Capcom, Eidos, Midway, Konami, Take Two, THQ, and Namco Bandai. Since 2005, Mr. Jannetty has also been a principal in Janco Development LLC, a real estate holding and development company. Mr. Jannetty received his Bachelor of Arts degree from Fairfield University in 1974.

SOPK Corporate Timeline

SOPK was incorporated in August 2005 under the name Global Services Partners Acquisition Corp. On May 12, 2008, the Company acquired all of the outstanding membership interests of SouthPeak Interactive LLC. On October 10, 2008, SOPK acquired Gone Off Deep, LLC, doing business as Gamecock Media Group (“Gamecock”) in exchange for 7% of the future revenue of certain Gamecock games and a warrant to purchase 700,000 shares of SOPK common stock at a price of \$1.50 per share and transaction costs of \$750,000. SOPK now is headquartered in Midlothian, Virginia and maintains offices in Grapevine, Texas and Leicester, England.

The SOPK Model

Revenue Model: SOPK revenue is derived from publishing and selling videogames. SOPK works with independent developers and/or development studios to develop proprietary videogames and also to license rights to properties from third parties. The Company focuses on providing high quality games that command prices that are similar to those obtained by the major competitors in the front-line/premium game market (\$39.95 to \$59.95) and that are featured prominently “on the shelf” of major retailers rather than focusing on lower-priced “value games” generally found in “budget game bins” in retail outlets (usually priced between \$9.99 and \$14.99). The future growth of SOPK revenues is dependent upon the ability to continue providing highly desirable, high quality videogames to the market.

Outsourced Development Model Protects Gross Profit and Attracts Talent: SOPK gross profit is positively impacted by the strategy of using cost-efficient, external third party developers to develop games rather than directly employing game developers or maintaining a costly development studio. Gross profits are positively impacted by titles that perform better than budgeted forecasts, since manufacturing, royalties and licensing costs are recouped faster and economies of scale occur as the incremental sales of a game produce greater profitability. In addition, since SOPK utilizes a variety of third-party developers, the royalty payments and obligations are different for each title thereby impacting gross profit. Gross profits are negatively impacted by costs written off from abandoned projects, games that do not meet sales expectations, and by games that require more significant royalty payments to developers.

SOPK often is able to attract high quality developers willing to work for lower upfront and higher backend royalty payout because of the creative flexibility and focused attention provided by the Company. This strategy provides SOPK with access to emerging video concepts and content from studios across the globe, including Eastern Europe, Scandinavia and Asia. SOPK expects to continue to strengthen its position as a leading “indie” video game publisher, offering a platform that serves as a unique channel for independent developers to bring games to market while enjoying maximum creative freedom.

Outsourcing Certain Operational Functions Maximizes Potential Net Income: The strategy of outsourcing when possible allows SOPK to avoid building an enterprise with a high fixed-cost structure and positions the Company to generate positive net income even in periods where revenues are lower than anticipated. As an example, SOPK utilizes 3rd party warehousing and order fulfillment companies in both the US and Europe. The Company also utilizes external sales representatives and retail channel partners. SOPK's sales / marketing expense consists of advertising, marketing and promotion expenses and commissions to the external sales reps. At the beginning of fiscal 2009, SOPK employed 36 people, including two outside the U.S.

The SOPK Growth Strategy: In an effort to continue its rapid growth, SOPK's strategy includes the following elements:

- *Focus on the most current and popular hardware platforms*
- *Develop innovative and compelling content*
- *Develop sequels to successful titles*
- *Pursue digital content opportunities*
- *Expand international business*

SOPK cites the following strengths as sources of differentiation and as drivers of revenue growth:

- **Strong relationships with all of the major videogame retailers, and expertise in understanding consumer demand.** SOPK Chairman Terry Philips and President / CEO Melanie Mroz have nearly 30 years of combined experience representing videogame publishers such as Sony Computer Entertainment America, Take-Two, Midway, Konami, Capcom and Eidos, and have been involved in the sales launch of hundreds of videogames including such well known franchises as Grand Theft Auto, Metal Gears Solid, Mortal Kombat and Gran Turismo.
- **Extensive global network of content developers.** SOPK's position as an indie videogame publisher is recognized by many developers globally as an attractive alternative to the major publishers. SOPK serves as an effective communication conduit for the developers by providing information about market trends, current buying preferences and emerging consumer preferences.
- **Developer-friendly mindset and vision providing the developer with creative freedom.** The SOPK approach provides a great deal of flexibility in structuring development agreements with independent developers. As evidence of the appeal of the model, SOPK started the fiscal year with 17 titles in the development pipeline, including several games targeted to emerging videogamer demographics and has now grown to over 60 distinct SKU's.

The Games: SOPK games have been developed for a number of hardware platforms across a range of genres including action/adventure, role playing, racing, puzzle strategy, fighting and combat. In order to maintain general access to the console systems and hand-held devices marketplaces, enabling the Company to create multiple products for the applicable platform, SOPK maintains licenses with Microsoft, Sony and Nintendo for PS2, PS3, Wii, Xbox 360, PSP and NDS. Following are some of the SOPK games in production and in development:

Game ▲ Sorting games A-Z	Category	Platform	Rating	Availability
B Boy	Music Dance	PlayStation®2, PSP® System	T	Available Now
Big Bang Mini	Arcade Shooter	Nintendo DS™	E	Available Now
Brave: A Warrior's Tale	Action Adventure	Wii™, XBOX 360®	E10+	Summer 2009
Brave: Shaman's Challenge	Puzzle Action	Nintendo DS™	E	Summer 2009
Brave: The Search for Spirit Dancer	Action Adventure	PlayStation®2	E10+	Available Now
Combat Elite WWII Paratroopers	Action, Shooting	PlayStation®2, XBOX®	T	Available Now
Dementium II	Survival Horror	Nintendo DS™	RP	Coming Soon
Dream Pinball 3D	Casual Games	PC, Wii™, Nintendo DS™	E10+	Available Now
Edge of Twilight	Action Adventure	PLAYSTATION®3, XBOX 360®, PC	RP	Summer 2009
Fast Food Panic	Simulation	Wii™, Nintendo DS™	RP	Fall 2009
IGOR	Action Adventure	Nintendo DS™, Wii™, PC	E	Available Now
Imperium Romanum	Real Time Strategy	PC	E10+	Available Now
Juka and the Monophonic Menace	Action Adventure	GameBoy Advance	E	Available Now
Legendary	FPS	PLAYSTATION®3, XBOX 360®, PC	M	Available Now

Sled Shred	Sports	Wii™	RP	Fall 2009
Two Worlds	Role Playing Game	PC, XBOX 360®	M	Available Now
Two Worlds Epic Edition	Role Playing Game	PC	M	Available Now
Two Worlds: The Temptation	RPG	PC, XBOX 360®	RP	Winter 2010
Velvet Assassin	Stealth Action	PC, XBOX 360®	M	Available Now
X-Blades	Action	PLAYSTATION®3, XBOX 360®, PC	M	Available Now

Mister Slime	Action Strategy	Nintendo DS™	E	Available Now
Monster Madness: Battle for Suburbia	Action Adventure	XBOX 360®, PC	T	Available Now
Monster Madness: Grave Danger	Action Adventure	PLAYSTATION®3	T	Available Now
Mushroom Men: Rise of the Fungi	Action Adventure	Nintendo DS™	E	Available Now
Mushroom Men: The Spore Wars	Action Adventure	Wii™	E10+	Available Now
My Baby	Simulation	Nintendo DS™	E	Available Now
My Baby 2	Simulation	Nintendo DS™, Wii™	RP	Holiday 2009
Ninjatown	Action Strategy	Nintendo DS™	E	Available Now
Pirates vs Ninjas Dodgeball	Sports	Wii™	E10+	Available Now
Pool Party	Sports, Billiards	Wii™	E	Available Now
ProStroke Golf: World Tour 2007	Sports, Golf	PSP® System, PlayStation®2, PC, XBOX®	E	Available Now
Raven Squad	FPS / RTS	PC, XBOX 360®	T	Summer 2009
Roogoo	Puzzle	PC, XBOX LIVE® Arcade	E	Available Now
Roogoo Attack	Puzzle	Nintendo DS™	E	Spring 2009
Roogoo Twisted Towers	Puzzle	Wii™	E	1st Quarter 2009
Scurge: Hive	Action Adventure	Nintendo DS™, GameBoy Advance	E10+	Available Now
Section 8	First Person Shooter	XBOX 360®, PC	RP	Fall 2009

Section 8™ Description and Screenshots

Available - Fall 2009

Developer - TimeGate Studios, Inc.²

Genre - First Person Shooter

Players - 1+

Platform- XBOX 360®, PC

ESRB³ Rating- RP

<http://www.joinsection8.com/>



² <http://www.timegate.com/forum/index.php>

Section 8™ Game Summary: On the war-torn planets of tomorrow, mankind's greatest battle is about to begin. With its frontier colonies devastated by a growing insurrection, Earth dispatches the elite 8th Armored Infantry (nicknamed "Section 8™") to repel the coming onslaught. The nickname refers to an old United States military regulation where a soldier would be dismissed from service through being mentally unfit for duty. The near-suicidal missions that this division volunteers for brands them as insane by other military units. Section 8 deploys by 'burning in' from their orbital drop ships tens of thousands of feet above the battlefield, utilizing the most advanced arsenal of military hardware known to man. Their mission: to scout and secure difficult objectives and smash enemy defenses in lightning-quick assaults. An intense first-person shooter, Section 8 allows players to dynamically alter the flow of combat as they see fit. Employing tactical assets and on-demand vehicle deliveries, players are given unprecedented strategic control over epic sci-fi battlefields. Get ready to burn-in trooper; the war begins in 2009.

My Baby: Next Steps™ Description

Available - Holiday 2009

Developer - Nobilis⁴

Genre - Simulation

Players - 1

Platform - Nintendo DS™; Nintendo Wii™

ESRB⁵ Rating- E

Note: SOPK's follow up to the My Baby™ game will be called My Baby: Next Steps™ rather than My Baby2™ and also will work on the Nintendo Wii™ platform in addition to the Nintendo DS™ platform.



My Baby: Next Steps™ Game Summary: Your baby has grown so fast! Can you believe that a year has already gone by? Take care of your baby from their 1st birthday until they're 3 years old. Your baby will discover its entire environment and learn from it, they'll walk, babble and speak, try to catch every object they can, and put everything in their mouth... Your baby will be the apple of your eye! Features include:

- Your baby looks more lifelike than ever with brand new 3D animations and reactions
- Make sure that your baby has the latest trends with even more items; customize your furniture, clothes, and hair just to name a few...

³ Entertainment Software Rating Board <http://www.esrb.org/index-js.jsp>

⁴ <http://www.group-nobilis.com/>

⁵ Entertainment Software Rating Board <http://www.esrb.org/index-js.jsp>

- With a new and improved AI your baby will react as if they were in the room with you
- Innovative gameplay that is based on stylus, touch pad, voice recognition, and the microphone - not a compilation of mini-games
- Interact with your baby whenever you want and experience real baby-like reactions
- Watch your baby grow from both a physical and psychological point of view

Fast Food Panic™ Description and Screenshots

Available - Fall 2009

Developer - Nobilis

Genre - Simulation

Players – Wii 1-4; DS 1

Platform - Nintendo DS™
Wii™

ESRB⁶ Rating- RP



Fast Food Panic™ Game Summary: Create the best restaurant in the world by cooking up yummy dishes, making your customers happy, greeting them when they stop by, and keeping your restaurant squeaky clean in this vibrant and fast-paced restaurant simulation game for Nintendo DS™ and Wii™. Keeping a top-quality restaurant takes a lot of work, and your waitress will need help-keep the place clean, make deliveries, ring up customers, and more. Also features three difficulty levels, over 10 additional cooking mini-games, and Free Mode to replay completed levels and try for the top score. Features include:

- Work against the clock to turn your restaurant into the best restaurant in the world.
- Beyond cooking minigames - Juggle making delicious food, keeping everything squeaky clean, greeting customers, and helping your waitress to improve your restaurant's popularity.
- Prepare yummy dishes including steaks, pasta, burgers, pizza and more!
- Take care of VIP customers who will push your service and cooking skills to the limit.
- Replay each level from Story Mode in Free Mode and challenge your high score.
- Unlock 11 fun cooking mini-games to further hone your skills.
- Three levels of difficulty for beginners and master chefs alike.

⁶ Entertainment Software Rating Board <http://www.esrb.org/index-js.jsp>

Manufacturing and Warranty: Videogames are manufactured for SOPK by the platform manufacturers or their authorized vendors to whom the Company provides the approved software code, related artwork, user instructions, warranty information, brochures and packaging design. SOPK contracts with various PC replicators for the manufacturer of PC products. SOPK games typically carry a 90-day limited warranty under which the Company is responsible for resolving warranty / repair claims at Company expense.

SOPK Customers / Sales / Marketing: SOPK products are available for sale or rental in thousands of retail outlets in North America, primarily by mass merchandisers, consumer electronics stores, discount warehouses, national retail chain stores and game specialty stores. North American customers include Best Buy, Blockbuster, Gamestop, Target, ToysRUS, and Wal-Mart. SOPK utilizes electronic data interchange with most major customers in order to maximize the efficiency of receiving / processing / shipping orders and tracking / forecasting the sell through of products. SOPK's Leicester, England office is responsible for international activities, including sales to several key retail accounts and working with a distributor partner for marketing to other accounts. For the fiscal year ended June 30, 2008, SOPK generated 87% of revenues in North America and the balance internationally. Wal-Mart accounted for 12% of SOPK global revenues followed by 11% for SVG Distribution⁷. The videogame industry is highly seasonal as sales are typically highest in the calendar 4th quarter, with the Christmas selling season accounting for as much as 50% of the industry's sales of video and computer games.

SOPK marketing and sales activities are intended to maximize exposure and broaden distribution of the video games, promote brand recognition, assist retailers and properly position, package and merchandise SOPK games. These activities include:

- *Public relations campaigns*
- *Demo distributions*
- *Cross promotional activities with 3rd parties such as trailers / demo discs / standees / posters*
- *Pre-sell giveaways*
- *Print / online / TV / radio / outdoor advertising*
- *In-store promotions*
- *Point of purchase displays*
- *Direct mail*
- *Attendance at trade shows*
- *Hosting media events*
- *Meetings and ongoing communication with the sales force*
- *Extensive trade marketing efforts including direct marketing to buyers and store managers, store manager shows, and sales incentive programs.*

⁷ <http://www.svgdistribution.com/>

Competition: SOPK competitors vary in size from very small companies to larger corporations with significantly greater financial, marketing and product development resources. The larger competitors are able to implement more robust marketing campaigns, price products more aggressively, pay higher fees to desirable entertainment character properties, pay more to 3rd party software developers and enjoy greater leverage with retailers.

Significant 3rd party competitors includes Activision, Atari, Capcom, Eidos, Electronic Arts, Konami, Midway Games, Bandai Games, Sega Enterprises, Take-Two Interactive, THQ, Ubisoft Entertainment, Viacom/MTV, Vivendi Games Publishing, Warner Bro's Interactive, Walt Disney Company and the integrated hardware / software companies such as Sony, Nintendo and Microsoft.

Videogame Regulation: The videogame publishing industry in the United States is rated by the ESRB or Entertainment Software Rating Board, a self-regulated, volunteer rating organization. Heightened political attention on game ratings may lead to legislation that leads to a reduction in sales of titles rated "M" (age 17+) and "AO" (18+). Approximately 1/6th of SOPK titles for sale or in development, as listed on the Company's web site, are rated M, with none rated AO. Certain other countries have established similar rating systems, resulting in required game modifications by SOPK in some instances.

Intellectual Property: SOPK seeks to protect developers' software and production techniques under copyright, trademark and trade secret laws as well as through contractual restrictions on disclosure, copying and distribution.

Market Overview

Outlook from the Entertainment Software Association® (ESA): The ESA⁸ is the U.S. association exclusively dedicated to serving the business and public affairs needs of companies that publish computer and video games. The ESA also owns and operates the E3 Electronic Entertainment Expo, the premier annual trade show for computer and video games. In addressing the recently completed 2009 E3 Expo, ESA President and CEO Michael Gallagher noted that 2008 overall computer and video game industry sales reached a record \$22 billion, with entertainment software sales accounting for \$11.7 billion of the total, an increase of 23% over 2007. While 2008 and 2009 have been difficult for many video game publishers, Gallagher notes⁹ the increasing relevance and entertainment market share being taken by gaming:

“Even in the soft environment of March 2009 according to NPD, consumers spent one of every three entertainment dollars on video games, more than they spent on any other form of entertainment. In another sign of the industry’s growing impact, a March Nielsen PreView report revealed that gamers spent 64 billion minutes playing games last December, ranking behind only the four largest television networks in usage time. Now more than ever, computer and video games represent the entertainment industry’s most highly sought-after commodity. Across the entertainment world, the biggest news, greatest innovations, and most highly anticipated products originate in the video game industry. A majority of prominent entertainment and technology companies made a concerted effort in recent years to align themselves with the business; those who haven’t now are scrambling to do so”.

Gallagher later explains that gaming has become an increasingly vital conduit for the distribution of film, television and music content:

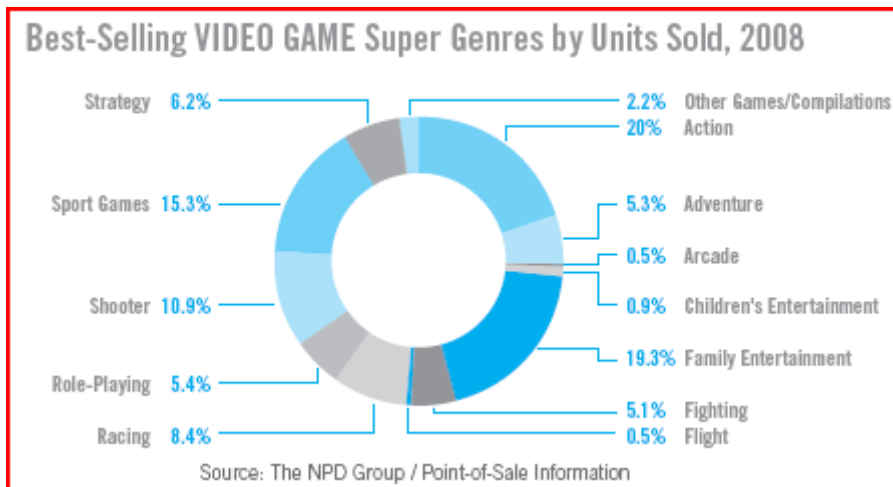
“In this age of social networking, video games are superbly positioned to maintain the ultimate competitive advantage – a close connection to the consumer. Social networking is not just a hobby for our industry – it’s a 21st-century business built on a close, collaborative relationship between passionate consumers and innovative video game creators. A staggering number of people, for instance, currently subscribe to online multiplayer gaming and digital media delivery services. Combined, a total of 40 million people subscribe to Xbox Live and Sony’s PlayStation Network....The interplay between video games and Hollywood continues to grow stronger...The music industry also has sought to make the link between video games and consumers. Young bands such as Gym Class Heroes and The All American Rejects helped pioneer the practice of using video games to introduce their music to a broader audience...Similarly, well-established bands such as The Beatles, Aerosmith, Boston, and KISS turned to wildly popular music-based video games to replace lost revenue from declining CD sales. Gamers have downloaded more than 40 million songs on Rock Band since the title first became available in November 2007. As Aerosmith bassist Tom Hamilton told the Associated Press, “Far more of this audience will hear our music via this game than if we had strenuously attempted to talk them into buying all of our CDs.”

⁸ <http://www.theesa.com/about/index.asp>

⁹ http://www.theesa.com/newsroom/release_detail.asp?releaseID=66

The Data: As noted in the ESA’s “2009 Sales, Demographic and Usage Data – Essential Facts about the Computer and Video Game Industry”¹⁰, following are some key data points regarding the gaming industry:

- 68% of U.S. households play computer or video games.
- The average age of a gamer is 35 years.
- 25% of gamers are under 18 years, 49% are age 18 – 49, and 26% are over 50 years.
- 60% of gamers are male, 40% female, with women 18 years+ representing nearly twice the proportion of boy gamers 17 or younger (18%).
- The average adult gamer has been playing for 12 years.
- 63% of parents believe games are a positive part of their children’s lives.
- 23% of the most frequent gamers pay to play games online, up from 8% in 2004.
- 37% of Americans play games on wireless devices, up from 20% in 2002.



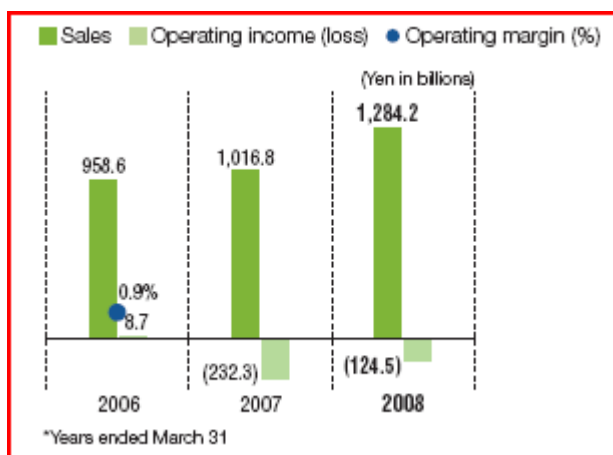
¹⁰ http://www.theesa.com/facts/pdfs/ESA_EF_2009.pdf

The View from the Hardware Market: Microsoft: Commenting on the success of the Xbox 360 in the Company's 2008 Annual Report¹¹, Microsoft Chairman Bill Gates and CEO Steve Ballmer also illustrate the magnitude of the video game software opportunity:

“Fiscal 2008 saw strong growth across our businesses as we continue to focus on important new opportunities in a wide range of markets. For example, revenue from our Entertainment and Devices Division grew by 34 percent as investments in consumer technologies yielded strong benefits. For the year, Entertainment and Devices operating revenue reached \$8.1 billion, thanks to excellent momentum from the Xbox 360 console, which has sold more than 19 million units, and Xbox Live, which has more than 12 million members. “Halo 3” topped \$300 million in sales in just its first week of availability.”

Despite an expectation of sustained profitability for the Entertainment and Devices division, the annual report goes on to say that Microsoft expects revenue to be flat or to decrease due to year-over-year variations in product launches, volume, mix, and prices across our portfolio of products and services.

Sony: Driven higher sales of PS3™, PSP® and PS3™ software, Sony¹² reported a 26.3% increase for 2008 its Game business segment, which grew only 6% in 2007.



Nintendo: Nintendo reported similarly strong general corporate results for fiscal 2008 with a 73% increase in sales, a 115% increase in operating income and a 48% increase in net income driven in large part by Wii hardware, software and accessories¹³.

¹¹ http://www.microsoft.com/msft/reports/ar08/10k_sl_eng.html

¹² <http://www.sony.net/SonyInfo/IR/financial/ar/2008/qfhh7c00000htnf4-att/SonyAR08-02.pdf>

¹³ <http://www.nintendo.co.jp/ir/pdf/2008/annual0803e.pdf>

Index Performance as an Indicator of the Outlook for Gaming

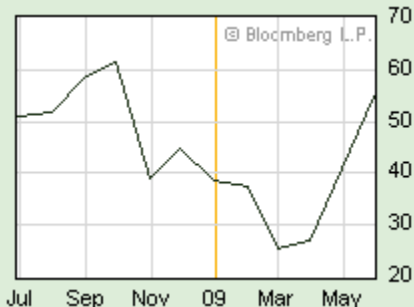
The iShares S&P North American Technology-Software Index Fund¹⁴ (Amex: IGV) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of U.S.-traded software-related stocks as represented by the S&P North American Technology-Software Index™. As of 4/30/09, the price/earnings ratio for the fund was 26.14x, with a price / book ratio of 3.52%. The top ten holdings of the fund are noted below, as is the recent performance of the fund, which has risen 33% over the last 3 months.

Top Holdings* (Daily) as of 6/5/2009

7.65%	ORACLE CORP
7.25%	ADOBE SYSTEMS INC
6.91%	MICROSOFT CORP
6.87%	SYMANTEC CORP
6.12%	INTUIT INC
5.00%	BMC SOFTWARE INC
4.88%	ACTIVISION BLIZZARD
4.72%	MCAFFEE INC
4.44%	ELECTRONIC ARTS INC
4.32%	CITRIX SYSTEMS INC



While Activision Blizzard (ATVI; 31% 3-month increase) and Electronic Arts (ERTS; 25% 3-month increase) are relevant proxies for the outlook for SOPK, the operations of other IGV components such as Oracle, Adobe, Symantec and Intuit are less comparable. However, the general trend reflected in the IGV index also is captured quite clearly in The Conference Board¹⁵ Consumer Confidence Index™, summarized and illustrated by Bloomberg¹⁶:



This index is an average of responses to the following questions: 1. Respondents appraisal of current business conditions. 2. Respondents expectations regarding business conditions six months hence. 3. Respondents appraisal of the current employment conditions. 4. Respondents expectations regarding employment conditions six months hence. 5. Respondents expectations regarding their total family income six months hence. For each of the 5 questions, there are three response options: Positive, Negative and Neutral. The response proportions to each question are seasonally adjusted. For each of the five question (above), the POSITIVE figure is divided by the sum of the POSITIVE and NEGATIVE to yield a proportion, which we call the 'RELATIVE' value. For each question, the average RELATIVE for the calendar year 1985 is then used as a benchmark to yield the INDEX value for that question.

¹⁴ http://us.ishares.com/product_info/fund/overview/IGV.htm?qt=IGV

¹⁵ <http://www.conference-board.org/economics/ConsumerConfidence.cfm>

¹⁶ <http://www.bloomberg.com/apps/quote?ticker=CONCCONF%3AIND>

SOPK – Recent Financial and Operating Results

Following are comments regarding the financial condition and operating results for SOPK for the last quarter ended 3/31/09.

Financial Condition as of 3/31/09:

- Current assets of \$30.5 million include \$668k of cash and equivalents, \$11.5 million of accounts receivable, \$11.1 million of current portion of advances on royalties, and \$1.5 million of current portion of intellectual property licenses.
- Accounts receivable is shown net of \$3.3 million in total allowances, consisting of \$2.3 million in price protection, \$744k in doubtful accounts, \$158k in sales returns and \$60k in defective items. Price protection refers to SOPK's election to decrease the wholesale price of a product. When granted and taken, price protection provides customers with a credit against amounts owed by such customers to SOPK for open or future invoices. SOPK estimates potential product returns and price protection utilizing a number of factors including:
 - *Historical industry and SOPK experience*
 - *Information regarding inventory levels*
 - *The demand and acceptance of SOPK games by end consumers*
 - *Historical performance of games in similar genres*
 - *Historical performance of the hardware platform*
 - *Sales force and retail customer feedback*
 - *Industry pricing*
 - *Weeks and absolute quantity of on-hand retail channel inventory*
 - *The game's recent sell-through history*
 - *Marketing trade programs*
 - *Existing and potential competing games*
- Advances on royalties represents payments made to independent software developers based upon certain contractually defined milestones. SOPK capitalizes these payments during the development of these games. These payments are considered non-refundable royalty advances and are applied against the royalty obligations owed to the developer for the future sales of the game. Any pre-release milestone payments made to the developer that are not prepayments against future royalties are expensed to "cost of goods sold – royalties" in the period when the game is released. Beginning when a game is released, capitalized royalty costs also are amortized to "cost of goods sold – royalties" based on the ratio of current revenues to total projected revenues for the specific game, generally resulting in an amortization period of 6 months or less.

- Total assets of \$43 million included \$7.4 million in goodwill, \$2.7 million in property and equipment, \$1.1 million in intellectual property licenses and \$1.1 million in intangible assets.
- Current liabilities of \$28.3 million included \$15.7 million in accounts payable, \$6.8 million in line of credit, \$2.3 million in accrued expenses and \$2.8 million in deferred revenues.
- Accounts payable consists predominantly of the purchase from a single supplier of a significant amount of video games for resale by SOPK.
- SOPK has a revolving loan with a maximum outstanding amount of \$7.5 million. The loan bears interest at Prime + 0.50%, which was 3.75% at 3/31/09. The balance outstanding as of 3/31/09 was \$6.8 million, up from \$4.9 million as of 6/30/08.
- Working capital as of 3/31/09 was \$2.3 million compared to \$7.9 million as of 6/30/08.
- Total liabilities of \$29.8 million include \$1.5 million in mortgages payable.
- Shareholders equity of \$13.5 million increased from \$10.9 million as of 6/30/08 as additional paid in capital and increases in goodwill, intangible assets and property / equipment offset increases in the line of credit, accounts payable, accrued expenses and deferred revenue.

Operating Results: Following are comments regarding SOPK operations through 3/31/09.

- Net revenue for the quarter ended 3/31/09 was \$13.5 million and \$39.2 million for the 9 months ended 3/31/09.
- SOPK's filings note that quarterly net revenues and operating results have varied widely in the past and will continue to do so due to such factors as the timing of the release of new titles, differing degrees of popularity of new and previously released titles with varying gross margins, the timing of customer orders and fluctuations in consumer demand for gaming platforms.
- SOPK recognizes revenue from the sale of video games upon the transfer of title and risk of loss to the customer and the following criteria have been met: persuasive evidence of an arrangement, delivery, fixed and determinable fee, and probability of collection. Revenue is recognized after deducting the estimated allowance for sales returns and price protection. For revenues from 3rd party licensees in Europe, SOPK defers recognition of certain pre-paid non-refundable, guaranteed royalties and recognizes the revenues in subsequent periods when earned by SOPK.
- Gross profits for the 9 months ended 3/31/09 was \$16.9 million, a gross margin of 43%. \$22.3 million in cost of goods sold consisted of product costs of \$17.5 million and \$4.7 million in royalties.

- Operating expenses of \$16.7 million for the 9-month period include \$8.4 million in sales and marketing, \$6.6 million in general / administrative, \$1 million in warehousing / distribution and \$628k in restructuring costs.
- Because SOPK utilizes 3rd party warehousing and order fulfillment companies in the US and Europe, the warehousing / distribution consists primarily of costs associated with order fulfillment and shipping.
- Sales and marketing expense consists of advertising, marketing /promotion expense, and commissions to external sales representatives. The largest component of this expense relates to certain customer marketing allowances. SOPK recognizes advertising, marketing and promotion expenses as incurred, with the exception of production costs associated with certain media advertising. SOPK accrues marketing and sales incentive costs when revenue is recognized and such amounts are included in sales and marketing expense when an identifiable benefit to the Company can be reasonably estimated.
- General and administrative expense consists primarily of personnel related costs including corporate executive and support staff, general office expenses, consulting and professional fees, and depreciation.
- Restructuring costs of \$628k for the 9 month period are related to the Gamecock acquisition and consist primarily of salaries and severance for Gamecock employees separated from service after the acquisition, and operational and rent expense for offices that have been closed.
- Operating income for the 9 month period was \$188k and net income was (\$96k) after payment of \$284k in interest expense. For the 3-month period ended 3/31/09, operating income was \$414k with net income of \$289k. For the 9-month period, the net income attributable to common shareholders was (\$1.2 million) after accounting for \$1.1 million in deemed dividend related to the conversion feature on Series A convertible preferred stock.

Potential SOPK Cash Flows

SOPK results for fiscal Q2 and Q3 reflect nearly two full quarters of results inclusive of the Gamecock acquisition, which was consummated October 10, 2008. The 9-month results through 3/31/09 also include Holiday related sales, which can approach 50% of total sales for some publishers. For Q1 through Q3, SOPK gross revenues were \$8.4 million, \$17.3 million and \$13.5 million, respectively. While seasonality and normal quarterly operating volatility make forecasting somewhat challenging for video game publishers, Murphy Analytics (MA) is assuming that annualizing the 9-month results, with some adjustments for non-recurring expenses, will provide a reasonable estimate for a full year of SOPK operations.

For fiscal 2010, MA is assuming that the release of Section 8™ and the sequels My Baby: Next Steps™ and Two Worlds: The Temptation™ will drive significant revenue and profitability growth based on the reception to date and the success of the original titles. While industry research group NPD reported on June 12, 2009 that overall retail sales were down 17% for the

industry in May 2009, this is explained in part as a byproduct of weak hardware sales. Additionally, although the software sales decline is an indication of potential macroeconomic headwinds, the US Census Bureau¹⁷ reported that retail sales, down 9.6% from May 2008, increased 0.50% in May 2009 relative to April 2009, affirming the trend implied by the Consumer Confidence Index. Most importantly, however, MA is assuming that SOPK revenues are not directly correlated with the general industry as a result of an extremely attractive fiscal 2010 title pipeline and a highly scalable business model. For fiscal 2011, MA is assuming that SOPK growth will return to a level closer to the high end of the recent general industry growth. The MA projections also that the outsourced model will allow the Company to enjoy economies of scale as certain operating expenses grow at a lesser percentage than revenues.

	Fiscal 2009 Q1 - Q3*	Fiscal 2009 Estimate**	Fiscal 2010 with Revenue Growth of: 50%	Fiscal 2011 with Revenue Growth of: 30%
Revenue	\$39,226,299	\$52,301,601	\$78,452,402	\$101,988,122
Total Cost of Goods Sold	\$22,321,316	\$29,761,680	\$44,642,520	\$58,035,277
Gross Profit	\$16,904,983	\$22,539,921	\$33,809,881	\$43,952,846
Warehousing and General / Admin Assumed to Grow at :			10%	10%
Sales / Marketing Assumed to Grow at 75% of Revenue:			38%	23%
Warehousing and Distribution	\$1,000,766	\$1,334,351	\$1,467,786	\$1,614,565
Sales / Marketing	\$8,435,630	\$11,247,479	\$15,465,283	\$18,944,972
Restructuring Costs	\$628,437	\$750,000	\$250,000	\$0
Transaction Costs	\$32,346	\$32,346	\$0	\$0
General and Administrative	\$6,619,616	\$8,826,133	\$9,708,746	\$10,679,620
Total Operating Expenses	\$16,716,795	\$22,190,308	\$26,891,815	\$31,239,157
Operating Income	\$188,188	\$349,613	\$6,918,066	\$12,713,689
Interest Expense	\$284,213	\$378,950	\$416,845	\$458,529
Tax Estimate at 30%	-	-	\$1,950,366	\$3,676,548
Net Income	(\$96,025)	(\$29,337)	\$4,550,855	\$8,578,612
Common Shares Outstanding	41,260,000	41,260,000	41,260,000	41,260,000
Fully Diluted Share Count	56,000,000	56,000,000	56,000,000	56,000,000
Net Income / Common Share	(\$0.00)	(\$0.00)	\$0.11	\$0.21
Net Income / Full Diluted Share	(\$0.00)	(\$0.00)	\$0.08	\$0.15
*Unaudited				
**Fiscal 2009 - 2011 estimates by Murphy Analytics, not SOPK				

¹⁷ http://www.census.gov/marts/www/marts_current.html

As reference, the MA projected gross profit margin of 43% compares to approximately 50% for Electronic Arts for the last two fiscal years, and the revenue growth for the entire industry for the preceding two years has been 23% for 2008 and 28% for 2007. Assuming that SOPK is able to grow revenues at 50% for fiscal 2010 and 30% for fiscal 2011, the Company has the potential to earn \$0.11 per outstanding common share in fiscal 2010, nearly doubling to \$0.21 per outstanding common share for fiscal 2011. Adjusting these estimated earnings for potential dilution, a reasonable target for earnings may be \$0.10 for fiscal 2010 and \$0.20 for fiscal 2011. With the iShares S&P North American Technology-Software Index Fund trading at a price/earnings multiple of 26.1 times as of 4/30/09, this implies a share price of \$2.50 based on potential fiscal 2010 earnings and \$5.00 based on potential 2011 earnings.

SOPK Risks

As discussed in detail in SOPK's SEC filings, which should be read in conjunction with this report, the Company faces various operational risks, including:

- SOPK may be subject to claims for rescission or damages from stockholders because the Company did not dissolve following the failure to complete a business combination within the specified time period.
- SOPK may be subject to discipline pursuant to Section 14 of the SEC Act of 1934 based on the failure to file a proxy statement with the SEC and to provide proper stockholder notice for the filing of the Company's certificate of designation or the amendment to the certification of incorporation.
- SOPK may not be able to realize the anticipated benefits from the acquisition of Gamecock Media Group.
- If SOPK incurs unanticipated levels of returns of games from customers or an excess of price concessions, operating results could suffer.
- On March 12, 2009, SOPK was served with a complaint by CDV Software Entertainment A.G. Legal proceedings alleging breach of contract and seeking the return of \$4.6 million in videogame development advances, an injunction against SOPK and its subsidiaries €157,736 in specified damages, further damages and discretionary interest and costs. SOPK intends to vigorously defend all claims and Gamecock has filed a counterclaim.
- The potential inability to compete with larger businesses in the industry.
- Limitations of the business model.
- The potential inability to anticipate and adapt to changing technology.
- The possibility that we may not be able to enter into publishing arrangements with some developers.
- Dependence on vendors to meet the commitments to suppliers.
- The dependence on hardware manufactures to publish new videogames.
- The potential inability to recuperate the up-front license fees paid to console manufacturers.
- Dependence on a limited number of customers.
- The potential dependence on the success of a few videogames.

- Dependence on developers to deliver their videogames on time.
- The potential for litigation.
- The potential for interference with the business from the adoption of governmental regulations.
- The inability to obtain additional financing to grow the business.
- SOPK Chairman, Mr. Terry Phillips, agreed, in May 2007, to a settlement with the SEC in a proceeding arising from certain actions in 2000 and 2001. Without admitting or denying the allegations, Mr. Phillips agreed to consent to the entry of an order to cease and desist from committing or causing any violations of Section 10(b) of the Securities Exchange Act of 1934, or the Exchange Act, and Exchange Act Rules 10b-5 and 13b2-1 and from causing any violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Exchange Act Rules 12b-2, 13a-1 and 13a-13. This proceeding arose from the involvement in 2000 and 2001 of Mr. Phillips, Capitol Distributing, L.L.C, and another private company in which Mr. Phillips was a principal, in certain actions of Take-Two Interactive Software, Inc., where Mr. Phillips was accused of taking receipt of merchandise from Take-Two Interactive Software, Inc. and later returning the merchandise to Take-Two without making an effort to sell the merchandise. In his agreement to cease and desist, Mr. Phillips paid a civil penalty of \$50,000. Should Mr. Phillips be found to have violated the terms of the SEC's order in the future, he may be subject to further enforcement action, including legal action imposing injunctive relief and assessing fines or penalties, which could have a material impact on SOPK's reputation and business.

SOPK Historical Price Chart



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Overview of the OTC Bulletin Board¹⁸

The OTC Bulletin Board[®] (OTCBB) is a regulated quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter (OTC) equity securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ[®] or a national securities exchange. OTCBB securities include national, regional, and foreign equity issues, warrants, units, American Depositary Receipts (ADRs), and Direct Participation Programs (DPPs). The OTCBB is a quotation medium for subscribing members, not an issuer listing service, and should not be confused with The NASDAQ Stock MarketSM. There are no minimum quantitative standards which must be met by an issuer for its securities to be quoted on the OTCBB; however, the new Eligibility Rule limits quotations on the OTCBB to the securities of issuers that are current in their reports filed with the SEC or other regulatory authority. Issuers do not have any filing or reporting requirements with The NASDAQ Stock Market, Inc., or FINRA. Market Makers will be required to provide the periodic financial reports filed by OTCBB issuers with the SEC or other regulatory authorities pursuant to the Eligibility Rule. NASDAQ has no business relationship with the issuers of securities quoted on the OTCBB. Investors must contact a broker/dealer to trade OTCBB securities. Investors do not have direct access to the OTCBB service. The Securities and Exchange Commission's (SEC's) Order-Handling Rules which apply to NASDAQ-listed securities do not apply to OTCBB securities. It is important to note that FINRA has no regulatory authority over OTC Bulletin Board issuers. FINRA's responsibilities include establishing rules governing its broker/dealer members' business conduct; setting qualification standards for securities industry professionals; examining members for their financial and operational condition as well as their compliance with appropriate rules and regulations; investigating alleged violations of securities laws; disciplining violators of applicable rules and regulations; and responding to inquiries and complaints from investors and members. Due to the high level of risk involved in investing in Penny Stocks, the SEC created Rule 15g-2, which makes it "unlawful for a broker or dealer to effect a transaction in any penny stock for or with the account of a customer unless, prior to effecting such transaction, the broker or dealer has furnished to the customer a document containing the information set forth in Schedule 15G, Rule 15g-100, and has obtained from the customer a manually signed and dated written acknowledgement of receipt of the document." (SEC Rule 15g-2(a), Risk Disclosure Document Relating to the Penny Stock Market). If you believe that you have been defrauded by an OTC Bulletin Board issuer, you may file a complaint with your State Securities Regulator or contact the SEC's Office of Investor Education and Assistance.

¹⁸ <http://www.otcbb.com/investorinformation/investorinfo.stm>