AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON April 25, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-SB

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS
Under Section 12(b) or 12(g) of the Securities Exchange Act of 1934

ANCHOR FUNDING SERVICES, INC.
(Name of Small Business Issuer in Its Charter)

Delaware	**20-5456087**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
2201-E Crownpoint Executive Drive	
Charlotte, NC	**28227**
(Address of Principal Executive Offices)	*(Zip Code)*

(866) 789-3863
(Issuer's Telephone Number)

Securities to be Registered under Section 12(b) of the Act:

Title of Each Class to be so Registered	Name of Each Exchange on Which Each Class is to be Registered
None.	

Securities to be Registered under Section 12(g) of the Act:

Common Stock, par value $0.001 per share
(Title of Class)

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FORWARD-LOOKING STATEMENTS

Some of the statements under “Item 1. Description of Business,” “Item 2. Management’s Discussion and Analysis or Plan of Operation” and included elsewhere in this Registration Statement contain forward-looking statements. All statements other than statements of historical facts contained in this Registration Statement, including statements regarding our plans, objectives, goals, strategies, future events, capital expenditures, future results, our competitive strengths, our business strategy and the trends in our industry are forward-looking statements. The words “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “appear,” “forecast,” “future,” “likely,” “probably,” “suggest” and similar expressions, as they relate to the Company, are intended to identify forward-looking statements.

Forward-looking statements reflect only our current expectations. We may not update these forward-looking statements, even though our situation may change in the future. In any forward-looking statement, where we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will be achieved or accomplished. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements due to a number of uncertainties, many of which are unforeseen, including:

- the timing and success of our acquisition strategy;
- the timing and success of our expanding our market presence in our current locations, successfully entering into new markets, adding new services and integrating acquired businesses;
- the timing, magnitude and terms of a revised credit facility to accommodate our growth;
- competition within our industry; and
- the availability of additional capital on terms acceptable to us.

In addition, you should refer to the “Risk Factors” section of this Registration Statement commencing in Item 1 for a discussion of other factors that may cause our actual results to differ materially from those implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Registration Statement will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, if at all. Accordingly, you should not place undue reliance on these forward-looking statements.

We qualify all the forward-looking statements contained in this Registration Statement by the foregoing cautionary statements.

PART I

Item 1. Description of Business.

Corporate Structure

Anchor Funding Services, Inc. (formerly BTHC XI, Inc.) was originally organized in the State of Texas as BTHC XI LLC. On September 29, 2004, BTHC XI LLC and its sister companies filed an amended petition under Chapter 11 of the United States Bankruptcy Code. On November 29, 2004, the court approved BTHC XI LLC's Amended Plan of Reorganization. On August 16, 2006, and in accordance with its Amended Plan of Reorganization, BTHC XI LLC changed its state of organization from Texas to Delaware by merging with and into BTHC XI, Inc., a Delaware corporation formed solely for the purpose of effecting the reincorporation.

Anchor Funding Services LLC, a limited liability company, was originally formed under the laws of the State of South Carolina in January 2003 and later reorganized under the laws of the State of North Carolina on August 29, 2005. Anchor Funding Services, LLC was formed for the purposes of providing factoring and back office services to businesses located in the United States and Canada. On January 31, 2007, the former BTHC XI, Inc. and certain principal stockholders entered into a Securities Exchange Agreement (the "Securities Agreement") with Anchor Funding Services, LLC and its members for Anchor Funding Services, LLC to become a wholly-owned subsidiary of the former BTHC XI, Inc. in exchange for 8,000,000 shares of Common Stock of BTHC XI, Inc. (the "Exchange").

At the time of the Exchange, the former BTHC XI, Inc. had limited operations and limited assets or liabilities. Because the members of Anchor Funding Services, LLC exchanged their equity ownership interests for an aggregate 67.7% equity ownership interest in the former BTHC XI, Inc. (computed immediately after the completion of the Exchange and before the consummation of a financing), this transaction was for accounting purposes, treated as if Anchor Funding Services, LLC was the surviving entity, as if a merger occurred between the parties. Accordingly, for the periods prior to the Exchange, our financial statements are based upon the financial position, results of operations and cash flows of Anchor Funding Services LLC. The assets, liabilities, operations and cash flows of the former BTHC XI, Inc. are included in our consolidated financial statements from January 31, 2007, the effective date of the Exchange, onward.

On April 4, 2007, the former BTHC XI, Inc. changed its corporate name to Anchor Funding Services, Inc. Anchor Funding Services, Inc. is currently a holding corporation for its wholly-owned subsidiary, Anchor Funding Services, LLC. Except as otherwise provided in this Registration Statement, unless the context otherwise requires, references in this Form 10-SB to the "Company," "Anchor," "we," "us" and "our" refers collectively to the consolidated business and operations of Anchor Funding Services, Inc. and its wholly-owned operating subsidiary, Anchor Funding Services LLC.

Business Overview

Anchor's business has grown since its commencement in 2003 with minimal marketing and limited financing. Our investment objective is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default and other specialty finance products including, but not limited to domestic and international purchase order financing, credit card financing, lawsuit financing, trade finance and government contract funding. For certain service businesses, Anchor also provides back office support including payroll, payroll tax compliance and invoice processing services. We provide our services to clients nationwide and may expand our services internationally in the future. We plan to achieve our growth objectives as described below through a combination of strategic and add-on acquisitions of other factoring and related specialty finance firms that serve small businesses in the United States and Canada and internal growth through mass media marketing initiatives. Our corporate headquarters and back office operations are located in Charlotte, North Carolina.

Factoring is the purchase of a company's accounts receivable, which provide businesses with critical working capital so they can meet their operational costs and obligations while waiting to receive payment from their customers. Factoring services also provide businesses with credit and accounts receivable management services. Typically, these businesses do not have adequate resources to manage internally their credit and accounts receivable functions. Factoring services are typically a non-recourse arrangement whereby the factor take the entire credit risk if the customer does not pay due to insolvency for any period of time or on a partial non-recourse basis where the factor takes the credit risk for a period of time, which could be 30 to 90 days after the factor purchases an account receivable such that if a client's customer becomes insolvent during this specific period of time, the factor bears the loss. Under partial non-recourse factoring, after a specific period of time, if the accounts receivable invoice is not collected, the client is required to purchase the accounts receivable invoice back from Anchor. We typically advance our clients 75% to 90% of the face value of invoices that we approve in advance on a partial non-recourse basis and pay them the difference less our fees when the invoice is collected. For our year ended December 31, 2006, our fees for services averaged 4.9% of the invoice value and are tiered such that the longer it takes us to collect on the accounts receivable invoice, the greater our fee. Since our inception, Anchor has not incurred any credit losses. To increase our service offerings, we anticipate providing full non-recourse factoring to clients in the near future.

A summary of some of the advantages of factoring for a small business is as follows:

- Faster application process since factoring is focused on credit worthiness of the accounts receivable as security and not the financial performance of the company;
- Unlimited funding based on "eligible" and "credit worthy" accounts receivable; and
- No financial covenants.

We provide our services to any type of business where we can verify and substantiate an accounts receivable invoice for delivery of a product or performance of a service. Examples of current clients include a magazine publisher, commercial baker, transportation company, medical staffing firm, IT consulting company and a shipper of luxury autos. Current clients range in size from start-up to $5 million in annual sales. We believe that this market is under served by banks and other funding institutions that find many of these companies not "bankable" because of their size, limited operating history, thin capitalization, seasonality patterns or poor/ inconsistent financial performance. Anchor's focus is providing funding based on the quality of our clients' customers' ability to pay and the validity of the account receivable invoice. Anchor utilizes credit and verification processes to assist in assuring that customers are creditworthy and invoices are valid. We secure our funding by having a senior first lien on all clients' accounts receivable and other tangible and intangible assets. We also often obtain personal and validity guarantees from our clients' owners.

GROWTH OPPORTUNITIES AND STRATEGIES

Our strategy is to become a nationally recognized brand for accounts receivable funding and other related financial services for small businesses. This expansion is expected to be accomplished with media marketing campaigns targeting small businesses and through accretive acquisitions of competitive firms and add-on purchases which broaden our mix of services, brands, customers and geographic and economic diversity. Our focus is to increase revenues and profits, through a combination of internal growth and acquisitions, primarily within our core disciplines and expansion into new service offerings. The key elements to our acquisition growth strategy include the following:

- Acquire companies that provide factoring services to small businesses. Our primary strategy is to increase revenues and profitability by acquiring the accounts receivable portfolios and possibly the business development and management teams of other local and regional factoring firms. Significant operating leverage and reduced costs are achieved by consolidating back office support functions. Increased revenues across a larger accounts receivable portfolio is anticipated to lead to lower costs of capital, which may enhance profitability. We have hired a merger and acquisition advisory firm to assist us in our acquisition strategy.

  We intend to evaluate acquisitions using numerous criteria including historical financial performance, management strength, service quality, diversification of customer base and operating characteristics. Our senior management team has prior experience in other service industries in identifying and evaluating attractive acquisition targets and integrating acquired businesses.

- Expand our service offerings by acquiring related specialty finance firms that serve small businesses. These specialty firms will broaden the services that we provide so that we can fulfill additional financial service needs of existing clients and target additional small businesses in different industries. For example, manufacturers have a need for purchase order financing in addition to factoring. The following are types of specialty finance firms that we will target and is not all-inclusive:

- Purchase order financing;
- Import/export financing;
- Credit card financing;
- Government contract financing;
- Agricultural receivable financing; and
- Construction receivable financing.

· Expand our discount factoring business by creating a national factoring brand. Inform and educate small businesses owners that factoring can increase cash flow and outsource credit risk and accounts receivable management. Our experience has been that many small businesses have limited awareness that factoring exists and is a viable financing alternative option for them. We are currently searching for a marketing manager to assist us in creating a national factoring brand identity. This is expected to be accomplished through various marketing initiatives and business alliances that will create in-bound sales leads. These marketing strategies include:

- Media advertising in key metropolitan markets;
  - Increase our pay-per-click internet advertising which to-date has been a successful strategy for Anchor; and
  - Radio - test market selective radio spot advertising on talk radio and sports oriented programming whose primary demographic are small business owners.
- Establish cross-selling alliances with other small business providers including:
  - Small business accounting and tax preparation service firms;
  - Small business service centers, providing packing and shipping; and
  - Commercial insurance brokers.
- Develop a referral network of business brokers, consultants and accountants and attorneys;
  - Attend cash flow trade shows and advertise in cash flow trade publications.

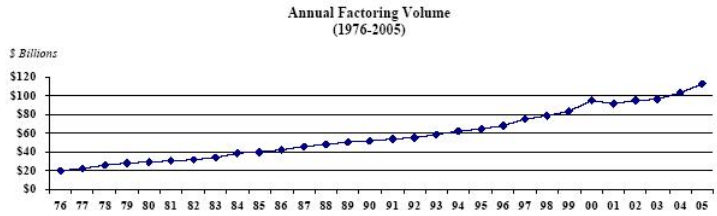
· Expand into the growing Hispanic business market. We continue to seek opportunities to expand the reach of our brands into new markets, including the Hispanic business market. We plan to create a Spanish language version of our website, advertise in Hispanic media publications and enter into alliances with Hispanic commercial banks for small business referral prospects who do not meet the banks' suitability requirements.

INDUSTRY OVERVIEW

Factoring as it functions today has been in existence for nearly 200 years. Its historical focus has been in the textile and apparel industries, which provides products to major retailers. The factoring industry has expanded beyond the textile and apparel industries into other mainstream businesses. Anchor may provide funding to businesses where the performance of a service or the delivery of a product can be verified. We have the ability to check a company's credit and evaluate its ability to pay across most industries. Hence, Anchor's target prospects are most small businesses. According to the U.S. Small Business Administration's (SBA) 2004 statistics, there were 19.5 million "nonemployers" (i.e. self-employed persons) and 5.3 million small businesses with less than 20 employees.

According to the Commercial Finance Association (CFA), an industry trade association for asset based lending and factoring companies, factoring volume (the dollar value of invoices purchased) in 2005 in the United States achieved its highest year-to-year growth since 2000. Factoring volume grew to $112.8 billion in the U.S. representing a 9.3% increase over 2004. The CFA survey highlights that the growth is attributable to a number of factors including a greater acceptance of the factoring product.

Factoring in the U.S. also has been a growth market since 1976.



Management estimates, based on examination of Dun & Bradstreet data and a market overview provided by a merger and acquisition advisory firm, that there are approximately 2,900 accounts receivable factoring and financing firms in the United States with over 2,000 with revenues of less than $1 million. Management believes that the fragmentation of the market among other factors, make this industry attractive for consolidation. Driving factors for consolidation include:

- Limited growth capital for small factors. Small factoring firms may have credit availability constraints limiting the business volume which they can factor. The financial leverage that banks typically provide a finance company is a function of the capital in the business. The opportunity to combine their businesses with Anchor's capital and possible lower cost of funds, back office support and potentially a larger credit facility are incentives to sell their business, particularly where they would receive our capital stock in return as part or all of the transaction price.
- Anchor would provide an exit strategy for owners of small factoring firms who may have much of their personal wealth tied to the business and want to retire. A cash sale of a factoring firm would provide liquidity to the owner of a factoring firm and the opportunity to receive a price over the factoring firm's book value.

OPERATIONS

Our executive officers, namely Morry F. Rubin, CEO and Brad Bernstein, President, manage our day to day operations and internal growth and oversee our acquisition strategy. We have two full-time account executives that provide daily support for our current clients. These individuals also handle in-bound sales calls and underwrite prospective funding transactions for credit committee review. We have a bookkeeper that maintains our books and records and wires funds daily to clients.

We temporarily utilize a credit manager from an affiliated company to assist in managing credit and making collection calls. At times in the past, we used other accounting personnel from an affiliated company for certain back office functions. In the past through April 23, 2007, this affiliated company charged a fee of .25% of the value of accounts receivable purchased for credit and collection services only and .5% for credit, collection, invoicing, payroll and other bookkeeping services. The fees charged by this affiliated company were $28,668 and $20,352 for the years ended December 31, 2006 and 2005. respectively. Since April 23, 2007, Anchor pays a portion of the affiliated company's shared employees salaries based upon actual time incurred. This is a temporary arrangement that is likely to cease within a month or two, as we expect to expand our support staff and fill key positions including a credit manager, account executives and collections personnel. In the near future, we anticipate performing all of our own back office operations, including, without limitation, credit and collection services, payroll and other bookkeeping services. See "Certain Relationships and Related Transactions."

Underwriting Process

We have developed and utilize standard underwriting procedures, which are controlled in a checklist format that is reviewed and approved by the credit committee. The credit committee is presently comprised of our executive officers, although these functions may be delegated to other responsible personnel in the future as our company expands our operations. The credit committee approves all new accounts and conducts periodic credit review of the client portfolio. Underwriting criteria include the following:

- Background and credit checks are performed on the owners.
- Personal or validity guarantees are sometimes obtained from the owners.
- We “Notify” all accounts that are purchased. Anchor is a notification factor, which means that we notify in writing all accounts purchased that we have purchased the account and payments are to be made to Anchor’s central lockbox. Our client’s invoices also provide Anchor’s lockbox as address for payments. We also have a notification statement on our clients’ invoices that indicate we have purchased the account and payment is to be made to Anchor.
- Initially we attempt to verify most of a new customer’s accounts. Verification includes review of third-party documentation and telephone discussions with the client’s customer so that we may substantiate that invoices are valid and without dispute.
- We typically evaluate the creditworthiness on accounts with more than a $2,500 balance.
- Other standard diligence testing includes payroll tax payment verification, company status with state of incorporation, pre and post filing lien searches and review of prior years’ corporate tax returns.
- We require that our clients enter into a factoring and security agreement with Anchor and file a first senior lien on purchased accounts, and on a case-by-case basis, sometimes on all of our clients’ tangible and intangible assets.

Anchor has not had incurred any credit losses since inception, although we can provide no assurances that credit losses will not be incurred in the future.

Credit Management

To efficiently and quickly determine the credit worthiness of an account, Anchor has an instant credit checking system, ***Creditguard,*** whereby Anchor utilizes a proven credit formula that combines various Dun & Bradstreet credit data elements. This formula and system provide an initial credit limit so that accounts can be approved or rejected quickly. If additional credit is necessary beyond the initial credit limit, we then independently check three vendor references and a bank reference to determine if additional credit can be extended. Collection calls are usually made within 14 days of purchasing an invoice to secure a commitment or estimated time to receive payment.

In conjunction with potentially providing full-non-recourse factoring, Anchor is examining the cost and benefits of obtaining credit insurance estimated to cost one-half of one percent of the invoiced amount.

CLIENTS

Our clients are all small businesses that range in size from start-up to $5 million in annual sales. We provide our services to any type of business where we can verify and substantiate an accounts receivable invoice for delivery of a product or performance of a service. Examples of current clients include a coupon magazine publisher, commercial baker, transportation company, medical staffing firm, IT consulting company and a shipper of luxury autos. Anchor targets all small businesses to educate and convert them to factoring if it will help our business and their businesses. We believe that this small business market is under served by banks and other funding institutions that find many of these companies not “bankable” because of their size, limited operating history, thin capitalization or poor / inconsistent financial performance. Anchor’s focus is funding based on the quality of our clients’ customer’s ability to pay and the validity of the accounts receivable invoice. Anchor has credit and verification processes to assist in assuring that customers are creditworthy and invoices are valid. We secure our funding by having a senior first lien on all clients’ accounts receivable and other tangible and intangible assets. We also often obtain personal guarantees from our clients’ owners.

In addition, there are certain specific small business sectors that Anchor believes also have limited working capital options and are targets for factoring. Examples of these include:

- Not-for-profit entities; we recently factored a foster home’s invoice to a local county.
- Companies with tax liens by providing funding based upon its eligible accounts receivable; we were successful in paying off the IRS for a client that had tax liens by funding its accounts receivable.
- Free lance consultants and independent contractors that cannot wait to receive payment from their client.

SALES AND MARKETING

We plan to hire a marketing manager to assist Anchor in creating a national brand identity through various marketing and business alliance strategies that will create in-bound sales leads. These marketing strategies include, without limitation, the following:

- Media advertising in key metropolitan markets;
  - Increase our pay-per-click internet advertising which to-date has been a successful strategy for Anchor; and
  - Radio - test market selective radio spot advertising on talk radio and sports oriented programming whose primary demographic are small business owners.
- Establish cross-selling alliances with other small business providers including:
  - Small business accounting and tax preparation service firms;
  - Small business service centers, providing packing and shipping; and
  - Commercial insurance brokers.
- Develop a referral network of business brokers, consultants and accountants and attorneys;
  - Attend cash flow trade shows and advertise in cash flow trade publications.

In key metropolitan areas, we plan on hiring business development officers to follow up on in-bound sales leads in person and develop additional business by networking with other small business providers including traditional bankers, accountants, lawyers and insurance brokers.

MANAGEMENT INFORMATION SYSTEMS

We utilize a factoring industry software program designed to effectively manage and operate a factoring company. This system currently manages multiple functions from purchasing invoices, advancing funds, recording collections and rebating clients. The system generates, on demand, numerous management reports including purchase activity, collections activity, return on capital, advances outstanding, accounts receivable trends, and credit reports which provide us with the ability to track, monitor and control the collateral (purchased accounts receivable). In addition, the software integrates with our general ledger accounting package, which enables us to meet our financial reporting requirements. Each month we upload key management reports that our clients can retrieve on-line.

Our current software platform can support our growth in the short term. Based upon anticipated growth we intend to upgrade our factoring software platform, which will enable additional users access to the system. There are multiple factoring software vendors who provide products which will support our growth objectives.

Hardware redundancy, backup strategies and disaster recovery have been planned to reduce the risk of downtime. We will utilize a portion of the net proceeds allocated toward capital expenditures for this purpose.

GOVERNMENT REGULATIONS

In some instances, our operations are subject to supervision and regulation by federal, state, and various foreign governmental authorities. Additionally, our operations may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions. These laws may:

- regulate credit granting activities, including establishing licensing requirements, if any, in various jurisdictions,
- establish maximum interest rates, finance charges and other charges,
- require disclosures to customers,
- govern secured transactions,
- Set collection, foreclosure, repossession and claims handling procedures and other trade practices,
- prohibit discrimination in the extension of credit, and
- regulate the use and reporting of information related to a seller’s credit experience and other data collection.

COMPETITION

The factoring industry is highly fragmented and competitive. Competitive factors vary depending upon financial services products offered, customer, and geographic region. Our competitors include national, regional and local independent and bank owned factoring and finance companies. Some of these competitors are larger than we are and may have access to capital at a lower cost than we do. Management estimates, based on examination of Dun & Bradstreet data and a market overview provided by a merger and acquisition advisory firm, that there are approximately 2,900 accounts receivable factoring and/or business financing firms in the United States with over 2,000 with revenues less than $1 million. To our knowledge, no single firm dominates the small business segment of the industry.

FACILITIES

We currently lease office space in a small business park from an affiliated company in Charlotte, North Carolina. We plan to move our current accounting, credit and account personnel to a separate office facility in Charlotte, North Carolina. We have also entered into a lease in Boca Raton, FL to accommodate our executive and sales personnel.

EMPLOYEES

As of the date hereof, we have four full-time employees and one part-time employee.

History of former BTHC XI, LLC

Anchor Funding Services, Inc., formerly known as BTHC XI, Inc., was organized on August 16, 2006 as a Delaware corporation to effect the reincorporation of BTHC XI, LLC, a Texas limited liability company, mandated by the plan of reorganization discussed below.

In September 1999, Ballantrae Healthcare LLC and its affiliated limited liability companies including BTHC XI, LLC, or collectively Ballantrae, were organized for the purpose of operating nursing homes throughout the United States. Ballantrae did not own the nursing facilities. Instead, they operated the facilities pursuant to management agreements and/or real property leases with the owners of these facilities. Although Ballantrae continued to increase the number of nursing homes it operated and in June 2000 had received a substantial equity investment, it was unable to achieve profitability. During 2001 and 2002, Ballantrae continued to experience severe liquidity problems and did not generate enough revenues to cover its overhead costs. Despite obtaining additional capital and divesting unprofitable nursing homes, by March, 2003, Ballantrae was out of cash and unable to meet its payroll obligations.

On March 28, 2003, Ballantrae filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code. On November 29, 2004, the bankruptcy court approved the First Amended Joint Plan of Reorganization, as presented by Ballantrae, its affiliates and their creditors (the "Plan"). On August 16, 2006, pursuant to the Plan, BTHC XI, LLC was merged into BTHC XI, Inc., a Delaware corporation, which later changed its name to Anchor Funding Services, Inc., effective on April 4, 2007.

On January 31, 2007, we entered into a Securities Exchange Agreement and acquired 100% of the membership (ownership) interests of Anchor Funding Services LLC in exchange for 8,000,000 shares of our Common Stock (the "Anchor Transaction"). The Securities Exchange Agreement was entered into by and among Anchor Funding Services, LLC, its members, Anchor funding Services, Inc. (formerly BTHX XI, Inc.) and certain stockholders (the "Company Stockholders"). The Anchor Transaction was subject to our receipt in escrow of a private placement of our Series 1 Preferred Stock of at least $2,500,000 which was successfully completed immediately after the Exchange on January 31, 2007. The private placement offering was terminated on April 5, 2007 after the raise of $6,712,500 in gross proceeds from the sale of 1,342,500 shares of Series 1 Preferred Stock.

The Anchor Transaction

As a result of the Anchor Transaction, Anchor became a wholly-owned subsidiary of former BTHC XI. Prior to the completion of the Anchor Transaction, former BTHC XI had no operations and had no material assets or liabilities.

The Anchor Transaction was closed on January 31, 2007. The closing of the Anchor Transaction was conditioned on, among other things: (a) the approval of Anchor's members, (b) the various representations and warranties of the parties being true and correct as provided in the Securities Exchange Agreement, (c) the parties performing their various covenants and agreements as provided in the Securities Exchange Agreement, (d) the parties delivering certain agreements, certificates and other instruments, (e) the Escrow Agent's receipt of at least $2,500,000 in cleared funds available for the initial closing of the Offering immediately upon the effectiveness of the Securities Exchange, and (f) the entry into 18 month lock-up agreements by members of Anchor.

The Securities Exchange Agreement contains various representations and warranties and covenants of the Company and the Company Stockholders. Generally, the representations and warranties of the Company and the Company Stockholders survive until the first anniversary of the closing date. The Securities Exchange Agreement provides for indemnification by Company Stockholders for breaches or failure to perform covenants of the Company or the Company Stockholders contained in the Securities Exchange Agreement and for any claims by brokers or finders for fees or commissions alleged to be due in connection with the Anchor Transaction. Additionally, certain Company Stockholders agreed to indemnify Anchor for any damages arising from or in connection with the operation or ownership of the Company from and including November 29, 2004, the date the Plan was confirmed by the bankruptcy court through and including December 7, 2006. Certain other Company Stockholders agreed to indemnify Anchor for any damages arising from any breach of any representation or warranty of the Company, or the Company Stockholders contained in the Securities Exchange Agreement resulting from the operation or ownership of the Company from and including their acquisition date of control of the Company (i.e. December 7, 2006) through and including the January 31, 2007 closing date of the Securities Exchange.

Annual Reports to Security Holders

We intend to make available to each of our shareholders, copies of our annual report on Form 10-KSB, which will include audited financial statements.

Where You Can Find Additional Information

We are filing this Form 10-SB pursuant to Regulation S-B for the purpose of becoming a "fully reporting issuer" under Section 12(g) of the Securities Exchange Act of 1934, as amended. Once this Form 10-SB is declared effective by the Securities and Exchange Commission, or SEC, we will be required to file annual, quarterly, and current reports, proxy statements and other information with the SEC.

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E. (Washington, D.C. 20549). The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov.

Risk Factors

In addition to the other information included in this Registration Statement, the following factors should be carefully considered in evaluating our business, financial position and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position or future prospects. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we have projected. There may be additional risks that we do not presently know or that we currently believe are immaterial which could also materially adversely affect our business, financial position or future prospects.

Limited operating history. Anchor Funding Services, LLC was formed in 2003 and has only a limited operating history upon which investors may judge our performance. Future operating results will depend upon many factors, including, without limitation our ability to keep credit losses to a minimum, fluctuations in the economy, the degree and nature of competition, demand for our services, and our ability to integrate the operations of acquired businesses, to expand into new markets and to maintain margins in the face of pricing pressures. We can provide no assurances that our operations will be profitable.

Our past operating losses may occur in the future. Anchor Funding Services, LLC was formed in 2003 and historically operated at a loss until 2006 which was our first year of profitable operations. We can provide no assurances that our operations and consolidations with any companies that we acquire will result in us meeting our anticipated level of projected profitable operations, if at all.

Competition for customers in our industry is intense, and if we are not able to effectively compete, our financial results could be harmed and the price of our Shares could decline. The factoring and financial service industry is highly competitive. There are many large full-service and specialized financing companies, as well as local and regional companies, which compete with us in the factoring industry. Competition in our markets is intense. These competitive forces limit our ability to raise fees to our customers. Pressure on our margins is intense, and we cannot assure you that we will be able to successfully compete with our competitors, many of whom have substantially greater resources than we do. If we are not able to effectively compete in our targeted markets, our operating margins and other financial results will be harmed and the market price of our securities could decline.

If we are not able to obtain expanded lines of credit on commercially reasonable terms, our financial condition or results of operations could suffer. We have a $1 million line of credit with an institutional asset based lender which advances funds against "eligible accounts receivable" as defined in Anchor's agreement with its institutional lender. This facility, which is secured by our assets, contains certain covenants related to tangible net worth and change in control. In the event that we do not comply with the covenant(s) and the lender does not waive such non-compliance, including the change in control resulting from the Anchor Transactions and this Offering, we will be in default of our credit agreement, which could subject us to penalty rates of interest and accelerate the maturity of the outstanding balances. We are in the process of seeking to revise and expand our credit facility and we are attempting to obtain better lending terms. In the event we are not able to obtain a sufficient line of credit for our factoring needs on commercially reasonable terms, our ability to operate our business would be significantly impacted and our financial condition and results of operations could suffer.

We may acquire companies in the future and these acquisitions could disrupt our business or adversely affect our earnings. Further, we may complete acquisitions without first obtaining stockholder approval under applicable Delaware Law. We intend to acquire small and/or medium local and/or regional factoring and financial service businesses. Our ability to complete acquisitions in the future may be impacted by many factors, including, without limitation, companies available for acquisition and the ability to achieve favorable terms. Entering into an acquisition entails many risks, any of which could harm our business, including, without limitation, failure to successfully integrate the acquired company with our existing business, retention of key employees, alienation or impairment of relationships with substantial customers or key employees of the acquired business or our existing business, and assumption of liabilities of the acquired business. Any acquisition that we consummate also may have an adverse affect on our liquidity or earnings and may be dilutive to our earnings. Adverse business conditions or developments suffered by or associated with any business we acquire additionally could result in impairment to the goodwill or intangible assets associated with the acquired businesses, and a related write down of the value of these assets, and adversely affect our earnings. Further, we may complete acquisitions without first obtaining stockholder approval under applicable Delaware Law.

Risks Associated with our Growth Strategy. Our plans for growth, both internal and through acquisition of other factoring and financial service companies, are subject to numerous and substantial risks. We can provide no assurances that we will be able to expand our market presence in our current locations, successfully enter new markets, add new services and/or integrate acquired businesses into our operations. Our continued growth is dependent upon a number of factors, including the availability of working capital to support such growth, our response to existing and emerging competition, our ability to maintain sufficient profit margins while experiencing pricing pressures, our efforts to develop and maintain customer and employee relationships, and the hiring, training and retention of qualified personnel. We can provide no assurances that we will be able to identify acceptable acquisition candidates on terms favorable to us in a timely manner, if at all. A substantial portion of our capital resources is anticipated to be used primarily for these acquisitions. We expect to require additional debt or equity financing for future acquisitions, which additional financing may not be available on terms favorable to the Company, if at all. We can provide no assurances that any acquired business will be profitable.

We will seek to make acquisitions that may prove unsuccessful or strain or divert our resources. We intend seek to expand our business through the acquisition of competitors' factoring and service businesses and assets. We may not be able to complete any acquisitions on favorable terms, if at all. Acquisitions present risks that could materially and adversely affect our business and financial performance, including:

- the diversion of our management's attention from our everyday business activities;
- the contingent and latent risks associated with the past operations of, and other unanticipated problems arising in, the acquired business; and
- the need to expand management, administration, and operational systems.

If we make, or plan to make, such acquisitions we cannot predict whether:

- we will be able to successfully integrate the operations and personnel of any new businesses into our business;
- we will realize any anticipated benefits of completed acquisitions;
- there will be substantial unanticipated costs associated with acquisitions, including potential costs associated with liabilities undiscovered at the time of acquisition; or
- stockholder approval of an acquisition will be sought.

In addition, future acquisitions by us may result in:

- potentially dilutive issuances of our equity shares;
- the incurrence of additional debt;
- restructuring charges; and
- the recognition of significant charges for depreciation and amortization related to intangible assets.

Risks Related to Our Factoring Activities In our history, we have not experienced any material credit losses. If we were to experience material losses on our accounts receivable portfolio, they would have a material adverse effect on (i) our ability to fund our business and, (ii) to the extent the losses exceed our provision for credit losses, our revenues, net income and assets.

We purchase accounts receivable primarily from privately owned small companies, which present a greater risk of loss than purchasing accounts receivable from larger companies. Our portfolio consists primarily of accounts receivable purchased from small, privately owned businesses with annual revenues ranging from start-up to $5 million. Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete. These financial challenges may make it difficult for our clients to continue as a going concern. Accordingly, advances made to these types of clients entail higher risks than advances made to companies who are able to access traditional credit sources.

In part because of their smaller size, our clients may:

- experience significant variations in operating results;
- have narrower product lines and market shares than their larger competitors;
- be particularly vulnerable to changes in customer preferences and market conditions;
- be more dependent than larger companies on one or more major customers, the loss of which could materially impair their business, financial condition and prospects;
- face intense competition, including from companies with greater financial, technical, managerial and marketing resources;
- depend on the management talents and efforts of a single individual or a small group of persons for their success, the death, disability or resignation of whom could materially harm the client's financial condition or prospects;
- have less skilled or experienced management personnel than larger companies; or
- do business in regulated industries, such as the healthcare industry, and could be adversely affected by policy or regulatory changes.

Accordingly, any of these factors could impair a client's cash flow or result in other events, such as bankruptcy, which could limit our ability to collect on this client's purchased accounts receivable, and may lead to losses in our portfolio and a decrease in our revenues, net income and assets.

We may be adversely affected by deteriorating economic or business conditions. Our business, financial condition and results of operations may be adversely affected by various economic factors, including the level of economic activity in the markets in which we operate. Delinquencies and credit losses generally increase during economic slowdowns or recessions. Because we fund primarily small businesses, many of our clients may be particularly susceptible to economic slowdowns or recessions and could impair a client's cash flow or result in other events, such as bankruptcy, which could limit our ability to collect on this client's purchased accounts receivable, and may lead to losses in our portfolio and a decrease in our revenues, net income and assets. Unfavorable economic conditions may also make it more difficult for us to maintain both our new business origination volume and the credit quality of new business at levels previously attained. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could significantly harm our operating results.

Our limited operating history makes it difficult for us to accurately judge the credit performance of our portfolio and, as a result, increases the risk that our allowance for credit losses may prove inadequate. Our business depends on the creditworthiness of our clients' customers and our clients. While we conduct due diligence and a review of the creditworthiness of most of our clients' customers and all of our clients, this review requires the application of significant judgment by our management. Our judgment may not be correct. We maintain an allowance for credit losses on our financial statements in an amount that reflects our judgment concerning the potential for losses inherent in our portfolio. Management periodically reviews the appropriateness of our allowance considering economic conditions and trends, collateral values and credit quality indicators. We cannot assure you that our estimates and judgment with respect to the appropriateness of our allowance for credit losses are accurate. Our allowance may not be adequate to cover credit losses in our portfolio as a result of unanticipated adverse changes in the economy or events adversely affecting specific clients, industries or markets. If our allowance for credit losses is not adequate, our net income will suffer, and our financial performance and condition could be significantly impaired.

We may not have all of the material information relating to a potential client at the time that we make a credit decision with respect to that potential client or at the time we advance funds to the client. As a result, we may suffer credit losses or make advances that we would not have made if we had all of the material information. There is generally no publicly available information about the privately owned companies to which we generally purchase accounts receivable from. Therefore, we must rely on our clients and the due diligence efforts of our employees to obtain the information that we consider when making our credit decisions. To some extent, our employees depend and rely upon the management of these companies to provide full and accurate disclosure of material information concerning their business, financial condition and prospects. If we do not have access to all of the material information about a particular client's business, financial condition and prospects, or if a client's accounting records are poorly maintained or organized, we may not make a fully informed credit decision which may lead, ultimately, to a failure or inability to collect our purchased accounts receivable in their entirety.

We may make errors in evaluating accurate information reported by our clients and, as a result, we may suffer credit losses. We underwrite our clients and clients' customers based on certain financial information. Even if clients provide us with full and accurate disclosure of all material information concerning their businesses, we may misinterpret or incorrectly analyze this information. Mistakes by our staff and credit committee may cause us to make advances and purchase accounts receivable that we otherwise would not have purchased, to fund advances that we otherwise would not have funded or result in credit losses.

A client's fraud could cause us to suffer material losses. A client could defraud us by, among other things:

- directing the proceeds of collections of its accounts receivable to bank accounts other than our established lockboxes;
- failing to accurately record accounts receivable aging;
- overstating or falsifying records showing accounts receivable or inventory; or
- providing inaccurate reporting of other financial information.

As of December 31, 2006, our ten largest clients collectively accounted for approximately 95% of the aggregate outstanding balance of our accounts receivable portfolio and our largest client accounted for approximately 33% of the aggregate funds employed. A client's fraud could cause us to suffer material losses.

We may be unable to recognize or act upon an operational or financial problem with a client in a timely fashion so as to prevent a credit loss of purchased accounts receivable from that client. Our clients may experience operational or financial problems that, if not timely addressed by us, could result in a substantial impairment or loss of the value of our purchased accounts receivable from the client. We may fail to identify problems because our client did not report them in a timely manner or, even if the client did report the problem, we may fail to address it quickly enough or at all. As a result, we could suffer credit losses, which could have a material adverse effect on our revenues, net income and results of operations.

The security interest that we have in the purchased accounts receivable may not be sufficient to protect us from a partial or complete loss if we are required to foreclose. While we are secured by a lien on specified collateral of the client, there is no assurance that the collateral will protect us from suffering a partial or complete loss if we move to foreclose on the collateral. The collateral is primarily the purchased accounts receivable. Factors that could reduce the value of accounts receivable that we have a security interest in include among other things:

- problems with the client's underlying product or services which result in greater than anticipated returns or disputed accounts;
- unrecorded liabilities such as rebates, warranties or offsets;
- the disruption or bankruptcy of key customers who are responsible for material amounts of the accounts receivable; and
- the client misrepresents, or does not keep adequate records of, important information concerning the accounts receivable.

Any one or more of the preceding factors could materially impair our ability to collect all of the accounts receivable we may purchase from a client.

Errors by or dishonesty of our employees could result in credit losses. We rely heavily on the performance and integrity of our employees in making our initial credit decision with respect to our clients and on-going credit decisions on our clients' customers. Because there is generally little or no publicly available information about our clients or clients' customers, we cannot independently confirm or verify the information our employees provide us for use in making our credit and funding decisions. Errors by our employees in assembling, analyzing or recording information concerning our clients and clients' customers could cause us to engage clients and purchase accounts receivable that we would not otherwise fund or purchase. This could result in losses. Losses could also arise if any of our employees were dishonest. A dishonest employee could collude with our clients to misrepresent the creditworthiness of a prospective client or client customers or to provide inaccurate reports or invoices. If, based on an employee's dishonesty, we may have funded a client and purchased accounts that were not creditworthy, which could result in our suffering suffer credit losses.

We may incur lender liability as a result of our funding activities. In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. We may be subject to allegations of lender liability if it were determined that our advances were in fact loans and the relationship between Anchor and a client was that of lender and borrower rather than purchaser and seller. We cannot assure you that these claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

We may incur liability under state usury laws or other state laws and regulations if any of our factoring arrangements are deemed to be loans or financing transactions instead of a true purchase of accounts receivable. Various state laws and regulations limit the interest rates, fees and other charges lenders are allowed to charge their borrowers. If any of the factoring transactions entered into by us are deemed to be loans or financing transactions instead of a true purchase of accounts receivable, such laws and regulations may become applicable to us and could limit the interest rates, fees and other charges we are able to charge our customers and may further subject us to any penalties under such state laws and regulations. This could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We are in a highly competitive business and may not be able to take advantage of attractive funding opportunities. The factoring industry is highly competitive. We have competitors who offer the same types of services to small privately owned businesses that are our target clients. Our competitors include a variety of:

- specialty and commercial finance companies; and
- national and regional banks that have factoring divisions or subsidiaries.

Some of our competitors have greater financial, technical, marketing and other resources than we do. They also have greater access to capital than we do and at a lower cost than is available to us. Furthermore, we would expect to face increased price competition if other factors seek to expand within or enter our target markets. Increased competition could cause us to reduce our pricing and advance greater amounts as a percentage of a client's eligible accounts receivable. Even with these changes, in an increasingly competitive market, we may not be able to attract and retain new clients. If we cannot engage new clients, our net income could suffer, and our financial performance and condition could be significantly impaired.

Our information and computer processing systems are critical to the operations of our business and any failure could cause significant problems. Our information technology systems, located at our headquarters, are essential for data exchange and operational communications to service our clients. Any interruption, impairment or loss of data integrity or malfunction of these systems could severely hamper our business and could require that we commit significant additional capital and management resources to rectify the problem.

The loss of any of our key personnel could harm our business. Our future financial performance will depend to a significant extent on our ability to motivate and retain key management personnel. Competition for qualified management personnel is intense and in the event we experience turnover in our senior management positions, we cannot assure you that we will be able to recruit suitable replacements. We must also successfully integrate all new management and other key positions within our organization to achieve our operating objectives. Even if we are successful, turnover in key management positions may temporarily harm our financial performance and results of operations until new management becomes familiar with our business. At present, we do not maintain key-man life insurance on any of our executive officers, although we entered into three-year employment contracts with each of Morry F. Rubin, Chief Executive Officer, and Brad Bernstein, President, on January 31, 2007. Our Compensation Committee of the Board of Directors will be responsible for approval of all future employment contracts with our executive officers. We can provide no assurances that said future employment contracts and/or their current compensation is or will be on commercially reasonable terms to us in order to retain our key personnel. The loss of any of our key personnel could harm our business.

Risks associated with intangible assets. A substantial portion of our future assets may consist of intangible assets including goodwill (excess of cost over fair value of net assets acquired and other intangible assets) relating to the potential acquisition of businesses. In the event of any sale or liquidation of us, there can be no assurance that the value of such intangible assets will be realized. In addition, any significant decrease in the value of such intangible assets could have a material adverse effect on us.

We are continually subject to the risk of new regulation, which could harm our business and/or operating results. In recent years, a number of bills have been introduced in Congress and/or various state legislatures that would add new regulations governing the financial services industry. The enactment of any such new laws or regulations may negatively impact our business, financial condition and/or our financial results.

Control of the Company. Our executive officers and directors have a significant block of voting control of our capital stock. As a result, such persons will likely have the ability to affect the election of all of our directors and the outcome of substantially all issues submitted to our stockholders. Such concentration of ownership could limit the price that certain investors might be willing to pay in the future for shares of Common Stock, and could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. See "Securities Ownership of Principal Stockholders and Management."

Risks associated with the development of the Company's management information and internal control systems. Our data processing, accounting and analysis capabilities are important components of our business. As we make acquisitions, we will convert certain systems of the acquired companies to our systems. These conversions and the continued development and installation of such systems involve the risk of unanticipated complications and expenses. We can provide no assurances that we will be successful in this regard.

We have no public market for our Securities. Our outstanding Common Stock and Series 1 Convertible Preferred Stock (collectively the "Securities") are not currently traded in the Over-the-Counter Market and quoted on the OTC Bulletin Board. In the event that trading does commence in the future for our Common Stock, it may be very limited and sporadic. We also may have a limited public float which could result in a high degree of volatility in the market price of our Common Stock. The availability for sale of restricted securities pursuant to Rule 144 or otherwise could adversely affect the market for our Common Stock, if any. We can provide no assurances that an established public market will ever develop or be sustained for our Common Stock in the future. Further, we do not anticipate a public market will ever develop for our Series 1 Convertible Preferred Stock.

The price of our common stock may fluctuate significantly. The market price for our common stock, if any, can fluctuate as a result of a variety of factors, including the factors listed above, many of which are beyond our control. These factors include: actual or anticipated variations in quarterly operating results; announcements of new services by our competitors or us; announcements relating to strategic relationships or acquisitions; changes in financial estimates or other statements by securities analysts; and other changes in general economic conditions. Because of this, we may fail to meet or exceed the expectations of our shareholders or others, and the market price for our common stock could fluctuate as a result.

Our Common Stock may be considered to be a "penny stock" and, as such, the market for our Common Stock may be further limited by certain Commission rules applicable to penny stocks. To the extent the price of our Common Stock remains below $5.00 per share or we have a net tangible assets of $2,000,000 or less, our common shares will be subject to certain "penny stock" rules promulgated by the Commission. Those rules impose certain sales practice requirements on brokers who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person working for the brokerage firm. These rules and regulations adversely affect the ability of brokers to sell our common shares in the public market should one develop and they limit the liquidity of our Shares.

An investment in the Company is subject to dilution. We may require substantial additional financing in order to achieve our business objectives. The Company may generate such financing through the sale of securities (including potentially to the owners of businesses we acquire) that would dilute the ownership of its existing security holders. In subsequent rounds of financing, the Company will likely issue securities that will have rights, preferences or privileges senior to our outstanding securities and that will include financial and other covenants that will restrict the Company's flexibility.

We have never declared or paid cash dividends on our capital stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We have never declared or paid cash dividends on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. Except for the rights of holders of the shares of Series 1 Convertible Preferred Stock as described herein, any future determination to pay dividends will be dependent upon the our financial condition, operating results, capital requirements, applicable contractual restrictions and other such factors as our board of directors may deem relevant.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INHERENT IN AN INVESTMENT IN THE COMPANY. INVESTORS SHOULD READ THIS ENTIRE FORM 10-SB BEFORE DECIDING TO PURCHASE SHARES OF SERIES 1 PREFERRED STOCK.

Item 2. Management's Discussion and Analysis or Plan of Operation.

You should read the following discussion and analysis of our financial condition and plan of operation together with our consolidated financial statements and the related notes appearing at the end of this Registration Statement. Some of the information contained in this discussion and analysis or set forth elsewhere in this Registration Statement, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this Registration Statement for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

This Form 10-SB contains forward-looking statements. These statements relate to our expectations for future events and future financial performance. Generally, the words "anticipate," "expect," "intend" and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. These statements are only predictions. Actual events or results may differ materially. Factors which could affect our financial results are described in the "Risk Factors" included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations.

Executive Overview

Anchor Funding Services, LLC was founded in January 2003. Anchor's business has grown with limited marketing and financing. Our objective is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default and other specialty finance products including, without limitation, purchase order financing, trade finance, government contract funding and lawsuit financing. For certain service businesses, Anchor also provides back office support including payroll, payroll tax compliance and invoice processing services. We provide our services to clients nationwide. We plan to achieve our growth objectives through a combination of strategic and add-on acquisitions of other factoring and specialty finance firms that serve small businesses in the United States and Canada and internal growth through mass media marketing initiatives. Our corporate headquarters and back office operations are located in Charlotte, North Carolina.

Summary of Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to credit provisions, intangible assets, contingencies and litigation and income taxes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, reflect the more significant judgments and estimates used in the preparation of our financial statements.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue is recognized when the fee is earned and consists primarily of non-refundable transaction and time-based fees. Non-refundable transaction fees are charged when the Company purchases an accounts receivable. Time-based fees are charged until the Company collects the purchased accounts receivable. The amount charged as transaction and time-based fees is specified in each customer's Factoring and Security Agreement and these amounts can vary between customers.

Retained Interest in Purchased Accounts Receivable - Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management did not consider any of the December 31, 2006 and 2005 retained interest in purchased accounts receivable uncollectible based on their analysis of the portfolio.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because the majority of these invoices have been subsequently collected.

Property and Equipment - Property and equipment consisting primarily of computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 5 years.

Advertising Costs - The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $68,200 and $68,400 for 2006 and 2005, respectively.

Earnings per Share - The Company computes net income per share in accordance with SFAS No. 128 "Earnings Per Share." Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Basic and diluted per share results are the same since the Company did not have any common stock equivalents outstanding at December 31, 2006 or 2005.

Stock Based Compensation - In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 123(R), "Accounting for Stock-Based Compensation." SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. We adopted the provisions of SFAS No.123(R) in the first quarter of Fiscal 2006. Reference is made to the Notes to Financial Statements for a description of certain other recently issued accounting pronouncements.

Fair Value of Financial Instruments - The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable, accrued liabilities and subordinated related party demand notes approximates their fair value

Cash and cash equivalents - Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Results of Operations

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

The year ended December 31, 2006 was highlighted by a 124.1% increase in finance revenue to $569,285 compared to finance revenue of $253,999 for the year ended December 31, 2005. This revenue growth resulted in increased net income for the year ended December 31, 2006 of $152,354 compared to a net loss of $17,497 for the year ended December 31, 2005. The change in revenue was primarily due to an increase in the number of Anchor's clients and the addition of a client that provided Anchor with approximately $228,000 in finance revenues during the year ended December 31, 2006. Finance revenues net of interest expense and credit provisions as a percentage of gross finance revenues improved to 66.0% for the year ended December 31, 2006 from 62.1% for the year ended December 31, 2005. This increase is primarily the result of Anchor receiving a higher return for the period on its purchases of accounts receivable. Operating expenses as a percentage of gross finance revenue were 39.2% for the year ended December 31, 2006 compared to 69.0% for the year ended December 31, 2005. This decrease was primarily attributable to the 124.1% increase in revenues while operating expenses increased by 27.4%.

The following table compares the operating results for the year ended December 31, 2006 and December 31, 2005:

	Year Ended December 31,			
	2006	2005	$ Change	% Change
Finance revenue	$ 569,285	$ 253,999	$ 315,286	124.1%
Interest expense	(193,595)	(96,193)	(97,402)	101.3%
Net finance revenue	375,690	157,806	217,884	138.1%
Provision for credit losses	-	-	-	
Finance revenue net of interest expense and credit provision	375,690	157,806	217,884	138.1%
Operating expenses	223,336	175,303	48,033	27.4%
Net income (loss)	$ 152,354	$ (17,497)	$ 169,851	-

Finance revenue. The increase in finance revenue is primarily due to an increase in the number of Anchor's clients and the engagement of a client that provided Anchor with approximately $228,000 of finance revenues during the year ended December 31, 2006. This client has been inactive and has not presented invoices for factoring since March 21, 2006. In 2005, Anchor increased its Internet marketing on various search engines resulting in an increase in clients. This growth through Internet marketing continued into 2006.

Interest expense. Interest expense increased 101.3% due to the increase in borrowings to purchase accounts receivable from more clients. While Anchor's cost of funds increased with increases in the Prime rate, interest expense as a percentage of finance revenues decreased from 37.9% to 34.0%. This decrease may be attributable to Anchor earning a higher return on its purchases of accounts receivable and from minimizing its borrowings on its line of credit.

Effective November 30, 2006, $456,000 of loans payable to two of the Company's members were contributed to members' equity. These loans bore interest at 15% per annum. This conversion of debt to equity will result in savings in interest expense of approximately $68,000 per annum.

Provision for credit losses. Anchor has reviewed its portfolio of accounts receivable purchased and determined that it had no credit losses for the years ended December 31, 2006 and 2005.

Operating expenses. Operating expenses are primarily selling, general and administrative ("SG&A") expenses. Operating expenses as a percentage of gross finance revenue were 39.2% for the year ended December 31, 2006 compared to 69.0% for the year ended December 31, 2005. This decrease was primarily attributable to the 124.1% increase in revenues while operating expenses increased by 27.4%. Anchor was able to support the increases in finance revenues without significant increases in its operating expenses. However, Management did not receive any cash compensation for the years ended December 31, 2006 and December 31, 2005. See "Executive Compensation" for a discussion of executive compensation to be paid to our executive officers who will become full-time employees of our Company upon the completion of the Anchor Transaction.

Liquidity and Capital Resources

Cash Flow Summary

Cash Flows from Operating Activities

Net cash provided by operating activities was $682,558 for the year ended December 31, 2006 and was due primarily to the growth in our net income and a decrease in purchased accounts receivable. For the year ended December 31, 2005 we used $893,225 in operating activities primarily due to an increase in purchased accounts receivable. As of December 31, 2005 we purchased a single invoice from a client, which totaled approximately $372,000. This invoice contributed to the higher purchased accounts receivable balance as of December 31, 2005 and it was subsequently paid in 2006. Our net income for the year ended December 31, 2006 was $152,354 compared to a net loss of $17,497 for the year ended December 31, 2005.

Cash Flows from Investing Activities

For the year ended December 31, 2006, net cash provided by investing activities was $94,126 primarily representing repayment of funds that had been loaned to a related party.

For the year ended December 31, 2005, net cash used in investing activities was $104,603 of which $94,455 was loans made to a related party and $9,148 was for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities was $757,423 for the year ended December 31, 2006. This was the result of a number of items including (a) the reduction in purchased accounts receivable which requires less borrowing from a financial institution (b) the reduction of our borrowing from a financial institution by using retained profits for the period and (b) short-term funds from a related party.

Net cash provided by financing activities was $955,453 for the year ended December 31, 2005. This was the result of a number of items including (a) the increase in purchased accounts receivable which requires more borrowing from a financial institution (b) short-term funds from related parties

Between January 31, 2007 and April 5, 2007, we raised $6,712,500 in gross proceeds from the sale of 1,342,500 shares of our Series 1 Convertible Preferred Stock. We intend to utilize the net proceeds of this offering to expand our operations both internally and through acquisitions as more fully described under Item !.

Capital Resources

We have a line of credit with an institutional asset based lender which advances funds against the lower of $1,000,000 or “eligible accounts receivable” as defined in Anchor’s agreement with its institutional lender. The institution receives a fee of .3% of the receivables financed. The interest on the borrowings is paid monthly at the institution’s prime plus 1%. The facility agreement, which currently expires in September 2007, is collateralized by all current and future Anchor assets and is guaranteed by three shareholders who are also directors. This facility contains certain covenants related to tangible net worth and change in control. In the event we are not able to obtain a sufficient line of credit for our factoring needs on commercially reasonable terms, our ability to operate our business would be significantly impacted and our financial condition and results of operations could suffer. As of April 12, 2007, we have had no outstanding debt under our line of credit.

Item 3. Description of Property.

We currently lease office space in a small business park from an affiliated company in Charlotte, North Carolina. We plan to move our current accounting, credit and account personnel to a separate office facility in Charlotte, North Carolina. We have also entered into a lease in Boca Raton, FL to accommodate our executive and sales personnel.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

As of April 24, 2007, we have 11,820,555 shares of Common Stock and 1,342,500 shares of Series 1 Preferred Stock issued and outstanding. The 1,342,500 shares of Series 1 Preferred Stock are convertible into 6,712,500 shares of Common Stock with the equivalent voting rights of 7,770,000 common shares or approximately 40% of the outstanding voting shares. The following table sets forth information regarding the economic ownership of our company Common Stock by:

- each of our stockholders who is known by us to beneficially own more than 5% of our common stock;
- each of our executive officers; and
- each of our directors.

Beneficial ownership is determined based on the rules and regulations of the Commission. A person has beneficial ownership of shares if the individual has the power to vote and/or dispose of shares. This power can be sole or shared, and direct or indirect. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person are counted as outstanding in such cases where the option holder may exercise the options within 60 days of the date hereof. These shares, however, are not counted as outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to the table below, each person named in the table has sole voting and dispositive power with respect to the shares set forth opposite that person's name.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	% of Shares of Common Stock Beneficially Owned
Morry F. Rubin (1)	3,816,667	31.7%
George Rubin (1)	2,472,000	20.8%
Ilissa and Brad Bernstein (2)	2,316,667	19.1%
Frank DeLape (3)(4)	1,360,000	11.4%
Kenneth Smalley (3)(4)	60,000	.5%
All officers and directors as a group (five persons) (5)	10,025,334	80.0%
William Baquet(6)	2,842,500	21.6%
Buechel Family Ltd partnership (7)	1,000,000	7.2%
Buechel Patient Care Research & Education Fund (7)	1,000,000	7.2%

(1) Morry Rubin's beneficial ownership includes options to purchase 216,667 shares of Common Stock of a total of 650,000 options granted to him and 72,000 shares in which Morry Rubin's wife and George Rubin are co-trustees of certain family trusts. Morry Rubin's options vested one-third on January 31, 2007 and will vest one-third on February 29, 2008 and one-third on February 28, 2009. George Rubin's beneficial ownership includes 72,000 shares in which Morry Rubin's wife and George Rubin are co-trustees of certain family trusts.

(2) Of the 2,316,667 shares beneficially owned by them, 2,000,000 common are owned by Illissa Bernstein, Brad Bernstein's wife. The remaining 316,667 shares represent options to purchase a like amount of shares of Common Stock of a total of 950,000 options granted to Brad Bernstein.

(3) Includes options to purchase 60,000 shares of Common Stock of a total of 180,000 options.

(4) Includes 700,000 common shares owned by Benchmark Equity Group, and 600,000 shares held in three family trusts.

(5) Includes all options referenced above.

(6) The shares held by William Baquet include 1,500,000 shares which are directly beneficially owned by him and warrants to purchase 1,342,500 shares of our Common Stock, exercisable at a purchase price of $1.10 per share through January 31, 2012, which warrants were issued to Fordham Financial Management, Inc. in connection with the completion of our recent private placement of Series 1 Convertible Preferred Stock. William Baquet is an executive officer, director and principal of Fordham Financial Management, Inc.

(7) Represents 200,000 shares of Series 1 Preferred Stock convertible into 1,000,000 shares of Common Stock. Each beneficial owner has the right to vote at each stockholder meeting the equivalent of 1,157,542 shares of Common Stock. These beneficial owners are under common control.

Item 5. Directors, Executive Officers, Promoters and Control Persons.

The following sets forth certain information with respect to our executive officers and directors, each of whom became an officer and/or director of our company on January 31, 2007.

Name	Age	Position(s)
George Rubin	78	Co-Chairman and Co-Founder
Morry F. Rubin	47	Co-Chairman, CEO, Director, Co-Founder
Brad Bernstein	41	President, CFO & Co-Founder
Frank Delape	52	Director
Kenneth Smalley	44	Director

Executive Officers and Directors

George Rubin has served as Co-Chairman of Anchor Funding Services, LLC since its formation in 2003. Since October , 1998, George Rubin has been a director and a principal owner of Preferred Labor LLC, which completed the sale if its business on April 23, 2007. Mr. Rubin will devote to Anchor such time as is necessary for the performance of his duties. George Rubin was Chairman of the Board of ATC Group Services, Inc., a publicly held Company, from 1988 to 1998. ATC was sold to a financial investor group for approximately $160 million. From 1961 to 1987, Mr. Rubin served as President, Treasurer and Director of Staff Builders, Inc. During that time, Staff Builders, Inc. was a publicly held corporation engaged in providing temporary personnel in the healthcare, light industrial and clerical fields. While he served as President, Staff Builders, Inc. operated through approximately 100 offices and generated revenues in excess of $100 million.

Morry F. Rubin has served as Co-Chairman and Chief Executive Officer of Anchor funding Services, LLC since its formation in 2003. Since 1998, Morry F. Rubin also has been Chairman, Chief Executive Officer and principal owner of Preferred Labor LLC which completed the sale if its business on April 23, 2007. On January 31, 2007, Mr. Rubin became a full-time employee of our company. Prior to his involvement with Preferred Labor, Mr. Rubin was President, Chief Executive Officer, Treasurer and a director of ATC Group Services, Inc. (“ATC”), a publicly held company, from 1988 to 1998. In January 1998, ATC was sold to a financial investor group for approximately $160 million. Mr. Rubin was also President, Chief Executive Officer and Treasurer of Aurora Environmental, Inc. from May 1985 to June 1995, and was a director of Aurora from September 1983 to June 1995. In 1995, Morry Rubin was selected as a finalist for the Ernst & Young Entrepreneur of the Year under 40 Award for the New York City Region. From 1981 to 1987, Mr. Rubin was employed in sales and as director of acquisitions for Staff Builders, Inc., a publicly held company engaged in providing temporary personnel in the healthcare, light industrial and clerical fields.

Brad Bernstein has served as President and Chief Financial Officer of Anchor Funding Services, LLC since its formation in 2003. Mr. Bernstein was employed by Preferred Labor LLC from March 1999 through January, 2007. Mr. Bernstein served Preferred as its Chief Financial officer and later as its President. On January 31, 2007, Mr. Bernstein became a full-time employee of our company. Before joining Preferred Labor he was a partner of Miller, Ellin Consulting Group, LLP. Mr. Bernstein advised companies in many areas to improve their operations and increase their profitability. Mr. Bernstein’s clients also included major commercial and investment banks, asset based lenders and factoring companies. These institutions relied on his ability to oversee due diligence engagements and evaluate a Company’s financial performance, its internal control structure and the quality of its assets before making investments or loans. Mr. Bernstein has used his banking relationships to raise debt and negotiate and structure financing for companies. Mr. Bernstein received a Bachelor of Arts degree from Columbia University.

Frank DeLape is Chairman and CEO of Benchmark Equity Group, a company he founded in 1994. Prior to Benchmark, Mr. DeLape spent 11 years in executive management roles of managing turnarounds for various companies. He has worked on behalf of the Board of Directors or the sponsoring banks to recapitalize companies, return them to profitability or maximize cash repayment through an orderly liquidation. Benchmark provides private equity and debt financings from various funds as well as a syndicate of investors. Mr. DeLape was a founder and financier of Think New Ideas, a NASDAQ NMS listed company, which later sold for over $300 million. At Benchmark, Mr. DeLape has formed and been instrumental in the growth of eighteen companies. Of these, seven have become NASDAQ listed, one listed on the American Stock Exchange, and three were sold, creating in total over $3 billion in market value. Mr. DeLape is also Founder and Managing General Partner of Trident Growth Fund, a government licensed Small Business Investment Corporation, (SBIC). From August 2001 through October 2005, Mr. DeLape was Chairman of the Board of the biotechnology company Isolagen, Inc. Over his four years as Chairman and a major shareholder of Isolagen, Mr. DeLape oversaw the listing of Isolagen on the American Stock Exchange, and raising over $194 million in debt and equity financings for the company. Mr. DeLape is a Director of Polymedix, Inc. since November 2005 and President, CEO and a director of Influmedix, Inc. since November 2004. Mr. DeLape is a member of the National Association of Corporate Directors.

Kenneth D. Smalley C.F.A. was the director of the High Yield Portfolio Group at The Dreyfus Corporation from May of 2001 through February of 2005. As Dreyfus's high yield portfolio manager, he was responsible for the performance of over $1.5 billion in mutual fund assets. Prior to joining Dreyfus, Mr. Smalley was a high-yield portfolio manager and analyst with the Alliance Capital Management Corporation (January 1999 through May 2001). Prior to joining Alliance Capital, he was a high-yield bond trader and analyst at, the PaineWebber Group Inc. (July 1996 through December 1998), NatWest Securities from March 1994 through December 1995, and Nomura Securities from April of 1993 to March of 1994. Mr. Smalley was a credit analyst at Teacher Insurance and Annuity Association from July of 1989 through April of 1993 and began his career in 1985 as a financial analyst at General Electric Co.'s Aircraft Engine Business Group. Mr. Smalley received his M.B.A. from the Stern School in 1989, and is a Chartered Financial Analyst. Mr. Smalley has also been involved in the Legal Finance Industry, specially the Pre-Settlement Legal Financing Sector, as one of the original founders of the Cambridge Management Group and as a leading consultant (March 2005 through September 2006) to the industry. Mr. Smalley recently joined the Bridgehead Group (September 2006) as its Chief Financial Officer.

All directors of the Company are elected at its annual meeting of stockholders to hold office until the next annual meeting of stockholders and until their successor is elected and qualified, or until such director's earlier death, resignation or removal. All officers of the Company serve at the pleasure of the Board, subject to their contractual rights, if any.

Limitation of Directors' Liability and Indemnification

Our directors are not personally liable to us or to any of our stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law of the State of Delaware or any other statute of the State of Delaware is amended to authorize the further elimination or limitation of the liability of our directors, then the liability of our directors will be limited to the fullest extent permitted by the statutes of the State of Delaware, as so amended, and such elimination or limitation of liability shall be in addition to, and not in lieu of, the provided limitation on the liability of a director. To the maximum extent permitted by law, we fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was our director or officer, or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. To the extent permitted by law, we may fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was our employee or agent, or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. We will, if so requested by a director or officer, advance expenses (including attorneys' fees) incurred by such director or officer in advance of the final disposition of such action, suit or proceeding upon the receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such director or officer is not entitled to indemnification. We may advance expenses (including attorneys' fees) incurred by an employee or agent in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as our Board deems appropriate.

Committees

Currently the Company has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors.

The Sarbanes-Oxley Act of 2002, as amended, required each corporation to have an audit committee consisting solely of independent directors and to identify the independent directors who are considered to be a "financial expert." Under the National Association of Securities Dealers Automated Quotations definition, an "independent director means a person other than an officer or employee of the Company or its subsidiaries or any other individuals having a relationship that, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. The board's discretion in determining director independence is not completely unfettered. Further, under the NASDAQ definition, an independent director is a person who (1) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years), employed by the company; (2) has not (or whose immediate family members have not) been paid more than $60,000 during the current or past three fiscal years; (3) has not (or whose immediately family has not) been a partner in or controlling shareholder or executive officer of an organization which the company made, or from which the company received, payments in excess of the greater of $200,000 or 5% of that organizations consolidated gross revenues, in any of the most recent three fiscal years; (4) has not (or whose immediate family members have not), over the past three years been employed as an executive officer of a company in which an executive officer of Anchor has served on that company's compensation committee; or (5) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years) a partner of Anchor's outside auditor.

The term "Financial Expert" is defined as a person who has the following attributes: an understanding of generally accepted accounting principles and financial statements; has the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities; an understanding of internal controls and procedures for financial reporting; and an understanding of audit committee functions.

Item 6. Executive Compensation.

Compensation of Directors and Executive Officers.

Summary Compensation Table

The following table sets forth the overall compensation earned over the fiscal year ended December 31, 2006 by (1) each person who served as the principal executive officer of Anchor Funding Services, LLC during fiscal year 2006; (2) Anchor Funding Services, LLC most highly compensated (up to a maximum of two) executive officers as of December 31, 2006 with compensation during fiscal year 2006 of $100,000 or more; and (3) those two individuals, if any, who would have otherwise been in included in section (2) above but for the fact that they were not serving as an executive of Anchor Funding Services, LLC as of December 31, 2006.

	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Options Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (2)(3)	Total ($)
Morry F. Rubin Chief Executive Officer	2006	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Brad Bernstein President	2006	$ -0-	$ -0_	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(1) Reflects dollar amount expensed by Anchor Funding Services, LLC during applicable fiscal year for financial statement reporting purposes pursuant to FAS 123R. FAS 123R requires the company to determine the overall value of the restricted stock awards and options as of the date of grant based upon the Black-Scholes method of valuation, and to then expense that value over the service period over which the restricted stock awards and options become vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock awards and option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock awards and options. For a description FAS 123R and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the consolidated financial statements included with this Form 10-SB.

(2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the named executive officer; and (vii) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(3) Includes compensation for service as a director described under Director Compensation, below.

For a description of the material terms of each named executive officer's employment agreement, including, without limitation, the terms of any contract, agreement, plan or other arrangement that provides for any payment to a named executive officer in connection with his or her resignation, retirement or other termination, or a change in control of the company, see "Employment Agreements" below.

No outstanding common share purchase option or other equity-based award granted to or held by any named executive officer in 2006 were re-priced or otherwise materially modified, including extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined, nor was there any waiver or modification of any specified performance target, goal or condition to payout.

Executive Officer Outstanding Equity Awards At Fiscal Year-End

The following table provides certain information concerning any common share purchase options, stock awards or equity incentive plan awards held by each of our named executive officers that were outstanding as of December 31, 2006.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Morry F. Rubin	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-
Brad Bernstein	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-

N/A - not applicable.

Employment Agreements

Each of the following executive officers is a party to an employment agreement with the Company.

Name	Position	Annual Salary(1)	Bonus (2)
Morry F. Rubin	Chief Executive Officer	$ 1 (1)	Annual bonuses at the discretion of the Board in an amount determined by the compensation committee.
Brad Bernstein	President	$ 205,000 (2)	Annual bonuses at the discretion of the Board in an amount determined by the compensation committee.

(1) Effective commencing on the first day of the first month following such time as the Company shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, Mr. Rubin's Base Salary shall be adjusted to an amount, to be mutually agreed upon between Employee and the Company, reflecting the fair value of the services provided, and to be provided, by Employee taking into account (i) Employee's position, responsibilities and performance, (ii) the Company's industry, size and performance, and (iii) other relevant factors.

(2) The Company shall pay Mr. Bernstein a fixed base salary of $205,000 during the first year of the Employment Term, $220,000 during the second year of the Employment Term and $240,000 during the Third Year and any additional year of the Employment Term. The Board may periodically review Mr. Bernstein's Base Salary and may determine to increase (but not decrease) the Base Salary, in accordance with such policies as the Company may hereafter adopt from time to time, if it deems appropriate.

On January 31, 2007, we entered into a three-year employment agreement with Morry F. Rubin ("M. Rubin") to retain his services as Co-chairman and Chief Executive Officer. We entered into a three-year employment agreement to retain the services of Brad Bernstein ("Bernstein") as President. The following summarizes the employment agreements of M. Rubin and Bernstein, who are individually referred to as "Executive" and collectively as "Executives."

- Each Executive shall receive a base salary and bonuses as described above. M. Rubin and Bernstein shall be entitled to a monthly automobile allowance of $1,500 and $1,000, respectively;
- M. Rubin and Bernstein were granted on January 31, 2007 10-year options to purchase 650,000 and 950,000 shares, respectively, exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or Executive is terminated without cause or Executive terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of Executive's termination for good reason by Executive or by the Company without cause;
- The Agreement shall be automatically renewed for additional one year terms unless either party notifies the other, in writing, at least 60 days prior to the expiration of the term, of such party's intention not to renew the Agreement;
- Each Executive shall be required to devote his full business time and efforts to the business and affairs of the Company; provided that it is understood and agreed that until such time as the sale of Preferred Labor, LLC, a company partially owned by the Executives, is completed, it is expected that the Executive shall continue to provide minimal services to Preferred Labor, LLC;
- Each Executive shall be entitled to participate in such Executive benefit and other compensatory or non-compensatory plans that are available to similarly situated executives of the Company, which may include disability, health, dental and life insurance plans, option and bonus plans and other fringe benefit plans or programs, including a 401(k) retirement plan, of the Company established from time to time by the Board, subject to the rules and regulations applicable thereto, and which shall include an executive insurance program under which Executive shall be entitled to be reimbursed for up to $25,000 of medical costs not covered by the Company's health insurance per year.
- Bernstein shall be entitled to reimbursement for out-of-pocket moving costs incurred in connection with the relocation of the Company's Executive offices to Boca Raton, FL;
- The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Executive with disability insurance benefits of at least 60% of his gross Base Salary per month; provided that for purposes of the foregoing, prior to the date on which M. Rubin's Base Salary is adjusted above $1.00 as described above, M. Rubin's Base Salary shall be deemed to be $300,000. In the event of the Executive's Disability, the Executive and his family shall continue to be covered by all of the Company's Executive welfare benefit plans at the Company's expense, to the extent such benefits may, by law, be provided, for the lesser of the term of such Disability and 24 months, in accordance with the terms of such plans;
- The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Executive with life insurance benefits in the amount of at least $500,000. In the event of the Executive's death, the Executive's family shall continue to be covered by all of the Company's Executive welfare benefit plans, at the Company's expense, to the extent such benefits may, by law, be provided, for 12 months following the Executive's death in accordance with the terms of such plans;
- The Executive shall receive four weeks of vacation annually;
- During the Employment Term and for two years following termination thereof (other than any such termination by the Company without Cause or by the Executive for Good Reason), the Executive shall not, directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, advise, or in any manner engage in the Company Business within a 100 mile radius of any office operated by the Company or any subsidiary of the Company, whether as an officer, director, stockholder, consultant, investor, agent or otherwise (unless the Board shall have authorized such activity and the Company shall have consented thereto in writing). "Company Business" means providing (i) accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default, purchase order financing, lawsuit financing, trade finance and government contract funding and (ii) back office support including payroll, payroll tax compliance and invoice processing services. Passive investments of less than 5% of the outstanding securities of any entity subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, shall not be prohibited;
- During the Employment Term and for three years following termination of the Executive's employment with the Company for any reason, the Executive will not use, disclose to others, or publish or otherwise make available to any other party, any non-public or confidential business information about the business and affairs of the Company;
- During the Employment Term and for 18 months following termination of the Executive' employment with the Company for any reason, the Executive will not (i) directly or indirectly, including through an entity or agent, induce or otherwise attempt to influence any executive of the Company to leave the Company's employ, (ii) hire, cause to be hired or induce a third party to hire, any such executive (unless the Board shall have authorized such employment and the Company shall have consented thereto in writing) or in any way materially interfere with the relationship between the Company and any executive thereof, or (iii) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of the Company to cease or otherwise limit doing business with the Company or in any way materially interfere to the detriment of the Company with the relationship between any such customer, supplier, licensee or business relation of the Company; and
- The Company will indemnify (and advance the costs of defense of) the Executive (and his legal representatives) to the fullest extent permitted by the laws of the state of Delaware, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of the Company, as in effect at such time or on the date of the Agreement, whichever affords greater protection to the Executive, and both during and after termination (for any reason) of the Executive's employment, the Company shall cause the Executive to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of the Company or any of its affiliates. Such policy shall be maintained by the Company, at its expense in an amount of at least $5 million and on terms (including the time period of coverage after the Executive's employment terminates) at least as favorable to the Executive as policies covering the Company's other members of its Board of Directors; In the event of any litigation or other proceeding between the Company and the Executive with respect to the subject matter of the Agreement and the enforcement of the rights hereunder and such litigation or proceeding results in final judgment or order in favor of the Executive, which judgment or order is substantially inconsistent with the positions asserted by the Company in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

Termination of Employment.

Each Executive's employment with the Company may be terminated as set forth below:

Termination by Mutual Agreement. The Executive's employment with the Company may be terminated at anytime by, and upon the terms and conditions of, a mutual written agreement between the parties.

Termination for Cause. The Executive's employment with the Company may be terminated by the Company for Cause. For purposes of the Agreement, "Cause" shall mean any one of the following:

- conviction of the Executive for committing a felony or crime or other crime involving moral turpitude;
- the Executive having committed acts or omissions constituting willful or wanton misconduct with respect to the Company;
- the Executive having committed any act of fraud or embezzlement involving the Company;
- the Executive having committed any willful and material violation of any statutory or common law duty of loyalty to the Company;
- the Executive having committed acts or omissions constituting a material breach of the Agreement that continues for more than 15 days after notice from the Company specifically identifying such breach.

In the event of any termination for cause, the Company shall pay all amounts of Base Salary then due to the Executive under up to the payroll period worked but for which payment had not yet been made up to the date of termination. The Company shall have no further obligations to the Executive under the Agreement (including no obligation with respect to bonuses or other incentive compensation), and any and all stock options granted to the Executive shall terminate according to their terms of grant with any such vested options being exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant.

Termination for Disability. The Executive's employment with the Company may be terminated by the Company in the event of the Executive's Disability. In the event of any termination, on the date of termination all options that would have otherwise vested within the 12 months following the date of the date of termination shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of the date of termination and (ii) the exercise term of each relevant option grant. For purposes of the Agreement, "Disability" shall mean the inability of the Executive, in the reasonable judgment of a physician appointed by the Board, to perform his duties of employment because of any physical or mental disability or incapacity, where such disability shall exist for an aggregate period of more than 150 days in any 365-day period or for any period of 90 consecutive days. In the event of any termination due to disability, the Company shall (i) pay by the next payroll period all amounts then due to the Executive for salary and automobile allowances up to the payroll period worked but for which payment had not yet been made up to the date of termination (including bonuses then-earned or owing), and (ii) comply with its obligations under employee welfare benefit plans.

Termination upon Death. The Executive's employment with the Company automatically terminates on the Executive's death. In the event of the Executive's death (i) the Company will continue to pay the Executive's heirs or beneficiaries his Base Salary for 6 months following the date of termination (on regular payroll dates) and (ii) on the date of termination all options that would have otherwise vested within the 12 months following the date of the Executive's death shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of the Executive's death and (ii) the exercise term of each relevant option grant. In addition, in the event of the Executive's death, the Company shall (i) pay by the next payroll period all amounts then due to the Executive for salary and automobile allowances up to the payroll period worked but for which payment had not yet been made up to the date of termination (including bonuses then-earned or owing), and (ii) comply with its obligations under employee welfare benefit plans.

Termination without Cause. The Executive's employment with the Company may be terminated by the Company, in the absence of Cause, for any reason and in its sole and absolute discretion, provided that in such event (which would include the Company's declining to extend the Employment Term) the Company shall continue to pay to the Executive the Base Salary (on regular payroll dates) for twelve months from the date of termination (the "Termination Payments") plus any bonuses then-earned or owing on the date of termination and an amount equal to the Target Bonus for the year in which the termination occurs pro rated based on the number of days of service in such year. On the date of termination, all unvested options shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant. Also, during any period in which Termination Payments are required to be paid, the Company shall continue all benefits for the Executive and his family described herein at no cost to the Executive.

Termination by the Executive for Good Reason. The Executive's employment with the Company may be terminated by the Executive for Good Reason. "Good Reason" shall be deemed to exist:

- if the Executive's duties or responsibilities are materially diminished or the Executive is assigned any duties materially inconsistent with the duties or responsibilities contemplated by this Agreement;
- if the Company shall have continued to fail to comply with any material provision of the agreement after a 30-day period to cure (if such failure is curable) following written notice by the Executive to the Company of such non-compliance;
- upon a Change in Control; or
- if the Company requires that the Executive be based at any location other than Charlotte, NC or Boca Raton, FL (or the suburban area of either).

In the event of any termination by the Executive for Good Reason, the Company shall pay the Termination Payments plus any bonuses then-earned or owing on the date of termination and an amount equal to the Target Bonus for the year in which the termination occurs pro rated based on the number of days of service in such year to the Executive in the same amount and manner as under "Termination Without Cause." On the date of termination, all unvested options shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant. Also, during any period in which Termination Payments are required to be paid, the Company shall continue the benefits for the Executive and his family described herein at no cost to the Executive.

Voluntary Resignation. The Executive's employment with the Company may be terminated by the Executive without Good Reason. In such event, the Company shall pay all amounts of Base Salary then due to the Executive for salary and automobile allowance up to the payroll period worked but for which payment had not yet been made up to the date of termination. The Company shall have no further obligations to the Executive under the Agreement (including no obligation with respect to bonuses or other incentive compensation), and any and all stock options granted to the Executive shall terminate according to their terms of grant; provided that if such termination occurs during the first year of the Employment Term any such vested options would be exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant, and if the termination occurs thereafter any such vested options would continue to be exercisable for the full exercise term of each relevant option grant.

For purposes of the agreement, a "Change in Control" shall mean:

- the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of (I) the then-outstanding shares of Common Stock (the "Outstanding Company Common Stock"), or (II) the combined voting power of the then-outstanding voting securities of the Company generally entitled to vote in the election of directors (the "Outstanding Company Voting Securities") regardless of whether such acquisition is as a result of the issuance of securities by the Company to such Person, by such Person acquiring such shares publicly or in private sales (or in any combination of acquisitions or public or private sales or both), or otherwise; provided, however, that the following shall not constitute a Change in Control: (a) any issuance or acquisition of securities of the Company whereby the Executive (including his affiliates) reaches or exceeds such 50% threshold; (b) any acquisition by any Executive benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (c) any issuance of shares of Series 1 Preferred Stock issued in the Company's initial offering of such shares or any shares of common stock issued upon conversion of such shares of Series 1 Preferred Stock;

- approval by the stockholders of the Company of a reorganization, merger, consolidation or other business combination (collectively, a "Business Combination"), unless following such Business Combination more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination and the combined voting power of the then-outstanding voting securities of such entity generally entitled to vote in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; and

· approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or the first to occur of (a) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (b) the approval by the stockholders of the Company of any such sale or disposition.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Board Members Who Are Deemed Independent

Our board of directors has determined that Kenneth Smalley is our sole "independent director" as that term is defined by the National Association of Securities Dealers Automated Quotations ("NASDAQ"). Kenneth Smalley is not a "financial expert." See "Committees" for a description of the definition of "Independent Director" and "Financial Expert."

DIRECTOR COMPENSATION

Cash Fees and Options

The chairman of each committee will be entitled to an annual fee of $6,500 and each non-executive director will receive an annual fee of $6,500 as a member of the Board, a fee of $1,000 per Board or Committee meeting (or consent in lieu of a meeting), and an activity fee of $1,000 per day for services rendered by the Board member. George Rubin will receive the same health and dental insurance benefits as those provided to our executive officers to the extent permitted by the rules and regulations applicable thereto and an additional medical reimbursement of up to $25,000 per annum. Members of the Board of Directors are eligible to participate under one or more of our company's stock option plan(s). On January 31, 2007, we established a stock option plan covering 2,100,000 shares and granted non-statutory stock options to purchase 950,000, shares and 650,000 shares to Brad Bernstein and Morry F. Rubin, respectively, exercisable at $1.25 per share. We also granted non-statutory stock options to purchase 180,000 shares to each of Kenneth Smalley and Frank Delape, exercisable at $1.25 per share. These options will have a term of ten years and will vest one third on the date of grant, one-third on February 29, 2008 and one-third on February 28, 2009. Equity incentive awards and cash payments to directors will be determined in the sole discretion of the Board and/or compensation committee of the Board at such times and in such amounts as the Board or a committee thereof determines to make such awards.

Travel Expenses

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meeting.

2006 Compensation

The following table shows the overall compensation earned for the 2006 fiscal year with respect to each non-employee and non-executive directors of the Company as of December 31, 2006.

	DIRECTOR COMPENSATION						
Name and Principal Position	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($) (1)**	**Option Awards ($) (1)**	**Non-Equity Incentive Plan Compensation ($) (2)**	**Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($) (3)**	**Total ($)**
Kenneth Smalley, Director	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Frank DeLape, Director (4)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
George Rubin, Director (5)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(1) Reflects dollar amount expensed by the company during applicable fiscal year for financial statement reporting purposes pursuant to FAS 123R. FAS 123R requires the company to determine the overall value of the restricted stock awards and the options as of the date of grant based upon the Black-Scholes method of valuation, and to then expense that value over the service period over which the restricted stock awards and the options become exercisable vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock award or option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock award and option. For a description FAS 123 R and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the financial statements included with this Form 10-SB.

(2) Excludes awards or earnings reported in preceding columns.

(3) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the director; (vii) any consulting fees earned, or paid or payable; (viii) any annual costs of payments and promises of payments pursuant to a director legacy program and similar charitable awards program; and (ix) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(4) Does not include 1,500,000 shares of Common Stock purchased in December 2006 at a purchase price of $.025 per share (the “Purchase Price”) at a time when former BTHC XI had no material assets or liabilities. Management believes that the Purchase Price paid by Mr. DeLape was made in an arms length transaction at no less than the fair market value of the former BTHC XI’s Common Stock.

(5) See “Item 7 Certain Relationships and Related Transactions” for a description of the issuance of 2,400,000 shares to George Rubin on January 31, 2007 in connection with the completion of the Anchor Transaction in which George Rubin, as a member of Anchor Funding Services, LLC, exchanged his membership interest for restricted shares of our company.

Indemnification; Director and Officer Liability Insurance.

The Company has agreed to indemnify (and advance the costs of defense of) each director (and his legal representatives) to the fullest extent permitted by the laws of the state in which the Company is incorporated, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of the Company, whichever affords greater protection to each director, and both during and after termination (for any reason), the Company shall cause each director to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of the Company or any of its affiliates. Such policy shall be maintained by the Company at its expense in an amount of at least $5 million during the term each director serves the Company (including the time period of coverage after each director’s service terminates for any reason whatsoever).

In the event of any litigation or other proceeding between the Company and a director with respect to enforcement of a director’s rights to indemnification and director and officer liability insurance and such litigation or proceeding results in final judgment or order in favor of the Director, which judgment or order is substantially inconsistent with the positions asserted by the Company in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

2007 Omnibus Equity Incentive Plan

On January 31, 2007, the Board adopted our 2005 Omnibus Equity Incentive Plan (the "Plan"), with 2,100,000 common shares authorized for issuance under the Plan.

The following table shows the amounts that have been granted under the Plan:

2007 Omnibus Equity Compensation Plan		
Name and Position	Dollar Value ($)	Number of Options
Morry R. Rubin, Chief Executive Officer (2)	(1)	650,000
Brad Bernstein, President (2)	(1)	950,000
Executive Group (2)	(1)	1,600,000
Non-Executive Director Group (two persons) (2)	(1)	360,000
Non-Executive Officer Employee Group (2)	$-0-	-0-

(1) No value of the options is being shown in the table as there is no public market for our Common Stock.

(2) On January 31, 2007, we established a stock option plan covering 2,100,000 shares and granted non-statutory stock options to purchase 950,000, shares and 650,000 shares to Brad Bernstein and Morry F. Rubin, respectively, exercisable at $1.25 per share and granted non-statutory stock options to purchase 180,000 shares to each of Kenneth Smalley and Frank Delape, exercisable at $1.25 per share. These options will have a term of ten years and will vest one third on the date of grant, one-third on February 29, 2008 and one-third on February 28, 2009.

The following is a summary of the material features of the Plan:

Shares Subject to the Plan

The maximum number of shares of common stock with respect to which awards may be made under the Plan is 2,100,000. In the event of any stock split, reverse stock split, stock dividend, recapitalization, reclassification or other similar event or transaction, the Compensation Committee will make such equitable adjustments to the number, kind and price of shares subject to outstanding grants and to the number of shares available for issuance under the Plan as it deems necessary or appropriate. Shares subject to forfeiture, cancelled or expired awards granted under the Plan will again become available for issuance under the Plan. In addition, shares surrendered in payment of any exercise price or in satisfaction of any withholding obligation arising in connection with an award granted under the Plan will again become available for issuance under the Plan.

Administration

A committee of two or more directors appointed by the Board will administer the Plan (the "Committee"); however, until the Committee is appointed, the Board administers the Plan. The Committee interprets the Plan, selects award recipients, determines the number of shares subject to each award and establishes the price, vesting and other terms of each award. While there are no predetermined performance formulas or measures or other specific criteria used to determine recipients of awards under the Plan, awards are based generally upon consideration of the grantee's position and responsibilities, the nature of services provided, the value of the services to us, the present and potential contribution of the grantee to our success, the anticipated number of years of service remaining and other factors which the Board or the Committee deems relevant.

Eligibility

Employees, directors, consultants and other service providers of our Company and its affiliates are eligible to participate in the Plan, provided; however, that only employees of our Company are eligible to receive incentive stock options. Other than consultants and other service providers, the number of currently eligible employees in the Plan is five. The maximum number of shares that are the subject of grants made under the Plan to any individual during any calendar year may not exceed 1,000,000 shares, subject to certain adjustments. A participant in the Plan may not accrue dividend equivalents during any calendar year in excess of $500,000.

Amendment and Termination of Plan

The Board may amend, alter or discontinue the Plan at any time; provided, however, that the Board may not amend the Plan without stockholder approval if such approval is required in order to comply with the Code or applicable laws or to comply with applicable stock exchange requirements. The Plan will terminate on the day immediately preceding the tenth anniversary of the Plan's effective date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders.

Grants

Grants made under the Plan may consist of incentive stock options, non-qualified stock options, stock appreciation rights or "SARs", stock awards, stock unit awards, dividend equivalents and other stock-based awards. Each grant is subject to the terms and conditions set forth in the Plan and to those other terms and conditions specified by the Committee and memorialized in a written grant agreement between our Company and grant recipient (the "Grant Instrument").

Stock Options

The Plan permits the grant of incentive stock options ("ISOs") to our employees and the employees of our subsidiaries. The Plan also provides for the grant of non-qualified stock options ("NQSOs") to our employees, directors, and consultants and other individuals who perform services for us (as well as to employees, directors, consultants and service providers of our subsidiaries). The exercise price of any stock option granted under the Plan will be equal to or greater than the fair market value of such stock on the date the option is granted, provided, however, that the exercise price of any incentive stock options granted under the Plan to an employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of our stock or any parent or subsidiary of us, may not be less than 110% of the fair market value of our common stock on the date of grant. Generally, payment of the option price may be made (i) in cash, (ii) with the Committee's consent, by approval of the Committee, by delivering shares of Company Stock owned by the Optionee (including Company Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation (on a form prescribed by the Committee) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise equal to the Exercise Price, (iii) through a broker in accordance with applicable laws, or (iv) with a combination of cash and shares. The participant must pay the option price and the amount of withholding tax due, if any, at the time of exercise. Shares of common stock will not be issued or transferred upon exercise of the option until the option price and the withholding obligation are fully paid.

Under the Plan, each option is exercisable at such time and to such extent as specified in the pertinent Grant Instrument between our Company and the option recipient. However, no option shall be exercisable with respect to any shares of common stock more than ten years after the date of grant of such award (except as otherwise determined by the Committee with respect to non-incentive options) and no incentive stock option that is granted to an employee, who at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of our Company, or any parent or subsidiary of ours, may be exercised more than five years from the date of grant. Notwithstanding the foregoing, the Committee may provide, in a Grant Instrument, that a Grantee may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Grantee receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

Effects of Termination of Service with our Company

Generally, unless provided otherwise in the Grant Instrument, the right to exercise any option or SAR (described below) terminates ninety (90) days following termination of the participant's relationship with the Company for reasons other than death, disability or termination for "cause" as defined in the Plan. If the participant's relationship with us terminates due to death or disability, unless provided otherwise in the Grant Instrument, the right to exercise an option or SAR will terminate the earlier of one year following such termination or the original expiration date. If the participant's relationship with us is terminated for "cause", any option or SAR not already exercised will automatically be forfeited as of the date such termination.

Stock Awards

We may issue awards of our common stock pursuant to the terms of the Plan. A stock award may be issued for consideration or for no consideration and may be subject to certain restrictions and risk of forfeiture (such as the completion of a period of service or attainment of a performance goal) as determined by the Committee and set forth in the Grant Instrument governing the stock award. If a participant's employment terminates before the vesting condition is fulfilled, the shares will be forfeited. While the shares remain unvested, a participant may not sell, assign, transfer, pledge or otherwise dispose of the shares. Unless otherwise determined by the Committee, a stock award entitles the participant to all of the rights of a stockholder of our Company, including the right to vote the shares and the right to receive any dividends thereon.

Stock Units

The Plan provides for the grant of stock units to employees, non-employee directors, or consultants or other individuals who perform services for us, subject to any terms and conditions, including the fulfillment of specified performance goals or other conditions, as may be established by the Committee. Each stock unit represents one hypothetical share of common stock and the right of the grantee to receive an amount based on the value of a share of our common stock. Payments with respect to stock units may be made in cash or in shares of common stock, or in combination of the two as determined by the appointed committee.

Stock Appreciation Rights

The Plan also provides for the grant of SARs, either alone or in tandem with stock options. An SAR entitles its holder to a cash payment of the excess of the fair market value of our common stock on the date of exercise, over the fair market value of our common stock on the date of grant. An SAR issued in tandem with a stock option will have the same terms as the stock option. The terms of an SAR granted alone, without an option, will be established by the Committee, in the Grant Instrument governing the SAR.

Other Stock-Based Award

The Committee may grant other stock-based awards, other than those described herein, that are based on, measured by or payable in shares of common stock on such terms and conditions as the Committee may determine. Such awards may be subject to the achievement of performance goals or other conditions and may be payable in cash, shares of common stock or any combination of cash and shares of common stock as the Committee shall determine.

Dividend Equivalents

The Committee may grant dividend equivalents in connection with grants under the Plan. Dividend equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of common stock, and upon such terms as the appointed committee may establish, including the achievement of specific performance goals.

Change of Control of the Company

In the event of a Change of Control, as that term is defined in the Plan, of our Company, the Committee has discretion to, among other things, accelerate the vesting of outstanding grants, cashout outstanding grants or exchange outstanding grants for similar grants of a successor company. A Change of Control of our Company will be deemed to have taken place upon the:

- the acquisition by any person of direct or indirect ownership of securities representing more than 50% of the voting power of our then outstanding stock;
- a consolidation or merger of our Company resulting in the stockholders of the Company immediately prior to such event not owning at least a majority of the voting power of the resulting entity's securities outstanding immediately following such event;
- the sale of substantially all of our assets; or
- The liquidation or dissolution of our Company.

Item 7. Certain Relationships and Related Transactions.

Anchor Funding Services, LLC was founded in 2003 by George Rubin, Morry F. Rubin and Brad Bernstein. Since its formation, Anchor's operations were funded through loans from George Rubin and Morry F. Rubin. Effective November 30, 2006, George Rubin and Morry F. Rubin converted the principal amount of $253,000 and $203,000, respectively, into membership interests of Anchor. George Rubin, Morry F. Rubin and Illissa Bernstein, Brad Bernstein's wife beneficially owned 30%, 45% and 25%, respectively of the membership interests of Anchor up until the closing of the Anchor Transaction on January 31, 2007

George Rubin and Morry F. Rubin Beneficially own approximately 96% and Brad Bernstein beneficially owns approximately 2% of Preferred Labor,which completed the sale of its business on April 23, 2007. Preferred Labor temporarily maintains a limited staff. We utilize a credit manager from Preferred Labor to assist in managing credit and making collection calls. At times in the past , we used other accounting personnel from Preferred Labor for certain back office functions. In the past through April 23, 2007, this affiliated company charged a fee of .25% of the value of accounts receivable purchased for credit and collection services only and .5% for credit, collection, invoicing, payroll and other bookkeeping services. The fees charged by this affiliated company were $28,668 and $20,352 for the years ended December 31, 2006 and 2005. respectively. Since April 23, 2007, Anchor pays a portion of Preferred Labor's shared employees salaries based upon actual time incurred. This is a temporary arrangement that is likely to cease within a month or two as we expand our support staff and fill key positions including a marketing director, credit manager, account executives and collections personnel and to eventually perform all of our own back office operations, including, without limitation, credit and collection services, invoicing, payroll and other bookkeeping services. Anchor also reimburses Preferred for its share of the shared office space.

From time to time Anchor has borrowed money from Preferred on a short-term basis at a 10% interest rate for the services mentioned above which are charged to an intercompany account. As of December 31, 2006, any loans between the companies were paid and except for services provided by Preferred to Anchor and reimbursed on an estimated cost basis, it is not anticipated that there will be any further transactions between the companies.

The Anchor Transaction

On January 31, 2007, the former BTHC XI and certain principal stockholders entered into a Securities Exchange Agreement ("Securities agreement") with Anchor funding Services, LLC and its members, namely, George Rubin, Morry F. Rubin and Ilissa Bernstein, to become a wholly-owned subsidiary of the former BTHC XI, Inc. (the "Anchor Transaction"), in exchange for an aggregate of 8,000,000 shares issued to George Rubin (2,400,000 shares), Morry F. Rubin (3,600,000 shares) and Ilissa Bernstein (2,000,000 shares). At closing of the Anchor Transaction, Morry F. Rubin and Brad Bernstein, the husband of Ilissa Bernstein and President of the Company, entered into employment contracts with the Company and George Rubin entered into a Director's Compensation Agreement with the Company. See "Item 6" of Part I herein.

Item 8. Description of Securities.

Overview

We have authorized 40 million shares of Common Stock, $.001 par value and 10 million shares of Preferred Stock, $.001 par value. As of the filing date of this Form 10-SB, we have 11,820,555 shares of Common Stock and 1,342,500 shares of Series 1 Preferred Stock issued and outstanding. The foregoing does not include Placement Agent Warrants issued to Fordham Financial Management, Inc. to purchase 1,342,500 shares of Common Stock. The Placement Agent Warrants are exercisable for five years through January 31, 2012 at $1.10 per share and contain weighted average anti-dilution protection, cashless exercise provisions and demand and "piggy-back" registration rights. In addition to the foregoing, we have established a stock option plan covering an aggregate of 2,100,000 shares of Common Stock. We have issued ten-year options to purchase an aggregate of 1,600,000 shares of Common Stock at an exercise price of $1.25 per share to the executive officers of our company and we have granted to two other directors ten-year options to purchase 180,000 shares each of our Common Stock at an exercise price of $1.25 per share.

Common Stock

We are authorized to issue 40,000,000 Shares of Common Stock, $.001 par value. Holders of our Common Stock are entitled to one vote for each Share held at all meetings of stockholders (and written actions in lieu of meetings). Dividends may be declared and paid on our Common Stock from funds lawfully available therefore as, if and when determined by our Board and subject to any preferential rights of any then outstanding preferred stock. We do not intend to pay cash dividends on our Common Stock. Upon the voluntary or involuntary liquidation, sale, merger, consolidation, dissolution or winding up of the Company, holders of Shares of Common Stock will be entitled to receive all of our assets available for distribution to stockholders, subject to any preferential rights of any then outstanding preferred stock. Our Common Stock is not redeemable.

Preferred Stock

Our Board is authorized to issue from time to time, subject to any limitation prescribed by law, without further stockholder approval, up to 10,000,000 Shares of Preferred Stock, $.001 par value, in one or more series. Preferred Stock will have such number of Shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges as determined by our Board, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights and preemptive rights.

On January 31, 2007, we filed a Certificate of Designation with the Secretary of State of the State of Delaware and we have designated 2,000,000 shares of our Preferred Stock as Series 1 Convertible Preferred Stock. The Series 1 Preferred Stock shall rank senior as to the payment of dividends and in liquidation as to the Common Stock. The following sets forth the rights, terms and preferences of the Series 1 Preferred Stock.

Conversion Ratio

Each share of Series 1 Preferred Stock will be convertible into five (5) shares of the Company's Common Stock (the "Conversion Ratio") at any time at the option of the holder (with each date of conversion being referred to as the "Conversion Date"). Upon conversion, all accrued and unpaid (undeclared) dividends on the Series 1 Preferred Stock through the Conversion Date shall be paid in additional shares of Common Stock as if such dividends had been paid in additional shares of Series 1 Preferred Stock rounded up to the nearest whole number, and then automatically converted into additional shares of Common Stock at the then applicable Conversion Ratio. The Conversion Ratio is subject to adjustment in the event of stock splits, stock dividends, combinations, reclassifications and alike and to weighted average anti-dilution protection for sales of Common Stock at a purchase price below $1.00 per share.

Dividends

Cumulative annual dividends shall be paid in shares of Series 1 Preferred Stock or, in certain instances in cash, at an annual rate of 8% ($.40 per share of Series 1 Preferred Stock), payable on December 31 of each year commencing December 31, 2007. Dividends payable on outstanding Shares of Series 1 Preferred Stock shall begin to accrue on the date of each closing and shall cease to accrue and accumulate on the earlier of December 31, 2009 or the applicable Conversion Date (the "Final Dividend Payment Date"). Thereafter, the holders of Series 1 Preferred Stock shall have the same dividend rights as holders of Common Stock of the Company, as if the Series 1 Preferred Stock has been fully converted into Common Stock. The dividends payable on December 31, 2007 will be prorated or adjusted for the period from the date of issuance through December 31, 2007. Unpaid dividends will accumulate and be payable prior to the payment of any dividends on shares of Common Stock or any other class of Preferred Stock. Cash dividends will only be payable from funds legally available therefor, when and as declared by the Board of Directors of the Company, and unpaid dividends will accumulate until the Company has the legal ability to pay the dividends. The Company shall pay a cash dividend in lieu of a stock dividend where on the date of declaration of the dividend, it is the Board's determination that the Company's Common Stock is trading consistently at a market price below $1.00 per share. Cash dividends shall not apply to the payment of accrued and unpaid (undeclared) dividends which are paid on a Conversion Date. Dividends paid in shares of Series 1 Preferred Stock shall be based upon an assumed value of $5.00 per share of Series 1 Preferred Stock. Notwithstanding anything contained herein to the contrary, the Company's Board of Directors shall timely declare dividends on its Series 1 Preferred Stock each year unless the payment of such dividends would be in violation of applicable state law.

Registration Rights The holders of the Series 1 Preferred Stock and the Underlying Common Stock will have unlimited piggy-back registration rights for a period of 48 months, exercisable commencing 12 months from March 30, 2007, the final closing date of our recently completed a private placement offering of Series 1 Preferred Stock (the "Offering"). The piggy-back registration rights are not applicable to a registration statement filed by the Company on Form S-4, Form S-8 or any other inappropriate form. Pursuant to a Placement Agent Agreement, the Company is prohibited from filing a registration statement on Form SB-2, Form S-1 or other similar form for a period of 18 months following the final closing date of the Offering without the prior written consent of the Placement Agent. Further, before we file a Form S-8 Registration Statement or grant options under one or more stock option plan(s), as the case may be, we must deliver to the Placement Agent 18-month lock-up agreements from January 31, 2007. The lock-up agreement shall cover any shares of common stock that may be issued pursuant to the plan(s).

Voting Rights The holders of shares of Series 1 Preferred Stock shall vote with holders of the Common Stock, together as single class, upon all matters submitted to a vote of stockholders, including, without limitation, for the election of directors. For such purpose, each holder of Series 1 Preferred Stock shall be entitled to a number of votes determined as follows. Through March 30, 2007, the final closing date of the Company's Series 1 Preferred Stock financing, each share of Series 1 Preferred Stock shall be entitled to a number of votes equal to a fraction, the numerator of which is 7,770,000, and the denominator of which is the number of shares of Series 1 Preferred Stock issued January 31, 2007, from the date of the filing of the Certificate of Designation for the Series 1 Preferred Stock with the Secretary of state of the state of Delaware through the record date fixed for the determination of stockholders entitled to vote or on the effective date of any written consent of stockholders, as applicable. Following March 30, 2007, the final closing date of the Company's Series 1 Preferred Stock offering, each share of Series 1 Preferred Stock shall be entitled to a fixed number of votes equal to a fraction, the numerator of which is 7,770,000, and the denominator of which is the number of shares of Series 1 Preferred Stock issued in the Company's Series 1 Preferred Stock financing, irrespective of any subsequent conversions or stock dividend issuances which may occur from time to time. Fractional votes shall not however, be permitted and any fractional voting rights resulting from the above formulas with respect to any holder of Series 1 Preferred Stock shall be rounded upward to the nearest whole number.

Liquidation Preference Through the Final Dividend Payment Date, the shares of Series 1 Preferred Stock will have a liquidation preference over the Common Stock of $5.00 per share, plus all accumulated and unpaid dividends in arrears. Commencing on the Final Dividend Payment Date, the holders of Series 1 Preferred Stock shall have the same liquidation rights as holders of Common Stock on a fully converted basis.

Information Rights The Company will provide holders of shares of Series 1 Preferred Stock with all notices, reports and other information provided to the holders of Common Stock.

PART II

Item 1. Market Price and Dividends on the Registrant's Common Equity and Related Shareholder Matters.

Market Information

There is currently no public market for our Common Stock or any other securities of our company. We anticipate a member of the National Association of Securities Dealers, Inc. filing a Form 15c2-11 application for trading to commence on the OTC Electronic Bulletin Board. We can provide no assurances that an established public market for our Common Stock will develop in the near future.

As of April 1, 2007, there were 11,820,555 shares of Common Stock issued and outstanding. As of April 1, 2007, there were (i) outstanding options to purchase 1,960,000 shares of our Common Stock, (ii) outstanding Placement Agent Warrants to purchase 1,342,500 shares of our Common Stock, and (iii) outstanding 1,342,500 shares of our Series 1 Preferred Stock which are convertible into 6,712,500 shares of our Common Stock.

Currently, we have a float of 525,555 shares which were issued as free trading shares by the Bankruptcy Court under Section 1145(a)(1) of the Bankruptcy Code. Of the 525,555 shares, 367,500 shares are owned by Halter Financial Group, LLC and are subject to a one-year lock-up pursuant to which 50% may be sold on or after July 31, 2007 and the balance may be sold on January 31, 2008. The remaining 11,295,000 outstanding shares of Common Stock are restricted securities and are eligible for sale pursuant to Rule 144 of the Securities Act commencing on December 7, 2006 with respect to 3,295,000 shares and the remaining balance of 8,000,000 shares are eligible for sale under Rule 144 beginning on January 31, 2008. However, the holders of the 11,295,000 restricted common shares have signed 18 month lock-up agreements not to sell or otherwise transfer these restricted common shares (except in certain limited cases where the transferee agrees to be bound by the transfer restrictions) until July 31, 2008, with the prior written consent of Fordham Financial Management, Inc. Pursuant to Rule 144 of the Securities Act of 1933, as amended, shares of our common stock beneficially owned by a person for at least one year (as defined in Rule 144) are eligible for resale under Rule 144 subject to certain volume limitations, manner of sale provisions, notice requirements and the availability of current public information about us. Pursuant to Rule 144(k) of the Securities Act, our non-affiliates (who have been non-affiliates for at least three months) may sell their common stock that they have held for two years (as defined in Rule 144) without compliance with volume restrictions, manner of sale provisions, notice provisions or the availability of current information.

We have outstanding 1,342,500 shares of Series 1 Preferred Stock which are convertible into an aggregate of up to 6,712,500 shares of our restricted Common Stock. These securities are eligible for sale under Rule 144 commencing on January 31, 2008 through March 30, 2008.

Holders of Record

As of April 23, 2007, there were approximately 520 holders of record of shares of Common Stock and 80 holders of record of our Series A Preferred Stock.

Dividends

The holders of our Series 1 Preferred Stock are entitled to receive dividends as more fully described under Item 8 of Part I. We have not paid or declared any cash dividends on our Common Stock. We currently intend to retain any earnings for future growth and, therefore, do not expect to pay cash dividends on our Common Stock in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about the securities authorized for issuance under our equity compensation plans as of April 1, 2007.

Equity Compensation Plan Information

	(a) **Number of Common Shares to be issued upon exercise of outstanding options**	**(b)** **Weighted average exercise price of outstanding options (1)**	**(c)** **Number of Common Shares remaining available for future issuance under our equity compensation plan (excluding securities) reflected in column (a))**
Equity compensation plans approved by security holders	1,960,000	$1.25	140,000

(1) As of April 1,, 2007, we have outstanding options to purchase 1,960,000 common shares, exercisable at $1.25 per share
.

Item 2. Legal Proceedings.

We are not a party to any pending legal proceedings. Our property is not the subject of any pending legal proceedings. To our knowledge, no governmental authority is contemplating commencing a legal proceeding in which we would be named as a party.

Item 3. Changes in and Disagreements With Accountants.

During the fiscal year ended December 31, 2006, there were no changes in and disagreements with accountants. The Company has engaged Cherry, Bekaert & Holland, L.L.P(“CBH”). as its independent auditor for Registrant's fiscal year ended December 31, 2006 and 2005. Registrant did not consult CBH with respect to either (i) the Prior Fiscal Years, (ii) the Interim Period with respect to either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, or (iii) any matter that was either the subject of a Disagreement or a Reportable Event.

Item 4. Recent Sales of Unregistered Securities.

The following table provides information about the sales of restricted securities during the past three years.

Date of Sale	Title of Security	Number Sold	Consideration Received, Commissions	Purchasers	Exemption from Registration Claimed
December 2006	Common Stock	3,295,000 shares	$0.25 per share; no commissions paid	Sophisticated Investors	Section 4(2)
January 31, 2007	Common Stock	8,000,000 shares	Exchange of securities; no cash received; no commissions paid	Three sophisticated and accredited investors	Section 4(2) and/ Rule 506
January 31, 2007 through March 31, 2007	Series 1 Preferred Stock	1,342,500 shares	$1.00 per share; 14% compensation paid to broker/dealer plus warrants to purchase 1,342,500 shares of common stock	Accredited Investors	Rule 506
January 31, 2007	Common Stock	Options to purchase 1,960,000 common shares	Securities granted under Equity Compensation Plan; no cash received; no commissions paid	Accredited Investors	Rule 701, Rule 506, And/or Section 4(2)

Item 5. Indemnification of Directors and Officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. The Company's Amended and Restated Certificate of Incorporation, as amended, provides that a director of the Company shall not be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, except to the extent that such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as currently in effect or as the same may hereafter be amended.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation and other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he is or is threatened to be made a party by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court of Chancery or such other court shall deem proper.

Article Ninth of the Company's Certificate of Incorporation states the following:

"The Corporation may, to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended, indemnify any and all persons it has power to indemnify under such law from and against any and all of the expenses, liabilities or other matters referred to in or covered by such law. In addition, the Corporation shall indemnify each of the Corporation's directors and officers in each and every situation where, under Delaware General Corporation Law (specifically section 145) the Corporation is not obligated, but is permitted or empowered, to make such indemnification, except as otherwise set forth in the Bylaws of the Corporation. Such indemnification may be provided pursuant to any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his director or officer capacity and as to action in another capacity while holding such office, will continue as to a person who has ceased to be a director, an officer, or a person for whom the Corporation has approved indemnification pursuant to the first sentence hereof, and will inure to the benefit of the heirs, executors and administrators of such a person.

If a claim under the preceding paragraph is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant will be entitled to be paid also the expense of prosecuting such claim. It will be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Compotation) that the claimant has not met the standards of conduct that make it permissible under the laws of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense will bon on the Corporation. Neither the failure of the Corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the laws of the State of Delaware nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, will be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct."

Each director and officer by contractual right is also entitled as serving as a director and/or officer and for a period of ____ years thereafter, to participate in directors and officers liability insurance and to indemnification of all costs and expenses, including cost of legal counsel, selected and retained by the director, in connection with any action, suit or proceeding to which the director and/or officer may be a party by reason of such person, acting in such capacity. Effective January 31,2007, the Company has purchased certain liability insurance for its directors and executive officers covering $5,000,000, with a $75,000 deductible ($100,000 for securities claims).

Article Tenth of the Company's certificate of incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except: (A) for any breach of the director's duty of loyalty to the Company or its stockholders, (B) for acts or omissions that are not in good faith or that involve intentional misconduct or a knowing violation of law, (C) under Section 174 of the General Corporation Law of the State of Delaware, or (D) for any transaction from which the director derived any improper personal benefit. If the General Corporation law of the State of Delaware is amended after the date of filing of this Certificate to further eliminate or limit the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. Any repeal or modification of the foregoing paragraph by the stockholders of the Company shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ANCHOR FUNDING SERVICES, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Stockholders and Board of
Directors of Anchor Funding Services, LLC

We have audited the accompanying balance sheet of Anchor Funding Services, LLC (the Company) as of December 31, 2006 and 2005, and the related statements of operations, changes in members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anchor Funding Services, LLC at December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then end, in conformity with accounting principles generally accepted in the United States of America.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Charlotte, North Carolina
April 24, 2007

ANCHOR FUNDING SERVICES, LLC
BALANCE SHEETS
December 31, 2006 and 2005

ASSETS

	2006	2005
CURRENT ASSETS:		
Cash	$ 49,501	$ 30,240
Retained interest in purchased accounts receivable	473,092	1,037,680
Prepaid expenses	41,134	5,569
Total current assets	563,727	1,073,489
PROPERTY AND EQUIPMENT, net	4,010	8,157
DUE FROM RELATED COMPANY	-	95,455
	$ 567,737	$ 1,177,101

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES:		
Due to financial institution	$ 44,683	$ 823,578
Accounts payable	39,218	-
Due to related company	21,472	-
Accrued payroll and related taxes	37,796	42,828
Subordinated related party demand notes payable and accrued interest	-	494,481
Total current liabilities	143,169	1,360,887
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY	424,568	(183,786)
	$ 567,737	$ 1,177,101

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2006 and 2005

	2006	2005
FINANCE REVENUES	$ 569,285	$ 253,999
INTEREST EXPENSE, net - financial institution	(134,231)	(23,403)
INTEREST EXPENSE, net - related parties	(59,364)	(72,790)
NET FINANCE REVENUES	375,690	157,806
PROVISION FOR CREDIT LOSSES	-	-
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	375,690	157,806
OPERATING EXPENSES	223,336	175,303
NET INCOME (LOSS)	$ 152,354	($17,497)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	$ 1.52	($0.17)
WEIGHTED AVERAGE NUMBER OF UNITS - BASIC AND DILUTED	100,000	100,000

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the years ended December 31, 2006 and 2005

MEMBERS' DEFICIT, January 1, 2005	($166,289)
NET LOSS, year ended December 31, 2005	(17,497)
MEMBERS' DEFICIT, December 31, 2005	(183,786)
NET INCOME, year ended December 31, 2006	152,354
CONTRIBUTION OF RELATED PARTY DEMAND NOTES PAYBLE TO MEMBERS' EQUITY	456,000
MEMBERS' EQUITY, December 31, 2006	$ 424,568

The accompanying notes to financial statements are an integral part of these statements.

ANCHOR FUNDING SERVICES, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss):	$ 152,354	($17,497)
Adjustments to reconcile net income (loss) to net cash provided		
by (used in) operating activities:		
Depreciation and amortization	5,476	4,502
Decrease (increase) in retained interest in purchased accounts receivable	564,588	(907,257)
Increase in prepaid expenses	(35,565)	(12,928)
Increase accounts payable	39,218	-
(Decrease) increase accrued payroll and related taxes	(5,032)	13,470
(Decrease) increase in accrued interest - related party	(38,481)	26,485
Net cash provided by (used in) operating activities	682,558	(893,225)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,329)	(9,148)
Collections from related company	95,455	-
Loans to related company	-	(95,455)
Net cash provided by (used in) investing activities	94,126	(104,603)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments to) borrowings from financial institution, net	(778,895)	823,577
Borrowings from subordinated related party demand notes payable	-	345,000
Borrowings from related company	21,472	-
Principal payments on loan from related company	-	(213,124)
Net cash (used in) provided by financing activities	(757,423)	955,453
INCREASE (DECREASE) IN CASH	19,261	(42,375)
CASH, beginning of period	30,240	72,615
CASH, end of period	$ 49,501	$ 30,240
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:		
Cash paid during the year for interest	$ 240,000	$ 69,700
Subordinated debt converted to equity	$ 456,000	$ 0

The accompanying notes to financial statements are an integral part of these statements.

1. ORGANIZATION:

Effective August 2005, ANCHOR FUNDING SERVICES, LLC ("the Company") became a North Carolina limited liability company. From January 2003 to July 2005 the Company was a South Carolina limited liability company. The Company will continue in existence until terminated in accordance with its operating agreement. The Company was formed for the purpose of providing factoring and back office services to businesses located throughout the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue is recognized when the fee is earned and consists primarily of non-refundable transaction and time-based fees. Non- refundable transaction fees are charged when the Company purchases an accounts receivable. Time-based fees are charged until the Company collects the purchased accounts receivable. The amount charged as transaction and time-based fees is specified in each customer's factoring and security agreement and these amounts can vary between customers.

Retained Interest in Purchased Accounts Receivable - Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management did not consider any of the December 31, 2006 and 2005 retained interest in purchased accounts receivable uncollectible based on their analysis of the portfolio.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because the majority of these invoices have been subsequently collected.

Property and Equipment - Property and equipment, consisting primarily of computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method. Estimated useful lives range from 2 to 5 years.

Advertising Costs - The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $68,200 and $68,400 for 2006 and 2005, respectively.

Earnings per Share - The Company computes net income per share in accordance with SFAS No. 128 “Earnings Per Share.” Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Basic and diluted per share results are the same since the Company did not have any common stock equivalents outstanding at December 31, 2006 or 2005.

Stock Based Compensation - In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 123(R), “Accounting for Stock-Based Compensation.” SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. We adopted the provisions of SFAS No.123(R) in the first quarter of Fiscal 2006.

Recent Accounting Pronouncements -
In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*." SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 ("SAB 108"), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB 108 provides additional guidance for the quantitative assessment of the materiality of uncorrected misstatements in current and prior years. The assessment for materiality should be based on the amount of the error relative to both the current year income statement and balance sheet. For misstatements originating in prior years that are deemed material to the current year financial statements, SAB 108 permits recording the effect of adopting this guidance as a cumulative effect adjustment to retained earnings. During the fourth quarter of 2006, the Company adopted SAB 108 and it did not have a significant impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115.* SFAS 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument.

SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of the fiscal year, has not yet issued financial statements for any interim period of such year, and also elects to apply the provisions of SFAS No. 157. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition.

Fair Value of Financial Instruments - The carrying value of cash equivalents, retained interest in purchased accounts receivable, due to financial institution, accounts payable, accrued liabilities and subordinated related party demand notes approximates their fair value.

Cash and cash equivalents - Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

3. INCOME TAXES:

The Company is treated as a partnership for Federal and state income tax purposes. Its earnings and losses are included in the personal tax returns of its members; therefore, no provision or benefit from income taxes has been included in these financial statements.

4. RETAINED INTEREST IN PURCHASED ACCOUNTS RECEIVABLE:

Retained interest in purchased accounts receivable consists of the following:

	2006	2005
Purchased accounts receivable outstanding	$ 614,034	$ 1,300,648
Reserve account	(172,779)	(278,470)
	441,255	1,022,178
Earned but uncollected fee income	31,837	15,502
	$ 473,092	$ 1,037,680

Total accounts receivable purchased were approximately $11,469,000 and $6,103,000 for 2006 and 2005, respectively.

Retained interest in purchased accounts receivable consists of United States companies in the following industries:

Industry	2006	2005
Staffing	$ 397,061	$ 315,413
Transportation	(52,854)	328,106
Logistics	-	279,000
Publishing	45,971	55,791
Construction	26,591	-
Service	14,951	37,433
Other	9,535	6,435
	$ 441,255	$ 1,022,178

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	2006	2005
Furniture and fixtures	$ 1,235	$ 1,235
Computers and software	15,531	14,201
	16,766	15,436
Less accumulated depreciation	(12,756)	(7,279)
	$ 4,010	$ 8,157

6. DUE TO FINANCIAL INSTITUTION:

The Company has an agreement with a financial institution under which the institution finances their purchased accounts receivable. The institution receives a fee of .3 percent of the receivables financed plus interest as described below. This agreement expires September 2007 and will automatically renew for one year unless either party provides a written termination notice sixty days in advance of the termination date.

Borrowings are made at the request of the Company. The amount eligible to be borrowed is the lower of $1,000,000 or a borrowing base formula as defined in the agreement. The interest on borrowings is paid monthly at a rate ranging from the institution's prime rate plus 1% to 12.75%.

The agreement is collateralized by all current and future Company assets and is guaranteed by its members. The related party demand notes payable were subordinated to this agreement (Note 8).

The agreement requires the Company to maintain a specified level of tangible net worth, tangible net worth as defined in the agreement included subordinated related party demand notes payable. The agreement also has a change of control covenant. As of December 31, 2006 and 2005, the Company was in compliance with all terms of this agreement.

7. CAPITAL STRUCTURE:

The Company's operating agreement specifies only one class of units. All units issued and outstanding have voting rights. Distributions are made as authorized by the members.

The operating agreement restricts the transfer of any member's interest. The agreement requires any member to obtain approval from the Company's manager before any transfer is permitted.

8. RELATED PARTY TRANSACTIONS:

Due from/to Related Company - The Company has borrowing and loan transactions with a limited liability company (LLC) related through common ownership. These amounts are unsecured, interest bearing (at 10 percent), and payable on demand. During 2006 the Company recorded approximately $12,000 in net interest income related to this activity. During 2005 the Company recorded approximately $23,500 in net interest expense related to this activity.

Administrative Charges - The Company uses the administrative staff and facilities of the LLC referred to above. The services provided by the LLC consist primarily of rent, credit, collection, invoicing, payroll and bookkeeping. The Company pays the LLC a fee for these services. The fee is computed as a percentage of accounts receivable purchased by the Company. The administrative fees paid to the LLC were $28,668 in 2006 and $20,352 in 2005.

Subordinated Demand Loans Payable - These loans were payable to two of the Company's members. During 2006 the members contributed the principal amounts to members' equity and the Company paid all interest due on these loans. These loans were unsecured, subordinated to the financial institution (Note 6), payable on demand and bore interest at 15 percent. These loans consisted of the following:

	2006	2005
Principal	$ -	$ 456,000
Accrued interest	-	38,481
	$ -	$ 494,481

9. SUBSEQUENT EVENT:

On January 31, 2007, the Company and its members entered into a Securities Exchange Agreement with BTHC XI, Inc. The members namely, George Rubin, Morry F. Rubin ("M. Rubin") and Ilissa Bernstein exchanged their units in the Company in exchange for an aggregate of 8,000,000 common shares of BTHC XI, Inc. issued to George Rubin (2,400,000 shares), M. Rubin (3,600,000 shares) and Ilissa Bernstein (2,000,000 shares). Upon the closing of this transaction the Company became a wholly-owned subsidiary of BTHC XI, Inc.

At the time of this transaction, BTHC XI, Inc. had no operations and no assets or liabilities. After this transaction the former members of Anchor Funding Services, LLC owned approximately 67.7% of the outstanding common stock of BTHC XI, Inc.

At closing of this transaction, M. Rubin and Brad Bernstein ("B. Bernstein"), the husband of Ilissa Bernstein and President of the Company, entered into employment contracts and stock option agreements with the BTHC XI, Inc.
.
The following summarizes M. Rubin's employment agreement and stock options:

- The employment agreement with M. Rubin retains his services as Co-chairman and Chief Executive Officer for a three-year period.

- An annual salary of $1 until, the first day of the first month following such time as BTHC XI, Inc. shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, M. Rubin's base salary shall be adjusted to an amount, to be mutually agreed upon between M. Rubin and BTHC XI, Inc., reflecting the fair value of the services provided, and to be provided, by M. Rubin taking into account (i) his position, responsibilities and performance, (ii) BTHC XI, Inc.'s industry, size and performance, and (iii) other relevant factors. M. Rubin is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. M. Rubin shall be entitled to a monthly automobile allowance of $1,500.

- 10-year options to purchase 650,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or M. Rubin is terminated without cause or M. Rubin terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of M. Rubin's voluntary termination or by BTHC XI, Inc. without cause.

The following summarizes B. Bernstein's employment agreement and stock options:

- The employment agreement with B. Bernstein retains his services as President for a three-year period.

- An annual salary of $205,000 during the first year, $220,000 during the second year and $240,000 during the third year and any additional year of employment. The Board may periodically review B. Bernstein's base salary and may determine to increase (but not decrease) the base salary in accordance with such policies as BTHC XI, Inc. may hereafter adopt from time to time, if it deems appropriate. B. Bernstein is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. B. Bernstein shall be entitled to a monthly automobile allowance of $1,000.

- 10-year options to purchase 950,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or B. Bernstein is terminated without cause or B. Bernstein terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of B. Bernstein's voluntary termination or by BTHC XI, Inc. without cause.

10. CONCENTRATIONS:

Revenues - Revenues consist of the following amounts from United States companies in the following industries:

Industry	2006	2005
Staffing	$ 189,395	$ 127,882
Transportation	93,956	83,757
Logistics	224,214	10,916
Publishing	26,481	9,650
Construction	2,017	-
Service	9,970	9,128
Other	23,252	12,666
	$ 569,285	$ 253,999

Major Customers - The Company had the following transactions and balances with three unrelated customers which represent 10 percent or more of its revenues as follows:

	For the year ended December 31, 2006		
Revenues	$ 228,079	$ 95,495	$ 87,458
	As of December 31,2006		
Purchased accounts receivable outstanding	-	$ 14,957	$ 146,392
	For the year ended December 31, 2005		
Revenues	$ 85,627	$ 62,340	$ 36,264
	December 31,2005		
Purchased accounts receivable outstanding	$ 277,679	$ 163,843	$ 55,791

Cash - The Company maintains cash deposits with a bank. At various times throughout the year, these balances exceeded the federally insured limit of $100,000.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following unaudited condensed pro forma balance sheet as of December 31, 2006 and the unaudited condensed pro forma statement of operations for the year then ended gives effect to the January 31, 2007 acquisition of Anchor Funding Services, LLC ("Anchor") by BHTC XI, Inc., ("BTHC") as if the acquisition occurred on December 31, 2006. BTHC issued 8,000,000 common shares to the members of Anchor in exchange for 100,000 (100%) of the membership units of Anchor. At the date of this exchange Anchor Funding Services, LLC became a wholly owned subsidiary of BTHC.

The pro forma adjustments are based upon available information and certain assumptions that the merged Company believes are reasonable under the circumstances. The pro forma statements also reflect various transactions in connection with the merger of Anchor and BTHC including the issuance of 1,342,500 shares of preferred stock and the related proceeds and cost, issuance of stock options and stock warrants and compensation agreements. Anchor was charged an administrative fee from a related party for administrative services provided by the related party. The cost to replace these services can not be reasonably estimated, therefore; they are not reflected in this statement. The actual amounts could differ from these estimates.

The unaudited condensed pro forma financial information is for informational purposes only and is not necessarily indicative of the operating results of financial position that would be achieved had the acquisition been consummated on the dates indicated and should not construed as representative of future results of operations or financial position. The pro forma results should be read in conjunction with the financial statements and notes thereto in the Company's Form 10-SB for the year ended December 31, 2006.

ANCHOR FUNDING SERVICES, INC.
PRO-FORMA
UNAUDITED CONDENSED BALANCE SHEET
December 31, 2006

	Historicals				
	Anchor Funding Services, LLC	BTHC XI, INC.		Pro-Forma Adjustments	Pro-Forma Balance Sheet
ASSETS					
CURRENT ASSETS:					
Cash	$ 49,501	$ 6,270	(2)	$ 5,546,249	$ 5,602,020
Retained interest in purchased accounts receivable	473,092	0		0	473,092
Prepaid expenses			(2)	(35,187)	
	41,134	2,925,000	(4)	(2,925,000)	5,947
Total current assets	563,727	2,931,270		2,586,062	6,081,059
PROPERTY AND EQUIPMENT, net	4,010	0		0	4,010
	$ 567,737	$ 2,931,270		$ 2,586,062	$ 6,085,069
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Due to financial institution	$ 44,683	$ 0		$ 0	$ 44,683
Deferred income taxes	0	0	(5)	18,000	0
			(5)	(18,000)	
Accounts payable	39,218	0	(2)	(35,187)	4,031
Due to related company	21,472	0		0	21,472
Accrued payroll and related taxes	37,796	0		0	37,796
Accrued expenses	0	0	(1)	50,000	50,000
Total current liabilities	143,169	0		14,813	157,982
MEMBERS' EQUITY	424,568	0	(1)	(424,568)	0
PREFERRED STOCK	0	0	(2)	6,712,500	6,712,500
COMMON STOCK	0	3,795	(1)	8,000	11,795
ADDITIONAL PAID IN CAPITAL - Equity Issuance Fees	0	2,850,000	(1)	(50,000)	(1,353,946)
			(2)	(1,228,946)	
			(4)	(2,925,000)	
ADDITIONAL PAID IN CAPITAL - Common Stock	0	79,580	(1)	416,568	496,148
ADDITIONAL PAID IN CAPITAL - Stock Warrants	0	0	(2)	62,695	62,695
ADDITIONAL PAID IN CAPITAL - Stock Options, net of tax benefit of $14,000	0	0	(3)	42,101	28,101
			(5)	(14,000)	
ACCUMULATED DEFICIT	0	(2,105)	(3)	(42,101)	(30,206)
			(5)	14,000	
Total stockholders' equity	424,568	2,931,270		2,571,249	5,927,087
	$ 567,737	$ 2,931,270		$ 2,586,062	$ 6,085,069

(1) To record the exchange of 8,000,000 common shares of BTHC XI, Inc. stock for 100,000 membership units of Anchor Funding Services, LLC and to accrue the estimated costs ($50,000) of registering the shares of Anchor Funding Services, Inc.

(2) To record the sale of 1,342,500 shares of Preferred Stock (gross proceeds $6,712,500) and related placement agent fees ($949,050 cash), warrants to purchase 1,342,500 shares of common stock at fair value issued to placement agent ($62,695), legal fees ($177,853), blue sky fees ($39,348) and to remove accrued/prepaid legal fees ($35,187) related to this issuance that were recorded as December 31, 2006 and paid on January 31, 2007.

(3) To record the stock options issued to the Chief Executive Officer (650,000), President (950,000) and two directors (360,000). The fair value of these options ($.0468 each) was computed using the Black Scholes option pricing model. The vested number of these options (893,333) has been recorded.

(4) To reclass nominal priced issuance of common stock to BTHC XI, Inc. directors to additional paid in capital. In their capacity as fund raisers for BTHC XI, Inc., two directors acquired 3,000,000 shares of BTHC XI, Inc. common stock in December 2006 for $.025 per share. On the issuance date, the common stock was considered to have a fair market value of $1 per share based on the sale of convertible preferred stock on January 31, 2007. The difference between the fair market value and the purchase price multiplied by the shares sold is $2,925,000.

(5) To record the current tax benefit ($14,000) on the stock options issued to executive employees and two outside directors. The taxable loss of approximately $54,000 for 2006 is being carried forward to offset future taxable. The amount of this deferred tax asset ($18,000) is reduced by a valuation allowance of the same amount because management is uncertain if this net operating loss will be used before its expiration.

ANCHOR FUNDING SERVICES, INC.
PRO-FORMA
UNAUDITED CONDENSED STATEMENT OF OPERATIONS
For the year ended December 31, 2006

	Historicals				Pro-Forma Statement of Operations
	Anchor Funding Services, LLC	BTHC XI, INC.		Pro-Forma Adjustments	
FINANCE REVENUES	$ 569,285	$ 0		$ 0	$ 569,285
INTEREST EXPENSE, net - financial institution	(134,231)	0		0	(134,231)
INTEREST EXPENSE, net - related parties	(59,364)	0		0	(59,364)
NET FINANCE REVENUES	375,690	0		0	375,690
PROVISION FOR CREDIT LOSSES	0	0		0	0
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	375,690	0		0	375,690
OPERATING EXPENSES	223,336	2,105	(1)	42,101	
			(2)	205,000	472,542
NET INCOME (LOSS) BEFORE INCOME TAXES	152,354	(2,105)		(247,101)	(96,852)
INCOME TAX (PROVISION) BENEFIT					
Current	0	0		0	0
Deferred	0	0	(3)	32,000	32,000
			(3)	(18,000)	(18,000)
Total	0	0		14,000	14,000
NET INCOME (LOSS)	$ 152,354	($2,105)		($233,101)	($82,852)
Deemed dividend on convertible preferred stock	-	-	(6)	(537,000)	(537,000)
NET INCOME (LOSS) attributed to common stockholder	$ 152,354	($2,105)		($770,101)	$ (619,852)
NET EARNING (LOSS) attributed to common stockholders, per share					
Basic	$ 1.52	($0.00)		-	($0.17)
Dilutive	$ 1.52	($0.00)		-	($0.17)
WEIGHTED AVERAGE SHARES OUTSTANDING-					
Basic	100,000	3,540,911		-	3,562,829
Dilutive	100,000	3,540,911		-	10,275,329

(1) To record the stock options issued to the Chief Executive Officer (650,000), President (950,000) and two directors (360,000). The value of these options ($.0468 each) was computed using the Black Scholes option pricing model. The vested number of these options (893,333) has been recorded.

(2) To record compensation for 2006 to the President ($205,000). No amount was recorded for this in the historical financial statements. The amount recorded agrees with the first year compensation in the President's employment agreement executed on January 31, 2007.

(3) To record the current tax benefit ($14,000) on the stock options issued to executive employees and two outside directors. The taxable loss of approximately $54,000 for 2006 is being carried forward to offset future taxable. The amount of this deferred tax asset ($18,000) is reduced by a valuation allowance of the same amount because management believes it is more likely than not the net operating loss will not be used before its expiration

(6) To reflect dividends on the 8% convertibly preferred stock. (8% times $6,712,500)
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PART III

Item 1. Index to Exhibits

The following exhibits are all filed herewith, unless otherwise noted.

2.1	Exchange Agreement
3.1	Certificate of Incorporation-BTHC,INC.
3.2	Certificate of Merger of BTHC XI, LLC into BTHC XI, Inc.
3.3	Certificate of Amendment
3.4	Designation of Rights and Preferences-Series 1 Convertible Preferred Stock
3.5	Amended and Restated By-laws
4.1	Form of Placement Agent Warrant issued to Fordham Financial Management
10.1	Directors' Compensation Agreement-George Rubin
10.2	Employment Contract-Morry F. Rubin
10.3	Employment Contract-Brad Bernstein
10.4	Agreement-Line of Credit
10.5	Fordham Financial Management-Consulting Agreement
99.1	2007 Omnibus Equity Compensation Plan
99.2	Form of Non-Qualified Option under 2007 Omnibus Equity Compensation Plan

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ANCHOR FUNDING SERVICES, INC.

Date: April 25, 2007

By: /s/ Brad Bernstein

Name: Brad Bernstein
Title: President & Chief Financial Officer

EXHIBIT 2.1

SECURITIES EXCHANGE AGREEMENT

THIS SECURITIES EXCHANGE AGREEMENT (this "***Agreement***") is entered into as of January 31, 2007 by and among BTHC XI, Inc., a Delaware corporation (the "***Company***"), Anchor Funding Services, LLC, a North Carolina limited liability company ("***Anchor***"), the members of Anchor listed on Exhibit A-1 hereto (the "***Anchor Members***") and the stockholders of the Company listed on Exhibit A-2 hereto (the "***Company Stockholders***"). The Company, Anchor, the Anchor Members and the Company Stockholders are each a "***Party***" and together are "***Parties***" to this Agreement.

STATEMENT OF PURPOSE

The Company Stockholders collectively own substantially all of the outstanding capital stock of the Company. The Anchor Members collectively own substantially all of the outstanding Units of Anchor. The Anchor Members have agreed to exchange their Units for shares of Company common stock, and the Company has agreed to issue to the Anchor Members shares of Company common stock in exchange for Units, on the terms and subject to the conditions set forth in this Agreement (the "***Exchange***" and, together with the other transactions contemplated by this Agreement, the "***Transactions***"). For Federal income tax purposes, it is intended that the Exchange, together with the Private Placement Transaction, qualify as an exchange under Section 351(a) of the Internal Revenue Code of 1986, as amended (the "***Code***").

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

ARTICLE I

SECURITIES EXCHANGE

1.1 **The Exchange.** Subject to the terms and conditions of this Agreement, at the Closing each Anchor Member will sell, convey, assign, transfer and deliver to the Company all their Units (with the ownership of such Units as reflected on Schedule 1 Anchor's operating agreement, a copy of which is set forth in Schedule 2.1(a) hereto), and in exchange for the acquisition of such Units, the Company will issue to each Anchor Member 80 shares of the Company's common stock per Unit exchanged (the "***Exchange Shares***").

1.2 **Closing.** The closing of the Transactions (the "***Closing***") shall take place at the offices of Kennedy Covington Lobdell & Hickman, L.L.P. legal counsel for Anchor located in Charlotte, North Carolina, at 10:00 a.m., local time, on the second business day following the satisfaction of the conditions in Article V and Article VI hereof to be satisfied prior to the Closing or at such other date and time as the Parties shall otherwise agree (the "***Closing Date***").

1.3 **Tax Treatment.** It is intended by the Parties that the Exchange, together with the Private Placement Transaction, qualify as an exchange under Section 351(a) of the Code.

1.4 Certain Definitions

(a) "***Knowledge***" For purposes of this Agreement, whenever the phrase "to a Party's knowledge," "the Party is not aware" or a similar expression appears in any representation or warranty in this Agreement, it means either to the actual knowledge of the Party's executive officers, or that a prudent individual in the position of such executive officers should be expected to discover or otherwise become aware of such fact, condition or other matter in the course of conducting a reasonable investigation concerning the existence of such fact, condition or other matter. Whenever the phrase "the Party has received no notice" or like expression appears in any representation or warranty in this Agreement, it means that none of the Party's executive officers has received actual electronic or written notice of the matter to which such phrase is applied.

(b) "***GAAP***" shall mean United States generally accepted accounting principals, consistently applied.

(c) "***Material Adverse Effect***" or "***Material Adverse Change***" shall mean any event, change or effect that, when taken individually or together with all other adverse events, changes and effects, is or is reasonably likely to be materially adverse to the financial condition, results of operations or business and operations, as currently conducted, of the Party, taken as a whole, to which the phrase refers; provided, however, that the following shall not be taken into account in determining whether there has been a Material Adverse Effect on or with respect to such Party: any change, effect or circumstance (i) relating to conditions affecting the economy of the United States generally or (ii) relating to conditions generally affecting the industry (or industries) in which such Party participates, and not affecting such Party in a materially disproportionate manner. For the avoidance of doubt, the Parties agree that the terms "material", "materially", or "materiality" as used in this Agreement with an initial lower case "m" shall have their respective customary and ordinary meanings, without regard to the meaning ascribed to Material Adverse Effect.

(d) "***Legal Proceedings***" shall mean any legal, administrative, arbitral or other proceedings, claims, actions or governmental (or otherwise) investigations of any nature.

(e) "***Legal Requirement***" shall mean any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

(f) "***Person***" shall mean an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including any governmental or regulatory authority or agency.

(g) "***Pink Sheets***" shall mean an electronic quotation system that displays quotes from broker-dealers for certain over-the-counter securities.

(h) "***Subsidiaries***" when used in this Agreement with respect to any Party, means any corporation, joint venture, association, partnership, trust or other entity in which such Party has, directly or indirectly, at least a fifty percent (50%) interest or acts as a general partner.

(i) "***Taxes***" shall mean all federal, territorial, state, local or foreign income or profits taxes (including but not limited to, federal income taxes and state income taxes), payroll and employee withholding taxes, unemployment insurance, social security taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation, Pension Benefit Guaranty Corporation premiums and other taxes, assessments, customs, duties, fees, levies or other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, whether disputed or not, together with any interest penalties, additions to tax or additional amounts with respect thereto.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

OF ANCHOR

Anchor hereby represents and warrants to the Company that each of the following are true and correct, except as set forth in the disclosure schedule delivered by Anchor on or before the date of this Agreement (the "***Anchor Disclosure Schedule***"). Disclosure in any paragraph of the Anchor Disclosure Schedule shall constitute disclosure for all other sections of this Article II and this Agreement.

2.1 Organization and Good Standing

(a) Anchor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of North Carolina. Anchor has the requisite company power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted and is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect on Anchor. Schedule 2.1(a) of the Anchor Disclosure Schedule sets forth true and complete copies of the articles of organization of Anchor and the operating agreement of Anchor, each as amended and in effect on the date hereof (the "***Anchor Governing Documents***").

(b) Anchor does not have any Subsidiaries. Anchor does not own or control, directly or indirectly, any equity interest in any corporation, company, association, partnership, joint venture or other entity and owns no real estate.

2.2 Capitalization. The number and type of outstanding Units of Anchor are as set forth on Schedule 1 Anchor's operating agreement, a copy of which is set forth in Schedule 2.1(a) hereto. Except as set forth on such Schedule A, there are no Units, limited liability company interests, other equity interests of Anchor and there are no outstanding securities convertible or exchangeable into Units of Anchor or any options, warrants, purchase rights, subscription rights, preemptive rights, conversion rights, exchange rights, calls, puts, rights of first refusal or other Contracts that could require Anchor to issue, sell or otherwise cause to become outstanding or to acquire, repurchase or redeem Units or any other equity interests of Anchor.

2.3 **Authority; No Violation**. Anchor has full company power and authority to execute and deliver this Agreement and to consummate the Transactions in accordance with the terms hereof. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly approved by the members of Anchor. This Agreement has been duly and validly executed and delivered by Anchor and constitutes the valid and binding obligation of Anchor, enforceable against Anchor in accordance with its terms.

2.4 **Financial Statements**

(a) Schedule 2.4(a) of the Anchor Disclosure Schedule sets forth copies of (i) the unaudited financial statements of Anchor as of December 31, 2005; and (ii) unaudited financial statements of Anchor for the ten months ended October 31, 2006 (the "***Anchor Financial Statements***"). The Anchor Financial Statements fairly present the financial condition and the results of operations, changes in stockholders' equity and cash flow of Anchor as at the respective dates of and for the periods referred to in such Anchor Financial Statements, all in accordance with GAAP, and are consistent with the books and records of Anchor; provided, however, that the Anchor Financial Statements referred to in clause (ii) above are subject to normal recurring year-end adjustments (which are not expected to be material) and do not include footnotes.

(b) As of the date of this Agreement, all of the liabilities of Anchor for legal and consulting fees and expenses are set forth on Schedule 2.4(b) of the Anchor Disclosure Schedule.

2.5 **Absence of Certain Changes or Events**. There has been no Material Adverse Change to Anchor since October 31, 2006 or the occurrence of a default as described in Section 2.10(c), and to Anchor's knowledge, there has occurred no event or development which is reasonably likely to cause such a Material Adverse Change to Anchor in the future.

2.6 **Legal Proceedings**. There is no Legal Proceeding which is pending and Anchor has received no notice that any Legal Proceeding is threatened against Anchor or against any Anchor officer or director in their capacity as a Anchor officer or director which is material to Anchor. Anchor is not a party to any material order, judgment or decree entered against Anchor in any lawsuit or proceeding.

2.7 **Taxes and Tax Returns**. All material Tax returns (including information returns), reports, declarations and statements relating to Taxes (collectively "***Returns***") required to be filed to date by Anchor have been accurately prepared in all material respects and duly filed, or an extension therefrom has been duly obtained, and all material Taxes due and payable by Anchor have been paid when due. There is no examination or audit for Taxes of Anchor currently in progress, no written claim, asserted deficiency or assessment for Taxes of Anchor has been made, and, to the Knowledge of Anchor, no such claim, deficiency or assessment has been threatened. No liens or similar encumbrances have been asserted against Anchor with respect to the failure to pay any Taxes (other than with respect to Taxes not yet due and payable). Anchor has not waived any statute of limitations in respect of Taxes or executed or filed with any taxing authority any agreements extending the period for assessment or collection of any Taxes. The unpaid Taxes of Anchor for tax periods through October 31, 2006 do not exceed the accruals and reserves for Taxes set forth on Anchor's balance sheet as of October 31, 2006. Proper amounts have been withheld by Anchor in accordance with Tax withholding provisions of applicable laws and, to the extent required, have been paid to the proper authority. Anchor is not and has never been a member of a group of corporations with which it has filed (or been required to file) consolidated, combined or unitary Returns. Anchor is not a party to any tax-sharing or tax-allocation agreement, nor does Anchor owe any amounts under any tax-sharing or tax-allocation agreement. Anchor has never been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

2.8 Employee Benefit Plans

(a) Schedule 2.8(a) of the Anchor Disclosure Schedule contains a complete list of "***Anchor Plans***" consisting of each arrangement or policy (written or oral) and each plan or arrangement (written or oral) providing for insurance coverage, workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or deferred compensation, profit sharing, bonuses, stock options, stock appreciation rights, stock purchases or other forms of incentive compensation or post-retirement insurance, compensation or benefits which is maintained or administered by Anchor, or to which Anchor contributes, and which covers any employee or former employee of Anchor or under which Anchor has any liability, including "employee welfare benefit plan," "employee benefit plan" and "employee pension benefit plan" as defined under the Employee Retirement Income Security Act ("***ERISA***");

(b) With respect to the Anchor Plans, Anchor has delivered, or made available, to the Company prior to the Closing, a copy of each Anchor Plan and any amendment(s) thereto, together with (i) any written descriptions or summaries thereof, (ii) all trust agreements, insurance contracts, annuity contracts or other funding instruments, and (iii) the last two annual reports (IRS Form 5500 Series, together with all required schedules) prepared in connection with any such Plan. The Anchor Plans comply, to the extent applicable, with the requirements of ERISA and the Code, and any Anchor Plan intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service (the "***IRS***") to be so qualified;

(c) Anchor is not a party to any collective bargaining agreements. There are no strikes or labor disputes or lawsuits, unfair labor or unlawful employment practice charges, contract grievances or similar charges or actions pending, and Anchor has received no notice that any strikes or labor disputes or lawsuits, unfair labor or unlawful employment practice charges, contract grievances or similar charges or actions is threatened, by any of the employees, former employees or employment applicants of Anchor that would have a Material Adverse Effect on Anchor.

(d) To Anchor's knowledge, no employee of Anchor is obligated under any agreement or judgment that would conflict with such employee's obligation to use his best efforts to promote the interests of Anchor or would conflict with Anchor's business as conducted. To Anchor's knowledge, no employee of Anchor is in violation of the terms of any employment agreement or any other agreement relating to such employee's relationship with any previous employer and no litigation is pending and Anchor has received no notice that any such litigation is threatened with regard thereto.

2.9 **Compliance with Applicable Law**. Anchor has substantially complied with all applicable laws, regulations, judgments, decrees or orders of any court or governmental agency or entity except where the failure to so comply would not have a Material Adverse Effect on Anchor.

2.10 **Certain Contracts**

(a) Schedule 2.10(a) of the Anchor Disclosure Schedule sets forth true and correct copies of all written employment agreements or termination agreements with current officers, directors, employees or consultants of Anchor, to which Anchor is a party as of the date of this Agreement.

(b) Except as set forth on Schedule 2.10(b), As of the date of this Agreement, (i) Anchor is not a party to or bound by any commitment, agreement or other instrument (excluding commitments and agreements in connection with extensions of credit by Anchor) which contemplates the payment of amounts in excess of $100,000, or which otherwise is material to the operations, assets or financial condition of Anchor, including but not limited to any royalty, franchising fees, or any other fee based on a percentage of revenues or income and (ii) no commitment, agreement or other instrument to which Anchor is a party or by which it is bound limits the freedom of Anchor to compete in any line of business or with any person.

(c) As of the date of this Agreement, Anchor is not in default in any material respect under any material lease, contract, mortgage, promissory note, deed of trust, loan agreement, license agreement (as to royalty payments) or other commitment or arrangement.

(d) As of the date of this Agreement, to the knowledge of Anchor, any other party thereto is not in default in any material respect under any material lease, contract, mortgage, promissory note, deed of trust, loan agreement, license agreement or other commitment or arrangement, except for any such default that is not expected to have a Material Adverse Effect on Anchor.

(e) As of the date of this Agreement, to the knowledge of Anchor, all royalty payments, franchising fees, or any other payments based on a percentage of revenues or income have been fully paid by Anchor to any other party.

2.11 Properties and Insurance

(a) Anchor has good and, as to owned real property, if any, legal title to all material assets and properties, whether real or personal, tangible or intangible, reflected in Anchor's balance sheet as of October 31, 2006, or owned and acquired subsequent thereto (except to the extent that such assets and properties have been disposed of for fair value in the ordinary course of business since October 31, 2006), subject to no encumbrances, liens, mortgages, security interests or pledges, except (i) those items that secure liabilities that are reflected in such balance sheet or incurred in the ordinary course of business after the date of such balance sheet, (ii) statutory liens for amounts not yet delinquent or which are being contested in good faith, and statutory and contractual landlord's liens in connection with any leases, (iii) such encumbrances, liens, mortgages, security interests, pledges and title imperfections that are not in the aggregate material to the business, operations, assets, and financial condition of Anchor and (iv) with respect to owned real property, if any, title imperfections noted in title reports delivered to the Company prior to the date hereof. Anchor, as lessee, has the right under written leases to occupy, use, possess and control, in all material respects, all real property leased by it, subject to the terms and provisions of such leases.

(b) Except for software licenses associated with stand-alone computers, leases of vehicles and miscellaneous office equipment and all sale-leaseback transactions and subject to the Intellectual Property rights of third parties, all of the assets (tangible and intangible) purported to be owned by Anchor that exceed $5,000 in value are the lawful property of Anchor and as such are freely and fully assignable or transferable except as otherwise provided herein.

(c) Schedule 2.11(c) of the Anchor Disclosure Schedule lists all policies of insurance and bonds covering business operations and insurable properties and assets of Anchor, all risks insured against, and the amount thereof and deductibles relating thereto. Anchor has not, since January 1, 2005, received any notice of cancellation or notice of a material amendment of any such insurance policy or bond and it is not in default in any material respect under such policy or bond, and, to Anchor's knowledge, no coverage thereunder is being disputed and all material claims thereunder have been filed in a timely fashion.

2.12 Minute Books

. The minute books of Anchor contain records which, in all material respects, accurately record all meetings of its members.

2.13 Environmental Matters

(a) Anchor has not received any written notice, citation, claim, assessment, proposed assessment or demand for abatement alleging that Anchor is responsible for the correction or cleanup of any condition resulting from the violation of any law, ordinance or other governmental regulation regarding environmental matters, which correction or cleanup would be material to the business, operations, assets or financial condition of Anchor. Anchor has no knowledge that any toxic or hazardous substances or materials have been emitted, generated, disposed of or stored on any real property owned or leased by Anchor, or owned or controlled by Anchor as a trustee or fiduciary (collectively, "***Anchor Properties***"), in any manner that violates or, after the lapse of time may violate, any presently existing federal, regional, state or local law or regulation governing or pertaining to such substances and materials, the violation of which would have a Material Adverse Effect on Anchor.

(b) Anchor has no knowledge that, during Anchor's ownership or lease of such Anchor Properties, any of the Anchor Properties has been operated in any manner that violated any applicable national, state or local law or regulation governing or pertaining to toxic or hazardous substances and materials, the violation of which would have a Material Adverse Effect on Anchor.

2.14 **Agreements with Governmental Entity**. Anchor is not a party to any agreement or memorandum of understanding with, or a party to any commitment letter, or board resolution submitted to a regulatory authority or similar undertaking to, and is not a recipient of, nor a party to any order or directive by, any court, governmental authority or other regulatory or administrative agency or commission, domestic or foreign.

2.15 **Labor Disputes**. Anchor is not directly or indirectly involved in and Anchor has received no notice threatening any labor dispute or trouble or organizational effort, including, without limitation, matters regarding actual or alleged discrimination by reason of race, creed, sex, disability or national origin, which would have a Material Adverse Effect on Anchor.

2.16 **Loans, Etc**. No member of Anchor has any liabilities, obligations or indebtedness of any kind whatsoever chargeable to the Anchor member and payable to Anchor by the Anchor member.

2.17 **Intellectual Property**

(a) The term "***Intellectual Property***" includes the following:

(i) all United States, international and foreign patents, patent applications and statutory invention registrations, together with all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof, all inventions therein, all rights therein provided by international treaties or conventions and all improvements thereto, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto;

(ii) all trademarks (including, without limitation, service marks), certification marks, collective marks, trade dress, logos, domain names, product configurations, trade names, business names, corporate names and other source identifiers, whether or not registered, whether currently in use or not, including, without limitation, all common law rights and registrations and applications for registration thereof, and all other marks registered in the U.S. Patent and Trademark Office or in any office or agency of any State or Territory of the United States or any foreign country (but excluding any United States intent-to-use trademark application prior to the filing and acceptance of a Statement of Use or an Amendment to allege use in connection therewith to the extent that a valid security interest may not be taken in such an intent-to-use trademark application under applicable law), and all rights therein provided by international treaties or conventions, all reissues, extensions and renewals of any of the foregoing, together in each case with the goodwill of the business connected therewith and symbolized thereby, and all rights corresponding thereto throughout the world and all other rights of any kind whatsoever accruing thereunder or pertaining thereto;

(iii) all copyrights, copyright applications, copyright registrations and like protections in each work of authorship, whether statutory or common law, whether published or unpublished, any renewals or extensions thereof, all copyrights of works based on, incorporated in, derived from, or relating to works covered by such copyrights, together with all rights corresponding thereto throughout the world and all other rights of any kind whatsoever accruing thereunder or pertaining thereto;

(iv) all confidential and proprietary information, including, without limitation, know-how, trade secrets, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information;

(v) all computer software programs and databases (including, without limitation, source code, object code and all related applications and data files), firmware, and documentation and materials relating thereto, and all rights with respect to the foregoing, together with any and all options, warranties, service contracts, program services, test rights, maintenance rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing;

(vi) all license agreements, permits, authorizations and franchises, whether with respect to the Patents, Trademarks, Copyrights, URLs, Trade Secrets or Computer Software, or with respect to the patents, trademarks, copyrights, trade secrets, computer software or other proprietary right of any other Person, and all income, royalties and other payments now or hereafter due and/or payable with respect thereto, subject, in each case, to the terms of such license agreements, permits, authorizations and franchises;

(vii) all URLs, domain names or other names or addresses with respect to the Internet (including, without limitation, registrations and applications for registration thereof with private or public URL registries, domestic and foreign), together with all intellectual property and all other rights of any kind whatsoever of accruing thereunder, pertaining thereto or associated therewith, including, without limitation, all registrations, applications, renewals, reissues, extensions, links (including, without limitation, metal tags), and connections.

(b) Agreements. Schedule 2.17(b) of the Anchor Disclosure Schedule contains a complete and accurate list and summary description, including any royalties paid or received by Anchor, of each written or oral lease, agreement, contract, commitment or license by which Anchor (a) has or may acquire any rights, (b) has or may become subject to any obligation or liability, or (c) or any of the assets owned or used by it is or may become bound ("***Arrangements***") relating to Intellectual Property to which Anchor is a party or by which Anchor is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $5,000 under which Anchor is the licensee. There are no outstanding and, to the knowledge of Anchor, no threatened disputes or disagreements with respect to any such Arrangements. To the knowledge of Anchor, no party to an Arrangement relating to the use by Anchor of any Intellectual Property owned by another Person is or has at any time been in breach of such Arrangements. Anchor has not granted or is not obligated to grant a license, assignment or other right with respect to any Intellectual Property.

(c) Know-How.

(i) The Intellectual Property includes all such assets which are reasonably necessary for the operation of Anchor's businesses as it is currently conducted. Anchor owns or possesses sufficient legal rights to all Intellectual Property necessary for the operation of its business as it is currently conducted except where the failure to have such rights would not have a Material Adverse Effect on the operations or financial condition of Anchor. To the knowledge of Anchor, it has not violated or, by conducting its business as presently proposed, would violate any of the Intellectual Property Rights of any other Person.

(ii) All former and current employees of Anchor have executed written Arrangements with Anchor that assign to Anchor all rights to any inventions, improvements, discoveries, or information relating to the business of Anchor. To the knowledge of Anchor, no employee of Anchor has entered into any Arrangement that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his or her work to anyone other than Anchor. No past or present stockholder, employee, director, officer, contractor, agent or representative of Anchor has any ownership interest or any other rights in or to any Intellectual Property. No Arrangement or understanding exists between Anchor and any third party which would impede or prevent the continued use of such right, title and interest of Anchor in and to the Intellectual Property as Anchor had prior to the Closing and used in the conduct of its business, subject to the rights of licensors and licensees pursuant to existing Arrangements listed on Schedule 2.17(b) to the Anchor Disclosure Schedule.

2.18 No Brokers. Anchor has not employed or authorized anyone to represent it as a broker, finder or financial consultant in connection with the Transactions, and no broker, finder, financial consultant or other person is entitled to any commission, finder's fee or consulting fee, or any similar fee, from Anchor in connection with the Transactions. Anchor will indemnify and hold harmless the Company from and against any and all losses, claims, demands, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses the Company may sustain or incur as a result of any claim for a commission, finder's fee or consulting fee by a broker, finder or financial consultant acting on behalf of Anchor.

2.19 **Bankruptcy; Criminal Proceedings**. To the knowledge of Anchor, Anchor, its officers, directors, affiliates, promoters or any predecessor thereof have not been subject to or suffered any of the following:

(a) Any bankruptcy petition filed by or against any business of which such Person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

(b) Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other misdemeanor offenses) within ten (10) years from the date hereof;

(c) Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting such Person's involvement in any type of business, securities or banking activities; or

(d) Being found guilty by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission ("***SEC***") or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

2.20 **Disclosure**. No representation or warranty contained in Article II of this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein not misleading in the context of such representations and warranties.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

OF COMPANY AND COMPANY STOCKHOLDERS

The Company and the Company Stockholders hereby represent and warrant to Anchor that the statements contained in this Article III are true and correct, except as set forth in the disclosure schedule delivered by the Company and the Company Stockholders to Anchor on or before the date of this Agreement (the "***Company Disclosure Schedule***"). Notwithstanding the foregoing, with respect to the representations and warranties of the Company Stockholders (i) Halter Financial Investments, L.P. represents and warrants to Anchor that the statements contained in this Article III are true and correct, except as set forth in the Company Disclosure Schedule, solely as to the Operating Period (as such term is defined in Section 7.1(a)) and (ii) Benchmark Equity Group, Inc., William Baquet and Frank DeLape, jointly and severally, represent and warrant to Anchor that the statements contained in this Article III are true and correct, except as set forth in the Company Disclosure Schedule, solely as to the Ownership Period (as such term is defined in Section 7.1(b)).

3.1 **Organization and Good Standing**

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(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the requisite corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted and is duly licensed or qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect on the Company. Schedule 3.1(a) of the Company Disclosure Schedule sets forth true and complete copies of the Certificate of Incorporation and bylaws of the Company each as amended and in effect on the date hereof (the "***Company Governing Documents***" and together with the Anchor Governing Documents, "***Governing Documents***").

(b) The Company does not own or control, directly or indirectly, any equity interest in any corporation, company, association, partnership, joint venture or other entity or own real estate.

3.2 Capitalization

(a) The authorized capital stock of the Company consists of an aggregate of 40,000,000 shares of Company Common Stock and 10,000,000 shares of preferred stock, par value $0.001 per share ("***Company Preferred Stock***" and together with Company Common Stock, "***Company Stock***"). As of the date hereof there are and immediately prior to Closing and the completion of the Private Placement Transaction there will be, 3,820,555 shares of Company Common Stock issued and outstanding, no shares of Company Preferred Stock issued and outstanding and no shares of Company Stock held in the treasury of the Company. The issued and outstanding shares of Company Stock are owned by the Persons and in the numbers specified in Schedule 3.2 of the Company Disclosure Schedule. Except as set forth on Schedule 3.2, there are no outstanding options, warrants or other rights to acquire shares of Company Stock. All issued and outstanding shares of Company Common Stock are duly authorized and validly issued, and fully paid and nonassessable and have voting rights. The authorized but unissued shares of Company Stock are not subject to any preemptive rights. The Company does not have, nor is it bound by, any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the transfer, purchase or issuance of any shares of capital stock of the Company or any securities representing the right to purchase or otherwise receive any shares of such capital stock or any securities convertible into or representing the right to subscribe for any such shares, and there are no agreements or understandings with respect to voting of any such shares. None of the outstanding equity securities or other securities of the Company was issued in violation of the Securities Act of 1933, as amended (the "***Securities Act***"), or any other state of federal law. There are no outstanding obligations of the Company to register under the Securities Act any shares of its capital stock or to include in any registration of its capital stock shares held by others.

(b) All of the Exchange Shares will be, when issued on the terms and conditions of this Agreement, duly authorized, validly issued, fully paid and nonassessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the Company's certificate of incorporation or bylaws or any agreement to which the Company is a party or is otherwise bound.

(c) Immediately following the issuance of the Exchange Shares, the issued and outstanding shares of Company Common Stock will be owned by the Persons and in the numbers specified in Schedule 3.2 of the Company Disclosure Schedule. Except for the equity securities to be sold pursuant to the Private Placement Transaction and any Common Stock to be issued upon the exercise of any warrants or options set forth on Schedule 3.2 or on Schedule 5.4(c), the Company has no plan or intention or any obligation to issue any additional capital stock.

3.3 Authority; No Violation

(a) The Company has full corporate power and authority to execute and deliver this Agreement and to consummate the Transactions in accordance with the terms hereof. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly approved by the board of directors of the Company. No corporate proceedings on the part of the Company are necessary to consummate the Transactions.

(b) Neither the execution and delivery of this Agreement by the Company, nor the consummation by the Company of the Transactions in accordance with the terms hereof, or compliance by the Company with any of the terms or provisions hereof, will (i) violate any provision of the Company's Certificate of Incorporation or bylaws, each as amended and in effect as of the date hereof, (ii) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to the Company or any of its properties or assets, or (iii) violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance required by, or result in the creation of any lien, security interest, charge or other encumbrance upon any of the properties or assets of the Company under any of the terms, conditions or provisions of, any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Company is a party, or by which the Company or any of its properties or assets may be bound or affected except, with respect to (ii) and (iii) above, such as individually and in the aggregate would not have a Material Adverse Effect on the Company, or the ability of the Company to consummate the Transactions. Except as set forth in Section 3.3(b) of the Company Disclosure Schedule, no consents or approvals of or filings or registrations with or notices to any public body or authority are necessary on behalf of the Company in connection with (x) the execution and delivery by the Company of this Agreement and (y) the consummation by the Company of the Transactions.

3.4 Interim Operations of the Company

. Since November 29, 2004 the Company has engaged in no business activities other than in connection with and as contemplated by this Agreement.

3.5 Financial Statements

(a) Schedule 3.5(a) of the Company Disclosure Schedule sets forth copies of the audited financial statements of the Company as of June 30, 2006 and for the six month period ended June 30, 2006, for the year ended December 31, 2005 and for the period from November 29, 2004 to December 31, 2004, together with the report thereon of S.W. Hatfield, CPA, independent certified public accountants (the "***Company Financial Statements***"). The Company Financial Statements fairly present the financial condition and the results of operations, changes in stockholders' equity and cash flow of the Company as at the respective dates of and for the periods referred to in such Company Financial Statements, all in accordance with GAAP, and are consistent with the books and records of the Company. The Company Financial Statements do not now and did not at the time they were prepared contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) As of the date of this Agreement, the Company has no liabilities for legal or consulting fees or expenses.

3.6 Absence of Certain Changes or Events. There has been no Material Adverse Change to the Company since June 30, 2006 or the occurrence of a default as described in Section 3.11(c), and to the Company's knowledge, there has occurred no event or development which is reasonably likely to cause such a Material Adverse Change to the Company in the future.

3.7 Legal Proceedings. There is no Legal Proceeding which is pending, and the Company has not received notice threatening a Legal Proceeding, against the Company or against any present or former Company officer or director in their capacity as an officer or director which is material to the Company. the Company is not a party to any material order, judgment or decree entered against the Company in any lawsuit or proceeding.

3.8 Taxes and Tax Returns. All material Returns required to be filed to date by the Company (and any predecessor) have been accurately prepared in all material respects and duly filed, or an extension therefrom has been duly obtained, and all material Taxes due and payable by the Company (and any predecessor) have been paid when due. There is no examination or audit for Taxes of the Company (or any predecessor) currently in progress, no written claim, asserted deficiency or assessment for Taxes of the Company (or any predecessor) has been made, and, to the Knowledge of Company, no such claim, deficiency or assessment has been threatened. No liens or similar encumbrances have been asserted against the Company (or any predecessor) with respect to the failure to pay any Taxes. The Company has not waived any statute of limitations in respect of Taxes or executed or filed with any taxing authority any agreements extending the period for assessment or collection of any Taxes. The unpaid Taxes of the Company for tax periods through June 30, 2006 do not exceed the accruals and reserves for Taxes set forth on the Company's balance sheet as of June 30, 2006. Proper amounts have been withheld by the Company (and any predecessor) in accordance with Tax withholding provisions of applicable laws and, to the extent required, have been paid to the proper authority. Neither the Company nor any predecessor is or has ever been a member of a group of corporations with which it has filed (or been required to file) affiliated, consolidated, combined, unitary or similar Returns. Neither the Company nor any predecessor is a party to any tax-sharing or tax-allocation agreement, nor does the Company (or any predecessor) owe any amounts under any tax-sharing or tax-allocation agreement, or as transferee or successor or by contract. The Company has never been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

3.9 Employee Benefit Plans

(a) The Company does not have any arrangement or policy (written or oral) or other plan or arrangement (written or oral) providing for insurance coverage, workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or deferred compensation, profit sharing, bonuses, stock options, stock appreciation rights, stock purchases or other forms of incentive compensation or post-retirement insurance, compensation or benefits, nor does the Company contribute to or have liability under any such plan or arrangement, with respect to any employee or former employee of the Company, including "employee welfare benefit plan," "employee benefit plan" and "employee pension benefit plan" as defined under ERISA;

(b) The Company is not a party to any collective bargaining agreements. There are no strikes or labor disputes or lawsuits, unfair labor or unlawful employment practice charges, contract grievances or similar charges or actions pending, and the Company has received no notice that any strikes or labor disputes or lawsuits, unfair labor or unlawful employment practice charges, contract grievances or similar charges or actions is threatened, by any of the employees, former employees or employment applicants of the Company that would have a Material Adverse Effect on the Company.

(c) To the Company's knowledge, no employee of the Company is obligated under any agreement or judgment that would conflict with such employee's obligation to use his best efforts to promote the interests of the Company or would conflict with the Company's business as conducted. To the Company's knowledge, no employee of the Company is in violation of the terms of any employment agreement or any other agreement relating to such employee's relationship with any previous employer and no litigation is pending and the Company has received no notice that any such litigation is threatened with regard thereto.

3.10 Compliance with Applicable Law

. The Company has substantially complied with all applicable laws, regulations, judgments, decrees or orders of any court or governmental agency or entity except where the failure to so comply would not have a Material Adverse Effect on the Company.

3.11 Certain Contracts

(a) The Company has no written employment agreements or termination agreements with current officers, directors or consultants.

(b) The Company is not a party to or bound by any commitment, agreement or other instrument (excluding commitments and agreements in connection with extensions of credit by the Company) which contemplates the payment of amounts in excess of $10,000, or which otherwise is material to the operations, assets or financial condition of the Company, including but not limited to any royalty, franchising fees, or any other fee based on a percentage of revenues or income. No commitment, agreement or other instrument to which the Company is a party or by which it is bound limits the freedom of the Company to compete in any line of business or with any Person.

(c) The Company is not in default in any material respect under any material lease, contract, mortgage, promissory note, deed of trust, loan agreement, license agreement (as to royalty payments) or other commitment or arrangement.

(d) As of the date of this Agreement, to the knowledge of the Company, any other party thereto is not in default in any material respect under any material lease, contract, mortgage, promissory note, deed of trust, loan agreement, license agreement or other commitment or arrangement that is material to the Company.

(e) To the knowledge of the Company, all royalty payments, franchising fees, or any other payments based on a percentage of revenues or income have been fully paid by the Company to any other party.

3.12 Properties and Insurance

(a) The Company has good and, as to owned real property, if any, legal title to all material assets and properties, whether real or personal, tangible or intangible, reflected in the Company's balance sheet as of June 30, 2006, or owned and acquired subsequent thereto (except to the extent that such assets and properties have been disposed of for fair value in the ordinary course of business since June 30, 2006), subject to no encumbrances, liens, mortgages, security interests or pledges, except (i) those items that secure liabilities that are reflected in such balance sheet or the notes thereto or incurred in the ordinary course of business after the date of such balance sheet, (ii) statutory liens for amounts not yet delinquent or which are being contested in good faith and statutory and contractual landlord's liens in connection with any leases, (iii) such encumbrances, liens, mortgages, security interests, pledges and title imperfections that are not in the aggregate material to the business, operations, assets, and financial condition of the Company and (iv) with respect to owned real property, if any, title imperfections noted in title reports delivered to Anchor prior to the date hereof. The Company, as lessee, has the right under written leases to occupy, use, possess and control, in all material respects, all real property leased by it, as presently occupied, used, possessed and controlled by it, subject to the terms and provisions of such leases.

(b) Except for software licenses associated with stand-alone computers, leases of vehicles and miscellaneous office equipment, all sale-leaseback transactions and subject to Intellectual Property rights of third parties, all of the assets (tangible and intangible) purported to be owned by the Company that exceed $5,000 in value are the lawful property of the Company and as such are freely and fully assignable or transferable except as otherwise provided herein.

(c) The Company has no policies of insurance and bonds covering business operations or insurable properties or assets of the Company. The Company has not, since November 29, 2004, received any notice of cancellation or notice of a material amendment of any such insurance policy or bond and it is not in default in any material respect under such policy or bond, and, to the Company's knowledge, no coverage thereunder is being disputed and all material claims thereunder have been filed in a timely fashion.

3.13 **Minute Books**. The minute books of the Company contain records which, in all material respects, accurately record all meetings of their stockholders and Boards of Directors (including committees of the Board of Directors).

3.14 **Environmental Matters**

(a) The Company has not received any written notice, citation, claim, assessment, proposed assessment or demand for abatement alleging that the Company is responsible for the correction or cleanup of any condition resulting from the violation of any law, ordinance or other governmental regulation regarding environmental matters, which correction or cleanup would be material to the business, operations, assets or financial condition of the Company. The Company has no knowledge that any toxic or hazardous substances or materials have been emitted, generated, disposed of or stored on any real property owned or leased by the Company, or owned or controlled by the Company as a trustee or fiduciary (collectively, "***Company Properties***"), in any manner that violates or, after the lapse of time may violate, any presently existing federal, regional, state or local law or regulation governing or pertaining to such substances and materials, the violation of which would have a Material Adverse Effect on the Company.

(b) The Company has no knowledge that, during the Company's ownership or lease of such Company Properties, any of such Company Properties has been operated in any manner that violated any applicable national, state or local law or regulation governing or pertaining to toxic or hazardous substances and materials, the violation of which would have a Material Adverse Effect on the Company.

3.15 **Agreements with Governmental Entity**. The Company is not a party to any agreement or memorandum of understanding with, or a party to any commitment letter, or board resolution submitted to a regulatory authority or similar undertaking to, and is not a recipient of, nor a party to any order or directive by, any court, governmental authority or other regulatory or administrative agency or commission, domestic or foreign.

3.16 **Labor Disputes**. The Company is not directly or indirectly involved in and the Company has received no notice threatening any labor dispute or trouble or organizational effort, including, without limitation, matters regarding actual or alleged discrimination by reason of race, creed, sex, disability or national origin, which would have a Material Adverse Effect on the Company.

3.17 **Loans, Etc**. No Company stockholder has any liabilities, obligations or indebtedness of any kind whatsoever chargeable to the Company stockholder and payable to the Company by the Company stockholder.

3.18 **Absence of Liabilities**

. The Company has no obligations or liabilities of any nature whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, whether due or to become due, or otherwise.

3.19 **Intellectual Property**

(a) **Agreements**. The Company is not a party to or bound by any Arrangements relating to Intellectual Property, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $5,000 under which the Company is the licensee. There are no outstanding and, to the knowledge of the Company, no threatened disputes or disagreements with respect to any such Arrangements. To the knowledge of the Company, no party to an Arrangement relating to the use by the Company of any Intellectual Property owned by another person is or has at any time been in breach of such Arrangements. The Company has not granted or is not obligated to grant a license, assignment or other right with respect to any Intellectual Property.

(b) **Know-How**.

(i) The Company owns or possesses sufficient legal rights to all Intellectual Property necessary for the operation of its business as it is currently conducted except where the failure to have such rights would not have a Material Adverse Effect on the operations or financial condition of the Company. To the knowledge of the Company, it has not violated or, by conducting its business as presently proposed, would violate any of the Intellectual Property Rights of any other Person.

(ii) All former and current employees of the Company have executed written Arrangements with the Company that assign to the Company all rights to any inventions, improvements, discoveries, or information relating to the business of Company. To the knowledge of the Company, no employee of the Company has entered into any Arrangement that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his or her work to anyone other than the Company. No past or present shareholder, employee, director, officer, contractor, agent or representative of the Company has any ownership interest or any other rights in or to any Intellectual Property. No Arrangement or understanding exists between the Company and any third party which would impede or prevent the continued use of such right, title and interest of Company in and to the Intellectual Property as the Company had prior to the Closing and used in the conduct of its business.

3.20 **No Brokers**. The Company has not employed or authorized anyone to represent them as a broker, finder or financial consultant in connection with the Transactions, and no broker, finder, financial consultant or other person is entitled to any commission, finder's fee or consulting fee from the Company in connection with the Transactions.

3.21 **Bankruptcy**. Other than the voluntary petition for relief under chapter 11 of title 11 of the United States Code filed on March 28, 2003 (in which a plan of reorganization was confirmed on November 29, 2004), the Company has neither filed a voluntary bankruptcy petition nor been the subject of an involuntary bankruptcy petition nor is the Company the subject of an action under state insolvency laws or any other relevant laws.

3.22 **Criminal Proceedings**. To the knowledge of the Company, the Company and its officers, directors, affiliates, promoters or any predecessor thereof have not been subject to or suffered any of the following:

(a) Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other misdemeanor offenses) within ten (10) years from the date hereof;

(b) Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting such Person's involvement in any type of business, securities or banking activities; or

(c) Being found guilty by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

3.23 **Consents and Approvals**. All actions required to be taken by the Company's board of directors to authorize the consummation of this Agreement and the Transactions have been duly and validly taken by such boards of directors and no other consents or approvals of this Agreement or the Transactions shall be necessary.

3.24 **State Takeover Statutes**. The Company's board of directors has taken all action to ensure that any restrictions on business combination do not apply to the Transactions.

3.25 **Disclosure**. No representation or warranty contained in Article III of this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein not misleading in the context of such representations and warranties. There are no facts, conditions, trends, claims, rights obligations or liabilities not specifically disclosed in this Article III which have, or with the passage of time could have, a Material Adverse Effect on the operations, conditions, earnings, liabilities and prospects, whether financial or otherwise, of the Company.

ARTICLE IV

COVENANTS OF THE PARTIES

4.1 Conduct of Business

(a) During the period from the date of this Agreement to the Closing Date, Anchor shall conduct its businesses and engage in transactions permitted hereunder only in the ordinary course and consistent with prudent business practice, and shall take no action that is inconsistent with the Agreement, except with the prior consent of the Company, which consent may not be unreasonably withheld. Anchor shall use all commercially reasonable efforts to (i) preserve its business organization intact, (ii) keep available to itself the present services of its employees and (iii) preserve for itself and the Company the goodwill of its customers and others with whom business relationships exist.

(b) During the period from the date of this Agreement to the Closing Date, the Company shall conduct its business and engage in transactions permitted hereunder only in the ordinary course and consistent with prudent business practice, and shall take no action that is inconsistent with this Agreement, except with the prior written consent of Anchor, which consent may not be unreasonably withheld. The Company shall conduct its operations in compliance with all applicable laws and regulations and shall each use all commercially reasonable efforts to preserve its business organization intact.

(c) The Parties hereto agree to treat the Exchange, together with the Private Placement Transaction, as an exchange qualifying under Section 351(a) of the Internal Revenue Code of 1986, as amended, and agree to file all tax returns, reports, and attachments thereto in a manner consistent therewith.

4.2 Negative Covenants

(a) During the period from the date of this Agreement to the Closing Date, the Company shall not engage in any transaction or take any action other than those contemplated by this Agreement without the prior written consent of Anchor, which consent may not be unreasonable withheld.

(b) The Company, without limiting the generality of Section 4.2(a) above, further agrees, and Anchor agrees, that from the date hereof to the Closing Date, except as otherwise approved by the Parties in writing, or as permitted or required by this Agreement, or as contemplated by the Company's planned private placement offering of its Series 1 Convertible Preferred Stock, they will not:

(i) issue or sell any stock or other securities or any options, warrants or rights to acquire any stock or other securities;

(ii) split, combine or reclassify or change the terms of any shares of its capital stock; or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock;

(iii) change any provisions of their Governing Documents;

(iv) grant any severance or termination pay other than in the ordinary course of business consistent with past practices and policies to, or enter into or amend any employment agreement with, any of their directors, officers or employees; adopt any new employee benefit plan or arrangement of any type or amend any such existing benefit plan or arrangement; or award any increase in compensation or benefits to their directors, officers or employees except with respect to salary increases and bonuses for employees in the ordinary course of business and consistent with past practices and policies;

(v) sell or dispose of any substantial amount of assets or incur any significant liabilities other than in the ordinary course of business consistent with past practices and policies;

(vi) make any capital expenditures outside of the ordinary course of business other than pursuant to binding commitments existing on the date hereof and other than expenditures necessary to maintain existing assets in good repair;

(vii) agree to acquire in any manner whatsoever (other than to realize upon collateral for a defaulted loan) any business or entity;

(viii) make any material change in its accounting methods or practices, other than changes required in accordance with generally accepted accounting principles;

(ix) make any loan or loan commitment to any of their stockholders;

(x) take, cause to be taken or omit to take any action which would reasonably be expected to prevent the Exchange, together with the Private Placement Transaction, from qualifying as an exchange under Section 351(a) of the Code; or

(xi) agree to do any of the foregoing.

4.3 No Solicitation

(a) Other than the Placement Agent Agreement, Anchor and the Company shall not authorize or permit any of their respective directors, officers or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by them to: (i) solicit or initiate or take any other action to facilitate or cause any inquiries or the making of any proposal from any Person (other than the Parties hereto) relating to any transaction involving the sale of the business or assets (other than in the ordinary course of business) of such entity, or any of the capital stock of such entity, or any merger, consolidation, business combination, recapitalization, sale or exchange of all or a material amount of assets or any similar transaction or series of transactions involving such entity (a "***Competing Transaction***"), or (ii) participate in any discussions or negotiations regarding any Competing Transaction; provided, however, that if, at any time, the board of directors of such entity thereof determines in good faith, after consultation with such legal, financial and other advisors as it deems appropriate, that it is necessary to do so in order to act in a manner consistent with its fiduciary duties under its applicable state laws, such entity or any affiliates thereof may, prior to its having obtained the necessary written consents or approvals to the Exchange and the Transactions, and in response to a Competing Transaction that was not solicited by it or that did not otherwise result from a breach of this Section 4.3(a), (x) furnish non-public information with respect to such entity to any Person making a Competing Transaction pursuant to a confidentiality agreement and (y) participate in discussions or negotiations regarding, and enter into and consummate a Competing Transaction.

(b) The Parties shall keep each other reasonably informed of the status and details (including amendments and proposed amendments) of any such request or Competing Transaction. A Party may not accept a Competing Transaction from any Person, nor may it terminate this Agreement, unless it has provided the other Parties at least four (4) calendar days notice of the exact terms of the Competing Transaction, including a copy of the proposed agreement.

4.4 **Current Information**. During the period from the date of this Agreement to the Closing Date, each Party to this Agreement agrees to confer with each other Party to this Agreement on a reasonable basis as requested by each other Party, regarding their business, operations, properties, assets and financial condition and matters relating to the completion of the Transactions.

4.5 **Access to Properties and Records; Confidentiality**

(a) During the period from the date of this Agreement to the Closing Date, each Party hereto agrees to permit each other Party and its agents and representatives, including, without limitation, officers, directors, employees, attorneys, accountants and financial advisors (collectively, "***Representatives***") reasonable access to their respective properties, and to disclose and make available to each other Party and its Representatives, as the case may be, all books, papers and records relating to their respective assets, stock ownership, properties, operations, obligations and liabilities, including, but not limited to, all books of account (including the general ledger), tax records, minute books of directors' and stockholders' meetings, organizational documents, bylaws, material contracts and agreements, filings with any regulatory authority, independent auditors' work papers (subject to the receipt by such auditors of a standard access representation letter), litigation files, plans affecting employees, and any other business activities or prospects in which each Party and its Representatives may have a reasonable interest.

(b) All information previously furnished by the Parties hereto in connection with the Transactions, shall be kept confidential and shall be treated as the sole property of the Party delivering the information until consummation of the Transactions contemplated hereby and, if the Transactions shall not occur, each Party and each Party's Representatives shall return to the other Party all documents or other materials containing, reflecting or referring to such information, will not retain any copies of such information, shall keep confidential all such information, and shall not directly or indirectly use such information for any competitive or commercial purposes or any other purpose not expressly permitted hereby. The obligation to keep such information confidential shall continue for sixty (60) months from the date this Agreement is terminated or abandoned.

(c) In addition to all other remedies that may be available to any Party hereto in connection with a breach by any other Party hereto of its or its Representative's obligations under this Section 4.4, each Party hereto shall be entitled to specific performance and injunctive and other equitable relief with respect to this Section 4.4. Each Party hereto waives, and agrees to use all reasonable efforts to cause its Representatives to waive, any requirement to secure or post a bond in connection with any such relief.

4.6 Regulatory Matters

(a) The Parties hereto will cooperate with each other and use all reasonable efforts to prepare all necessary documentation, to effect all necessary filings and to obtain all necessary permits, consents, approvals and authorizations of all third parties and governmental bodies necessary to consummate the Transactions as soon as possible. The Parties shall each have the right to review in advance and comment on all information relating to the other, as the case may be, which appears in any filing made with, or written material submitted to, any third party or governmental body in connection with the Transactions.

(b) Each of the Parties will promptly furnish each other with copies of written communications received by them from, or delivered by any of the foregoing to, any governmental body in respect of the Transactions.

4.7 Further Assurances. Subject to the terms and conditions herein provided, each of the Parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws and regulations to satisfy the conditions to Closing and to consummate and make effective the Transactions, including, without limitation, using reasonable efforts to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the Transactions and using all reasonable efforts to prevent the breach of any representation, warranty, covenant or agreement of such Party contained or referred to in this Agreement and to promptly remedy the same. Nothing in this Section 4.7 shall be construed to require any Party to participate in any threatened or actual Legal Proceedings (other than Legal Proceedings to which it is otherwise a party or subject or threatened to be made a party or subject) in connection with consummation of the Transactions unless such Party shall consent in advance and in writing to such participation and the other Party agrees to reimburse and indemnify such Party for and against any and all costs and damages related thereto.

4.8 **Public Announcemen**. The Parties hereto shall cooperate with each other in the development and distribution of all news releases and other public disclosures with respect to this Agreement or any of the Transactions, except as may be otherwise required by law or regulation or as to which the Party releasing such information has used all reasonable efforts to discuss with the other Party in advance.

4.9 **Failure to Fulfill Conditions**. The Parties agree to take all commercially reasonable efforts to cause the Closing to occur on or before midnight, eastern time, on March 31, 2007 (the "***Termination Date***"). In the event that Anchor or the Company reasonably determines that a material condition to its obligation to consummate the Transactions cannot be fulfilled on or prior to the Termination Date, and that it will not waive that condition, it will promptly notify the other Parties. Anchor and the Company will promptly inform the other Parties of any facts applicable to Anchor or the Company, respectively, or their respective directors or officers, that would be likely to prevent or materially delay approval of the Exchange by any governmental authority or which would otherwise prevent or materially delay completion of the Exchange or the Closing.

4.10 **Disclosure Supplements**. Each Party hereto will promptly supplement or amend (by written notice to the other Parties hereto) its respective Disclosure Schedules delivered pursuant hereto with respect to any matter hereafter arising which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such Disclosure Schedules or which is necessary to correct any information in such Disclosure Schedules which has been rendered materially inaccurate thereby. For the purpose of determining satisfaction of the conditions set forth in Article V and Article VI, no supplement or amendment to such Disclosure Schedules shall correct or cure any warranty which was untrue when made, but supplements or amendments may be used to disclose subsequent facts or events to maintain the truthfulness of any warranty.

ARTICLE V

CONDITIONS PRECEDENT TO OBLIGATIONS

OF ANCHOR

The obligations of Anchor to consummate the Exchange and the Transactions are subject to the fulfillment or satisfaction, on and as of the Closing, of each of the following conditions (any one or more of which may be waived by Anchor in its sole discretion, but only in a writing signed by Anchor):

5.1 **Accuracy of Representations and Warranties**. The representations and warranties of the Company and the Company Stockholders contained in this Agreement that are qualified as to materiality shall be true and correct in all respects, and all other representations and warranties of the Company and the Company Stockholders contained in this Agreement shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing as though made on and as of the Closing Date, except to the extent such representations and warranties are expressly stated to be made as of a particular date (in which case such representations and warranties shall be true and correct as of such date).

5.2 **Government Consents**. There shall have been obtained at or prior to the Closing Date such permits and/or authorizations, and there shall have been taken such other action by any regulatory authority having jurisdiction over the Parties and the actions herein proposed to be taken, as may be required to lawfully consummate the Exchange and the Transactions and for Anchor to continue to conduct its business as presently conducted, including but not limited to requirements under applicable U.S. securities, corporations, and investment laws.

5.3 **Documents**. The Company and the Company Stockholders must have caused the following documents to be delivered to Anchor:

(a) a certificate of the Secretary of State and the taxing authorities of the State of Delaware, dated not more than five (5) days prior to the Closing Date, attesting to the legal existence and good standing of the Company in Delaware and to the payment of all state taxes due and owing thereby;

(b) certificates of the relevant Secretary of State and taxing authorities, dated as of the most recent date practicable, attesting to the legal existence and good standing of the Company and to the payment of all state taxes due and owing thereby in each jurisdiction in which the Company has registered with the Secretary of State thereof to do business as a foreign corporation; and

(c) a certificate signed by the Company Stockholders certifying as to (i) the incumbency of officers of the Company, (ii) the authenticity of the resolutions of the board of directors of the Company approving and authorizing the execution, delivery and performance of this Agreement, the Transactions and the Exchange; and (iii) the authenticity and continuing validity of the certificate of incorporation and bylaws of the Company.

5.4 **Private Placement**

(a) Prior to the Closing Date, Anchor (i) shall have received copies of executed subscription agreements for the purchase and sale of equity securities of the Company in private placement transactions resulting in gross proceeds to the Company of at least (US) $2,500,000.00 ("***Private Placement***" and together with any subsequent issuances of Company equity securities offered under the Private Placement Memorandum used by Company in connection with the Private Placement, the "***Private Placement Transaction***") and (ii) shall have been notified by American Stock Transfer & Trust Company, the escrow agent for the Private Placement, that there is at least (US) $2,500,000.00 in cleared funds available for closing the Private Placement; provided, however, that the Private Placement shall not close prior to the Closing hereunder.

(b) The terms and conditions of the equity securities to be offered and sold pursuant to the Private Placement shall not be materially different than as set forth in the attached Schedule 5.4(b). Any changes, amendments or modifications to the purchase price, the per share conversion price, the voting rights, the anti-dilution and liquidity events, or the rights and preferences of the equity securities, as set forth in the attached Schedule 5.4(b), shall be conclusively deemed to be materially different.

(c) The terms and conditions of the warrants exercisable for Common Stock to be issued to the Placement Agent in connection with Private Placement Transaction and the 1,960,000 options exercisable for Common Stock to be issued to Company management in connection with the Private Placement Transaction, in each case as more fully described in the Private Placement Memorandum used by Company in connection with the Private Placement, shall not be materially different than the terms and conditions set forth on the attached Schedule 5.4(c). Any changes, amendments or modifications to the exercise price, the term of the option, the anti-dilution, or the rights and preferences of the equity securities for which the warrant or option is exercisable for, as set forth on the attached Schedule 5.4(c), shall be conclusively deemed to be materially different.

5.5 **Corporate Approvals**. All member and other proceedings required to be taken to authorize Anchor to carry out this Agreement and the Transactions shall have been taken.

5.6 **Employment Agreements and Director Compensation Agreement**. The Company shall have entered into employment agreements with Morry Rubin and Brad Bernstein in the form of Exhibit B-1 and B-2, respectively, and a director compensation agreement with George Rubin in the form of Exhibit B-3, and such agreements shall be in full force and effect.

5.7 **No Proceedings**. Since the date of this Agreement, there must not have been commenced, and the Company shall not have received notice threatening, any Legal Proceeding against the Company, or against any Person affiliated with the Company, that (a) seeks damages or other relief in connection with any of the Transactions which is material to the Company, or (b) may have the effect of preventing, delaying, making illegal, or otherwise interfering with any of the Transactions.

5.8 **No Injunctions or Restraints**. No judgment, order, decree, statute, law, ordinance, rule or regulation, entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction or other legal restraint or prohibition (collectively, "***Restraints***") affecting the Closing or seeking to prohibit the Transactions shall be in effect; provided, however, that each of the Parties shall have used its commercially reasonable efforts to prevent the entry of any such Restraints and to appeal as promptly as possible any such Restraints that may be entered.

5.9 **No Stop Order**. No judicial, legal or administrative hearing or investigation shall have been initiated or threatened against any of the Parties relating the Exchange, the Private Placement or any of the other actions or Transactions described herein, and no stop order suspending the Private Placement shall have been issued by the SEC or any state securities administrator, and no proceeding for that or any other purpose shall have been initiated or threatened by the SEC or any state securities administrator against any of the Parties to this Agreement or which could otherwise affect the Company.

5.10 **Placement Agent Agreement**. Anchor shall, in its sole and absolute discretion, have approved the provisions of the placement agent agreement entered into between Fordham Financial Management, Inc. and the Company (the "***Placement Agent Agreement***") and all other agreements entered into by the Company regarding the sale of shares of the Company's equity securities in the Private Placement.

5.11 **Directors and Officers**. Each director and officer of the Company immediately prior to the Closing shall have resigned from such position(s) in writing to the Company, such resignations to be effective as of the Closing. The Company shall have taken such corporate action as is necessary to elect George Rubin, Morry Rubin, Brad Bernstein, Frank DeLape and Kenneth Smalley as the directors of the Company effective as of the Closing.

5.12 **Filings and Notifications Mandated By Plan of Reorganization**. Promptly after the Closing, the Company shall make all necessary filings with the bankruptcy court to indicate that the Exchange has been completed and cause to be delivered all notifications required pursuant to the terms of that certain plan of reorganization, confirmed on November 29, 2004, applicable to the Company.

ARTICLE VI

CONDITIONS PRECEDENT TO OBLIGATIONS

OF THE COMPANY

The obligations of the Company to consummate the Exchange and the Transactions are subject to the fulfillment or satisfaction, on and as of the Closing, of each of the following conditions (any one or more of which may be waived by the Company in its sole discretion, but only in a writing signed the Company):

6.1 **Government Consents**. There shall have been obtained at or prior to the Closing Date such permits and/or authorizations, and there shall have been taken such other action by any regulatory authority having jurisdiction over the Parties and the actions herein proposed to be taken, as may be required to lawfully consummate the Transactions, including but not limited to requirements under applicable U.S. securities, corporations, and investment laws.

6.2 **Documents**. Anchor must have caused the following documents to be delivered to the Company:

(a) a certificate of the Secretary of State of the State of North Carolina, dated not more than five (5) days prior to the Closing Date, attesting to the legal existence and good standing of Anchor in North Carolina;

(b) a certificate signed by a duly authorized officer of Anchor certifying as to (i) the incumbency of officers of Anchor, (ii) the authenticity of the resolutions of the members of Anchor approving and authorizing the execution, delivery and performance of this Agreement, the Transactions and the Exchange, as applicable (and approving a new Schedule 1 to Anchor's operating agreement reflecting the Exchange); and (iii) the authenticity and continuing validity of the articles of organization and operating agreement of Anchor; and

(c) an Assignment of Membership Interest executed by each Anchor Member and dated as of the Closing Date evidencing the sale of the Units being sold by such Anchor Member in the Exchange pursuant to Section 1.1.

6.3 **No Proceedings**. Since the date of this Agreement, there must not have been commenced, and the Company shall not have received notice threatening, any Legal Proceeding against Anchor, or against any Person affiliated with Anchor that (a) seeks damages or other relief in connection with any of the Transactions which is material to Anchor, or (b) may have the effect of preventing, delaying, making illegal, or otherwise interfering with any of the Transactions.

6.4 **No Injunctions or Restraints**. No Restraints affecting the Closing or seeking to prohibit the Transactions shall be in effect; provided, however, that each of the Parties shall have used its commercially reasonable efforts to prevent the entry of any such Restraints and to appeal as promptly as possible any such Restraints that may be entered.

6.5 **Lock-Up Agreements**. The members of Anchor listed shall have executed and delivered Lock-Up Agreements in the form attached hereto as Exhibit C, pursuant to which such Persons will agree not to offer, sell, assign, transfer, pledge, contract to sell or otherwise dispose of any shares of Company Common Stock or securities convertible into or exercisable or exchangeable for Company Common Stock, which such Persons acquired as consideration pursuant to this Agreement for a period of 18 months following the Closing Date.

ARTICLE VII

INDEMNIFICATION AND REMEDIES

7.1 **Indemnification by the Company Stockholders**

(a) Halter Financial Investments, L.P. shall indemnify, defend and hold harmless the Anchor Indemnitees from, against and in respect of any Damages arising, directly or indirectly, from or in connection with (i) the operation or ownership of the Company from and including November 29, 2004 through and including December 7, 2006 (the "***Operating Period***"), including, without limitation, any liability for any Tax imposed on or related to the Company with respect to the Operating Period, (ii) any breach of any representation or warranty of the Company or Halter Financial Investments, L.P. contained in this Agreement or any certificate or instrument furnished by the Company or the Company Stockholders to Anchor pursuant to this Agreement resulting from the operation or ownership of the Company during the Operating Period, (iii) any failure to perform any covenant of Halter Financial Investments, L.P., as a Company Stockholder, contained in this Agreement or any certificate or instrument furnished by the Company or the Company Stockholders to Anchor pursuant to this Agreement, or (iv) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with Halter Financial Group, Inc. (or any Person acting on behalf of Halter Financial Group, Inc.) in connection with the transactions contemplated by this Agreement.

(b) Benchmark Equity Group, Inc., William Baquet and Frank DeLpae shall, jointly and severally, indemnify, defend and hold harmless the Anchor Indemnitees from, against and in respect of any Damages arising, directly or indirectly, from or in connection with (i) the operation or ownership of the Company from December 8, 2006 through and including the Closing Date (the "***Ownership Period***"), including, without limitation, any liability for any Tax imposed on or related to the Company with respect to the Ownership Period, (ii) any breach of any representation or warranty of the Company, Benchmark Equity Group, Inc., William Baquet or Frank DeLape contained in this Agreement or any certificate or instrument furnished by the Company or the Company Stockholders to Anchor pursuant to this Agreement resulting from the operation or ownership of the Company during the Ownership Period, (iii) any failure to perform any covenant of the Company or Benchmark Equity Group, Inc., William Baquet or Frank DeLape, as Company Stockholders, contained in this Agreement or any certificate or instrument furnished by the Company or the Company Stockholders to Anchor pursuant to this Agreement, or (iv) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with the Company, Benchmark Equity Group, Inc., William Baquet or Frank DeLape (or any Person acting on behalf of the Company, Benchmark Equity Group, Inc., William Baquet or Frank DeLape) in connection with the transactions contemplated by this Agreement.

7.2 Indemnification Claims

(a) In order to seek indemnification under this Article VII, the Anchor Indemnitee shall deliver a written notification Claim Notice to one or more of the applicable Company Stockholders (the "***Indemnifying Party***").

(b) Within 20 days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Anchor Indemnitee a Response, in which the Indemnifying Party shall: (i) agree that the Anchor Indemnitee is entitled to receive all of the Claimed Amount (in which case the Response shall be accompanied by a payment by the Indemnifying Party to the Anchor Indemnitee of the Claimed Amount, by check or by wire transfer); (ii) agree that the Anchor Indemnitee is entitled to receive the Agreed Amount (in which case the Response shall be accompanied by a payment by the Indemnifying Party to the Anchor Indemnitee of the Agreed Amount, by check or by wire transfer); or (iii) dispute that the Anchor Indemnitee is entitled to receive any of the Claimed Amount.

(c) During the 30-day period following the delivery of a Response that reflects a Dispute, the Indemnifying Party and the Anchor Indemnitee shall use good faith efforts to resolve the Dispute. If the Dispute is not resolved within such 30-day period, such Dispute shall be resolved in accordance with Section 9.3.

7.3 Survival of Representations and Warranties

(a) All representations and warranties of the Company and the Company Stockholders that are covered by the indemnification agreements in Sections 7.1(a) and (b) shall (i) survive the Closing and (ii) shall expire on the date one (1) year following the Closing Date. If the Anchor Indemnitee delivers to the Company Stockholders, before expiration of a representation or warranty, either a Claim Notice based upon a breach of such representation or warranty, or an Expected Claim Notice based upon a breach of such representation or warranty, then the applicable representation or warranty shall survive until, but only for purposes of, the resolution of the matter covered by such notice. If the Legal Proceeding or written claim with respect to which an Expected Claim Notice has been given is definitively withdrawn or resolved in favor of the Anchor Indemnitee, the Anchor Indemnitee shall promptly so notify the Company Stockholders.

(b) The rights to indemnification set forth in this Article VII shall not be affected by (i) any investigation conducted by or on behalf of Anchor or any knowledge acquired (or capable of being acquired) by Anchor, whether before or after the date of this Agreement or the Closing Date (including through supplements to the Disclosure Schedule permitted by Section 4.10), with respect to the inaccuracy or noncompliance with any representation, warranty, covenant or obligation which is the subject of indemnification hereunder or (ii) any waiver by Anchor of any closing condition relating to the accuracy of representations and warranties or the performance of or compliance with agreements and covenants.

7.4 Limitations

(a) For purposes solely of this Article VII, all representations and warranties of the Company and the Company Stockholders in Article III (other than Sections 3.6 and 3.25 shall be construed as if the term "material" and any reference to "Material Adverse Effect" (and variations thereof) were omitted from such representations and warranties.

(b) No Company Stockholder shall have any right of contribution against the Company with respect to any breach by the Company of any of its representations, warranties, covenants or agreements.

7.5 Certain Definitions. As used herein, the following terms shall have the respective meanings set forth below:

(a) "***Agreed Amount***" shall mean part, but not all, of the Claim Amount.

(b) "Anchor Indemnitees" shall mean Anchor and, after the Closing, the Company and Anchor, the former members of Anchor, and their respective officers, directors, employees, attorneys, representatives, stockholders, controlling persons, and affiliates.

(c) "***Claim Notice***" shall mean written notification which contains (i) a description of the Damages incurred or reasonably expected to be incurred by the Anchor Indemnitee and the Claimed Amount of such Damages, to the extent then known, (ii) a statement that the Anchor Indemnitee is entitled to indemnification under Article VII of the Agreement for such Damages and a reasonable explanation of the basis therefor, and (iii) a demand for payment in the amount of such Damages.

(d) "***Claimed Amount***" shall mean the amount of any Damages incurred or reasonably expected to be incurred by the Anchor Indemnitee.

(e) "Damages" shall mean any demand, loss, liability (whether absolute, accrued, contingent, fixed or otherwise, or whether known or unknown, or due or to become due or otherwise), claim, damage (including incidental and consequential), fine, tax, action, suit, judgment, expense (including amounts paid in settlement, interest, court costs, fees and expenses of attorneys, accountants, investigators, experts and other expenses of litigation, including in connection with the assertion of rights under, or the enforcement of, this Agreement) or diminution of value, whether or not involving a third-party claim, whether disputed or not.

(f) "***Dispute***" shall mean the dispute resulting if the Company Stockholders in a Response disputes their liability for all or part of the Claimed Amount.

(g) "***Response***" shall mean a written response by the Company Stockholders in reply to a Claim Notice, in which the Company Stockholders: (i) agree that the Anchor Indemnitee is entitled to receive all of the Claimed Amount; (ii) agree that the Anchor Indemnitee is entitled to receive the Agreed Amount; or (iii) dispute that the Anchor Indemnitee is entitled to receive any of the Claimed Amount. Such written response shall include a reasonable explanation of the basis for any Dispute.

ARTICLE VIII

TERMINATION OF AGREEMENT

8.1 **Termination**. This Agreement may be terminated at any time prior to or at the Closing:

(a) By the mutual written consent of the Company and Anchor;

(b) By the Company, if the conditions precedent set forth in Article VI shall not have been complied with, waived or performed and such noncompliance or nonperformance shall not have been cured or eliminated (or by its nature cannot be cured or eliminated) on or before the Termination Date;

(c) By Anchor, if the conditions precedent set forth in Article V shall not have been complied with, waived or performed and such noncompliance or nonperformance shall not have been cured or eliminated (or by its nature cannot be cured or eliminated) on or before the Termination Date;

(d) By Anchor, if any material item of disclosure or information obtained during Anchor's ongoing due diligence investigation of the Company shall warrant termination of this Agreement and the Transactions, as determined in Anchor's reasonable discretion using any relevant information;

(e) By the Company or Anchor if the Closing Date shall not have occurred on or prior to the Termination Date unless the failure of such occurrence shall be due to the failure of the Party seeking to terminate this Agreement to perform or observe its agreements set forth herein to be performed or observed by such Party at or before the Closing Date;

(f) By any Party, upon written notice to the other Parties if any application for regulatory or governmental approval necessary to consummate the Transactions shall have been denied or withdrawn at the request or recommendation of the applicable regulatory agency or governmental authority or such application is approved with conditions which materially impair the value of Anchor, taken as a whole, to the Company;

(g) By the Company, if (i) there shall have occurred a Material Adverse Change in Anchor following the date of this Agreement, or (ii) there was a material breach in any representation, warranty, covenant, agreement or obligation of Anchor hereunder and such breach shall not have been remedied within thirty (30) days after receipt by Anchor of notice in writing from the Company specifying the nature of such breach and requesting that it be remedied; or

(h) By Anchor, if (i) there shall have occurred a Material Adverse Change in the Company following the date of this Agreement, or (ii) there was a material breach in any representation, warranty, covenant, agreement or obligation of the Company or Company Stockholders hereunder and such breach shall not have been remedied within thirty (30) days after receipt by such breaching Party of notice in writing from Anchor specifying the nature of such breach and requesting that it be remedied.

Except as otherwise specifically set forth herein, any termination of this Agreement under this Section 8.1 will be effective by the delivery of notice of the terminating Party to the other Parties hereto.

8.2 No Liability for Proper Termination. Any termination of this Agreement in accordance with this Article VIII will be without further obligation or liability upon any Party in favor of the other Party hereto or to its stockholders, directors or officers; provided, however, that nothing herein will limit the obligation of any Party for any willful breach hereof or failure to use their reasonable best efforts to cause the Transactions to be consummated. In the event of the termination of this Agreement pursuant to this Article VIII, this Agreement shall thereafter become void and have no effect and each Party shall be responsible for its own expenses incurred in connection herewith.

ARTICLE IX

MISCELLANEOUS

9.1 Nonsurvival of Representations, Warranties and Agreements of Anchor. None of the representations, warranties and agreements of Anchor contained in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing, except for the agreements contained in Article I, Article VII and Article IX of this Agreement.

9.2 Governing Law. This Agreement and the legal relations among the Parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware without regard to any choice of conflicts of law doctrine (whether of the State of Delaware or any other jurisdiction).

9.3 Submission to Jurisdiction. Each of the Parties (a) consents to submit itself to the personal jurisdiction of any court sitting in Mecklenburg County or in the United States District Court for the Western District of North Carolina, in any action or proceeding arising out of or relating to this Agreement or any Transaction, (b) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (c) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement or any Transaction in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Any Party may make service on another Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 9.9. Nothing in this Section 9.3, however, shall affect the right of any Party to serve legal process in any other manner permitted by law.

9.4 **Waiver of Jury Trial**. EACH OF THE COMPANY, ANCHOR AND THE COMPANY STOCKHOLDERS HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS OR THE ACTIONS OF THE COMPANY, ANCHOR OR THE COMPANY STOCKHOLDERS IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.5 **Assignment; Binding Upon Successors and Assigns**. No Party hereto may assign any of its rights or obligations hereunder without the prior written consent of the other Parties hereto. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

9.6 **Severability**. If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the Parties hereto so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

9.7 **Expenses**. Each Party will bear its respective expenses and legal fees incurred with respect to this Agreement, and the transactions contemplated hereby.

9.8 **Attorneys' Fees**. Should a suit be brought to enforce or interpret any part of this Agreement, the prevailing Party will be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court rendering the judgment (including without limitation, costs, expenses and fees on any appeal). The prevailing Party will be entitled to recover its costs of the suit, regardless of whether such suit proceeds to final judgment.

9.9 **Notices**. All notices and other communications required or permitted under this Agreement will be in writing and will be either hand delivered in person, sent by telecopier, sent by certified or registered first class mail, postage pre-paid, or sent by nationally recognized express courier service. Such notices and other communications will be effective upon receipt if hand delivered or sent by telecopier, five (5) days after mailing if sent by mail, and one (1) day after dispatch if sent by express overnight courier, to the following addresses, or to such other addresses or fax number as any Party may notify the other Parties in accordance with this Section 11.9:

If to the Company or a Company Stockholder other than William Baquet:

c/o Benchmark Equity Group
700 Gemini, Suite 100,
Houston, TX 77058

If to William Baquet:

Fordham Financial Management, Inc.
14 Wall Street
New York, NY 10005

With copy to:

Morse & Morse, PLC
1400 Old Country Road
Westbury, NY 11590
Attention: Steven Morse

If to Anchor:

Anchor Funding Services, LLC
2201 Crownpoint Executive Drive
Charlotte, NC 28227
Attention: Chief Executive Officer

With copy to:

Kennedy Covington Lobdell & Hickman, L.L.P.
Hearst Tower, 47th Floor
214 North Tryon Street
Charlotte, NC 28202
Attention: Mark R. Busch

9.10 **Entire Agreement**. This Agreement (including the documents referred to herein) and the exhibits and schedules hereto constitute the entire understanding and agreement of the Parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect hereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any uncertainty or ambiguity herein will be construed or resolved against any Party, whether under any rule of construction or otherwise. None of the Parties hereto shall be considered the draftsman. The Parties acknowledge and agree that this Agreement has been reviewed, negotiated and accepted by all Parties and their attorneys, and will be construed and interpreted according to the ordinary meaning of the words used so to fairly accomplish the purposes and intentions of the Parties.

9.11 **Amendment**. The Parties may mutually amend any provision of this Agreement at any time prior to Closing. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties.

9.12 **Extension; Waiver**. The Parties may, at any time prior to the Closing Date, (i) extend the time for the performance of any of the obligations or other acts of the other Parties hereto; (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant thereto; or (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party against which the waiver is sought to be enforced. No waiver by any Party with respect to any default, misrepresentation or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.13 **Counterparts and Facsimile Signature**. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original. This Agreement may be executed by facsimile signature.

9.14 **Descriptive Headings**. The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

9.15 **No Third Party Beneficiaries**. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the Parties hereto or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement; provided, however, the provisions of Article VII concerning indemnification are intended are intended for the benefit of the individuals specified therein.

9.16 **Specific Performance**. The Parties acknowledge that if any of the Parties refuse to perform under the provisions of this Agreement, monetary damages alone will not be adequate to compensate the other Parties to this Agreement. Each Party shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement. If any action is brought by a Party to enforce this Agreement, each other Party shall waive the defense that there is an adequate remedy at law. In the event of a default by any Party to this Agreement which results in the filing of a lawsuit for damages, specific performance, or other remedies, each non-defaulting Party shall be entitled to joint and several reimbursement from the defaulting Parties of all reasonable legal fees and expenses incurred by the non-defaulting Parties.

9.17 **Joint Preparation**. This Agreement has been prepared and extensively negotiated by all Parties hereto with the assistance and input of their respective attorneys, and therefore no ambiguity herein shall be construed for or against any Party based upon the identity of the author of this Agreement or any portion hereof.

9.18 **Drafting Ambiguities**. When a reference is made in this Agreement to an Article, Section, Exhibit, Schedule or Appendix, such reference shall be to an Article or Section of, or an Exhibit, Schedule or Appendix to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the day and year first above written.

BTHC XI , INC.

By: /s/ Brad Bernstein

Name: Brad Bernstein
Title: President

ANCHOR FUNDING SERVICES, LLC

By: /s/ Morry Rubin

Name: Morry Rubin
Title: Member

COMPANY STOCKHOLDERS:

BENCHMARK EQUITY GROUP, INC.

By: /s/ Frank Delape

Frank Delape
Title

By: /s/ William Baquet

WILLIAM BAQUET

HALTER FINANCIAL INVESTMENTS, L.P.

By: /s/ Timothy P. Halter

Name: Timothy P. Halter
Title: Chairman

By: /s/ Frank Delape

FRANK DELAPE

EXHIBIT A-1

Anchor Members

Ilissa Bernstein

George Rubin

Morry Rubin

EXHIBIT A-2

Company Stockholders

Benchmark Equity Group, Inc.

William Baquet

Halter Financial Investments, L.P.

Frank DeLape

EXHIBIT B-1

Morry Rubin Employment Agreement

EXHIBIT B-2

Brad Bernstein Employment Agreement

EXHIBIT B-3

George Rubin Director Compensation Agreement

EXHIBIT C

Form of Lock-up Agreement

SECURITIES EXCHANGE AGREEMENT

among

BTHC XI , Inc.**,**

ANCHOR FUNDING SERVICES, LLC,

THOSE MEMBERS OF ANCHOR FUNDING SERVICES, LLC

IDENTIFIED ON EXHIBIT A-1 HERETO

and

THOSE STOCKHOLDERS OF BTHC XI, INC.

IDENTIFIED ON EXHIBIT A-2 HERETO

Dated January 31, 2007

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Exhibit 3.3

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

OF BTHC XI, INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is BTHC XI, Inc.

2. The Board of Directors of BTHC XI, Inc. by unanimous written consent duly adopted a resolution setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and proposing, recommending and submitting said amendment to the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

> FURTHER RESOLVED, that the Certificate of Incorporation of the Corporation be amended so as to change the name of the Corporation from "BTHC XI, Inc." to "Anchor Funding Services, Inc." and that, to that end, the Article numbered "FIRST" of the Certificate of Incorporation of the Corporation be stricken out and deleted in its entirety and the following new Article numbered "FIRST" be substituted in lieu thereof:
>
> "FIRST: The name of the Corporation is Anchor Funding Services, Inc."

3. Thereafter the stockholders of said corporation by written consent approved and adopted said amendment.

4. The amendment of the certificate of incorporation herein certified has been duly adopted and written consent has been given in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

5. The capital of said corporation shall not be reduced under or by reason of said amendment.

In Witness Whereof, said BTHC XI, Inc. has caused this certificate to be signed this 20th day of February, 2007.

BTHC XI, INC.

By: /s/

Title

EXHIBIT 3.4

CERTIFICATE OF DESIGNATIONS

OF

BTHC XI, INC.

SERIES 1 PREFERRED STOCK

THE UNDERSIGNED, the President and Chief Executive Officer of BTHC XI, Inc., a Delaware corporation (hereinafter called the "***Corporation***"), DOES HEREBY CERTIFY that the following resolution has been duly adopted by the Board of Directors of the Corporation on January 30, 2007:

RESOLVED, that pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation (the "***Board of Directors***") by the provisions of Article FOURTH of the Certificate of Incorporation of the Corporation, the Board of Directors hereby creates and designates the initial series of preferred stock, par value $.001 per share, of the Corporation and authorizes the issuance thereof, and hereby fixes the designation and amount thereof and the powers, preferences, and relative rights thereof as follows:

1. **Designation; Number of Shares.**

The designation of said series of the Preferred Stock shall be "Series 1 Preferred Stock" (the "***Series 1 Preferred Stock***"). The number of shares of Series 1 Preferred Stock shall be limited to 2,000,000.

2. **Dividend Rights.**

The holders of Series 1 Preferred Stock shall be entitled to receive cumulative annual dividends, payable in shares of Series 1 Preferred Stock or in certain instances in cash, at an annual rate of 8% ($0.40 per share), payable on December 31 of each year commencing December 31, 2007. Dividends, which shall accrue on a daily basis, shall begin to accrue on the Original Issue Date and shall cease to accrue and accumulate on the earlier of December 31, 2009 (the "***Final Dividend Payment Date***") or the applicable Conversion Date. After the Final Dividend Payment Date, the holders of Series 1 Preferred Stock shall have the same dividend rights as holders of Common Stock of the Corporation, as if the Series 1 Preferred Stock has been fully converted into Common Stock. The dividends payable on December 31, 2007 will be prorated from the date of each closing in the Offering. Unpaid dividends accrued as aforesaid will accumulate and be payable prior to the payment of any dividends on shares of the Corporation's common stock, par value $0.001 per share ("***Common Stock***") or any other class of Preferred Stock. The Corporation shall pay a cash dividend in lieu of a stock dividend where on the date of declaration of the dividend, it is the Board of Directors' determination that the Corporation's common stock is trading consistently at a market price below $1.00 per share. Notwithstanding the foregoing, cash dividends will only be payable from funds legally available therefor, when and as declared by the Board of Directors, and unpaid dividends will accumulate until the Corporation has capital to legally pay the dividends. Except as specified above, the Board of Directors shall declare and pay dividends in shares of Series 1 Preferred Stock. The Series 1 Preferred Stock shall have an assumed and stated value of $5.00 per share, which shall be the sole basis for determining the number of shares issuable as a dividend in lieu of a cash payment. No fractional shares of Series 1 Preferred Stock shall be issued upon payment of any dividend, with any stockholders that would be entitled to receive any fractional shares as a result of any such dividend being rounded upward to the nearest whole share. Notwithstanding anything contained herein to the contrary, the Board of Directors shall timely declare dividends on its Series 1 Preferred Stock each year unless the payment of such dividends would be in violation of the Delaware General Corporation Law, as amended, or other applicable law or court order.

3. Liquidation Rights.

(a) In the event of any liquidation, dissolution, or winding up of the Corporation, either voluntary or involuntary, occurring prior to or on the date of payment of all accrued and unpaid dividends that relate to the Final Dividend Payment Date, the holders of Series 1 Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of Common Stock or by reason of their ownership thereof, an amount per share equal to $5.00 for each outstanding share of Series 1 Preferred Stock (the "***Original Series 1 Issue Price***") as adjusted for changes in the Series 1 Preferred Stock by stock split, stock dividend, or the like occurring after the Original Issue Date, plus all accrued but unpaid dividends thereon. If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series 1 Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series 1 Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive.

(b) Upon the completion of the distribution required by subparagraph (a) of this Section 3 and any other distribution that may be required with respect to any other series of preferred stock that may from time to time come into existence, the remaining assets of the Corporation available for distribution to shareholders shall be distributed among the holders of Common Stock.

(c) In the event of any liquidation, dissolution, or winding up of the Corporation, either voluntary or involuntary, occurring after the payment of all accrued and unpaid dividends that relate to the Final Dividend Payment Date, the holders of Series 1 Preferred Stock shall have the same liquidation rights as holders of Common Stock as if the outstanding shares of Series 1 Preferred Stock had been fully converted into Common Stock.

(d) (i)For purposes of this Subsection 3(d)(i), a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, any of the following:

(A) The sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender), whether in a single transaction or pursuant to a series of related transactions or plan, of fifty percent (50%) or more of the assets of the Corporation, based on the fair market value of the Corporation's assets as mutually determined by the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of Series 1 Preferred Stock, which assets shall include for these purposes fifty percent (50%) or more of the outstanding voting capital stock of any subsidiaries of the Corporation, the assets of which constitute all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole; or

(B) The sale, transfer, or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender), whether in a single transaction or pursuant to a series of related transactions, of all or substantially all of the assets of the subsidiaries of the Corporation, the assets of which constitute all or substantially all of the assets of the Corporation and such subsidiaries taken as a whole.

(ii) In any of such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value, as mutually determined by the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of Series 1 Preferred Stock.

4. Voting Rights.

The holders of shares of Series 1 Preferred Stock shall vote with holders of the Common Stock, together as single class, upon all matters submitted to a vote of stockholders, including, without limitation, for the election of directors. For such purpose, each holder of Series 1 Preferred Stock shall be entitled to a number of votes determined as follows. Through the final closing date of the Corporation's sale of Series 1 Preferred Stock in the Offering, each share of Series 1 Preferred Stock shall be entitled to a number of votes equal to a fraction, the numerator of which is 7,770,000, and the denominator of which is the number of shares of Series 1 Preferred Stock issued from the date of the filing of this Certificate of Designations with the Secretary of state of the state of Delaware through the record date fixed for the determination of stockholders entitled to vote or on the effective date of any written consent of stockholders, as applicable. Following the final closing date of the Offering, each share of Series 1 Preferred Stock shall be entitled to a fixed number of votes equal to a fraction, the numerator of which is 7,770,000, and the denominator of which is the number of shares of Series 1 Preferred Stock issued pursuant to the Offering, irrespective of any subsequent conversions or stock dividend issuances which may occur from time to time. Fractional votes shall not however, be permitted and any fractional voting rights resulting from the above formulas with respect to any holder of Series 1 Preferred Stock shall be rounded upward to the nearest whole number.

5. Conversion Rights.

The holders of the Series 1 Preferred Stock shall have conversion rights as follows (the "***Conversion Rights***"):

(a) *Optional*. Each share of Series 1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the Original Issue Date of such share at the office of the Corporation or any transfer agent for the Series 1 Preferred Stock, into Common Stock. The number of shares of Common Stock to which a holder of Series 1 Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the Conversion Rate of the Series 1 Preferred Stock (determined as provided in Subsection 5(b) below) by the number of shares of Series 1 Preferred Stock being converted. Upon conversion, all accrued and unpaid (undeclared) dividends through the Conversion Date on the shares of Series 1 Preferred Stock being converted shall be paid in additional shares of Common Stock as if such dividends had been paid in additional shares of Series 1 Preferred Stock, and then automatically converted into additional shares of Common Stock at the then applicable Conversion Rate rounded up to the nearest whole number. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the shares of Series 1 Preferred Stock to be converted in accordance with the procedures described in Subsection 5(c) below (the "***Conversion Date***").

(b) *Conversion Rate*. Subject to the provisions of this Section 5, the conversion rate in effect at any time with respect to the Series 1 Preferred Stock (the "***Conversion Rate***") shall be the quotient obtained by dividing $5.00 by the Conversion Price. Except as otherwise provided in this Section 5, the "***Conversion Price***" shall initially be $1.00.

(c) *Mechanics of Conversion*. Before any holder of Series 1 Preferred Stock shall be entitled to receive certificates representing the shares of Common Stock into which shares of Series 1 Preferred Stock are converted in accordance with Subsection 5(a) above, such holder shall surrender the certificate or certificates for such shares of Series 1 Preferred Stock duly endorsed at (or in the case of any lost, mislaid, stolen or destroyed certificate(s) for such shares, deliver an affidavit as to the loss of such certificate(s), in such form as the Corporation may reasonably require) the office of the Corporation or of any transfer agent for the Series 1 Preferred Stock, and shall give written notice to the Corporation at such office of the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued, if different from the name shown on the books and records of the Corporation. Said conversion notice shall also contain such representations as may reasonably be required by the Corporation to the effect that the shares to be received upon conversion are not being acquired and will not be transferred in any way that might violate the then applicable securities laws. The Corporation shall, as soon as practicable thereafter and in no event later than thirty (30) days after the delivery of said certificates, issue and deliver at such office to such holder of Series 1 Preferred Stock, or to the nominee or nominees of such holder as provided in such notice, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion pursuant to Subsection 5(a) shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of the Conversion Date. All certificates issued upon the exercise or occurrence of the conversion shall contain a legend governing restrictions upon such shares imposed by law or agreement of the holder or his or its predecessors.

(d) *Conversion Price Adjustments of Preferred Stock for Certain Dilutive Issuances, Splits and Combinations*. The Conversion Price of the Series 1 Preferred Stock shall be subject to adjustment from time to time as follows:

(i) (A)If the Corporation shall issue, after the Original Issue Date, any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price for such series in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance (including shares of Common Stock deemed to be issued pursuant to subsection 5(d)(i)(E)(1) or (2)) (but not including shares excluded from the definition of Additional Stock by Section 5(d)(ii)(B)) plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for such issuance would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance (including shares of Common Stock deemed to be issued pursuant to subsection 5(d)(i)(E)(1) or (2)) (but not including shares excluded from the definition of Additional Stock by subsection 5(d)(ii)(B)) plus the number of shares of such Additional Stock. However, the foregoing calculation shall not take into account shares deemed issued pursuant to Section 5(d)(i)(E) on account of options or rights except to the extent (i) such options or rights have been exercised or (ii) the consideration to be paid upon such exercise per share of underlying Common Stock is less than the per share consideration for the Additional Stock that has given rise to the Conversion Price adjustment being calculated.

(B) No adjustment of the Conversion Price for the Series 1 Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in subsections (E)(3) and (E)(4), no adjustment of such Conversion Price pursuant to this subsection 5(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors irrespective of any accounting treatment.

(E) In the case of the issuance (whether before, on or after the applicable Original Issue Date) of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of this subsection 5(d)(i) and subsection 5(d)(ii):

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 5(d)(i)(C) and 5(d)(i)(D)), if any, received by the Corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of, or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 5(d)(i)(C) and 5(d)(i)(D)).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof (unless such options or rights or convertible or exchangeable securities were merely deemed to be included in the numerator and denominator for purposes of determining the number of shares of Common Stock outstanding for purposes of subsection 5(d)(i)(A)), the Conversion Price of the Series 1 Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the Series 1 Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities (unless such options or rights were merely deemed to be included in the numerator and denominator for purposes of determining the number of shares of Common Stock outstanding for purposes of subsection 5(d)(i)(A)), shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to subsections 5(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 5(d)(i)(E)(3) or (4).

(ii) "***Additional Stock***" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 5(d)(i)(E)) by the Corporation after the Purchase Date other than:

(A) Common Stock issued pursuant to a transaction described in subsection 5(d)(iii) hereof; or

(B) Shares of Common Stock issuable or issued to employees, consultants, directors or vendors (if in transactions with primarily non-financing purposes) of the Corporation directly or pursuant to a stock option plan or restricted stock plan approved by the Board of Directors of the Corporation and ratified by stockholders.

(iii) In the event the Corporation should at any time or from time to time after the Original Issue Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "***Common Stock Equivalents***") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series 1 Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents with the number of shares issuable with respect to Common Stock Equivalents determined from time to time in the manner provided for deemed issuances in subsection 5(d)(i)(E).

(iv) If the number of shares of Common Stock outstanding at any time after the Original Issue Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Series 1 Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) *Other Distributions*. In the event the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 5(d)(iii), then, in each such case for the purpose of this subsection 5(e), the holders of the Series 1 Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their shares of Series 1 Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

(f) *Recapitalizations and Mergers*. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, common stock dividend, combination or sale of assets transaction provided for elsewhere in this Section 5 or Section 3) or merger in which the Corporation is not the surviving corporation (a "Transaction"), provision shall be made so that the holders of the Series 1 Preferred Stock or the other shares into which such shares are converted shall thereafter be entitled to receive upon conversion of the Series 1 Preferred Stock or the other shares into which such shares are converted the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled in connection with such Transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5 with respect to the rights of the holders of the Series 1 Preferred Stock after the Transaction to the end that the provisions of this Section 5 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series 1 Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(g) *No Impairment*. The Corporation shall not, by amendment of its Certificate of Incorporation or Bylaws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but shall at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series 1 Preferred Stock against impairment.

(h) *Certificate Regarding Adjustments*. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 5, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and cause the Corporation's independent public accountants to verify such computation and prepare and furnish to each holder of Series 1 Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series 1 Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price and the Conversion Rate at that time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property that at that time would be received upon the conversion of Series 1 Preferred Stock.

(i) *Notices of Record Date*. In the event of any taking by the Corporation of a record of the holders of any class of securities other than Series 1 Preferred Stock for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, any Common Stock Equivalents or any right to subscribe for, purchase, or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Series 1 Preferred Stock, at least twenty (20) days before to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution, or rights, and the amount and character of such dividend, distribution, or rights.

(j) *Reservation of Stock Issuable Upon Conversion*. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series 1 Preferred Stock such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series 1 Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall be insufficient to effect the conversion of all then outstanding shares of the Series 1 Preferred Stock, the Corporation shall take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

6. Notices.

Any notice required by the provisions hereof to be given to the holders of shares of Series 1 Preferred Stock shall be deemed given on the third business day following (and not including) the date on which such notice is deposited in the United States Mail first-class, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation. Notice by any other means shall not be deemed effective until actually received.

7. Definitions.

For the purposes of this Section 7, the following terms shall have the meanings specified below. Other capitalized terms, used in this Section 7 and not defined below shall have the meanings otherwise assigned to such terms in this Certificate of Designations:

"***Board of Directors***" shall mean the board of directors of the Corporation;

"***Common Stock***" shall mean the Corporation's common stock, par value $0.001 per share.

"***Offering***" shall mean the offer by the Corporation of shares of Series 1 Preferred Stock to accredited investors pursuant to a private placement memorandum dated January 2, 2007;

"***Original Issue Date***" shall mean each respective closing date of the Offering applicable to each holder of Series 1 Preferred Stock, whether the initial closing date, the final closing date, or some closing date in between;

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IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations to be made under the seal of the Corporation and signed and attested by its duly authorized officer on January 30, 2007.

BTHC XI, INC.

By: /s/ Joseph Rozelle

Joseph Rozelle
President & CEO

AMENDED AND RESTATED BYLAWS

OF

BTHC XI, INC.

As amended January 30, 2007

ARTICLE 1
OFFICES

SECTION 1.01 **. *Registered Office***. The registered office of BTHC XI, Inc. (the "Corporation") shall be in such place within the State of Delaware as the Board of Directors (the "Board") may from time to time determine.

SECTION 1.02 **. *Principal Office***. The Corporation may have offices also at such other places within and without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

SECTION 1.03 **. *Other Offices***. The Corporation may establish any additional offices, at any place or places, as the Board may designate or as the business of the Corporation shall require.

ARTICLE 2
MEETINGS OF STOCKHOLDERS

SECTION 2.01 **. *Place***. Meetings of the stockholders of the Corporation (the "Stockholders") shall be held at such place either within or without the State of Delaware as shall be designated from time to time by a resolution of a majority of the Board.

SECTION 2.02 **. *Annual Meetings***. The annual meeting of the Stockholders shall, unless otherwise provided by the Board, be held on the third Tuesday in May each year. At each annual meeting of the Stockholders, the Stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors selected for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

SECTION 2.03 **. *Notice of Meetings***. Notice of the place, if any, date, and time of all meetings of the Stockholders, and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each holder of Voting Stock entitled to vote at such meeting, except as otherwise provided herein or required by law. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided*, *however*, that if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

SECTION 2.04 . Special Meetings. Special meetings of the Stockholders may be called by the chief executive officer or the president or by resolution of the Board and, subject to any contrary provision in the Certificate of Incorporation and to the procedures set forth in this section, shall be called by the chief executive officer or the secretary at the request in writing of Stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. Such meeting shall be held at such time and date as may be fixed by a resolution of a majority of the Board. The Board may postpone fixing the time and date of a special meeting to be held at the request of Stockholders in order to allow the secretary to determine the validity of such request, *provided*, that if such request is determined to be valid, then the Board shall fix the date of such special meeting to be no later than 90 days after such determination. For the purposes of these Bylaws, the term "Voting Stock" shall have the meaning of such term set forth in the Certificate of Incorporation or, if not defined therein, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 2.05 . Business Transacted. Business transacted at any special meeting of Stockholders shall be limited to the purposes stated in the notice.

SECTION 2.06 . List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten days before every meeting of Stockholders, a complete list of the holders of Voting Stock entitled to vote at said meeting, arranged in alphabetical order with the address of and the number of voting shares registered in the name of each. Such list shall be open for ten days prior to the meeting to the examination of any Stockholders, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held, and shall be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any Stockholder who is present.

SECTION 2.07 . Quorum. Except as otherwise provided by these Bylaws, the presence of the holders of a majority of the outstanding Voting Stock entitled to vote at any meeting of the Stockholders, in person or by proxy, shall constitute a quorum for the transaction of business. On all questions, the Stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Stockholders to result in less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. In the absence of a quorum, the holders of Voting Stock present in person or by proxy and entitled to vote at the meeting may, by majority vote, or, in the absence of all Stockholders, any officer entitled to preside at the meeting, shall have the power to adjourn the meeting from time to time until holders of the requisite amount of Voting Stock shall be present in person or by proxy. When specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

SECTION 2.08 . Vote Required. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the Voting Stock present in person or represented by proxy shall decide any questions brought before such meeting, except as otherwise provided by statute or the Certificate of Incorporation.

SECTION 2.09 . Proxies. Each holder of Voting Stock entitled to vote at a meeting of Stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Any such proxy shall be delivered to the secretary of such meeting, at or prior to the time designated in the order of business for so delivering such proxies. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

SECTION 2.10 . Inspectors of Election. In advance of any meeting of the stockholders, the Board or the presiding officer of such meeting may appoint one or more inspectors of election to act at such meeting or at any adjournments thereof and make a written report thereof. One or more persons may also be designated by the Board or such presiding officer as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of such meeting shall appoint one or more inspectors to act at such meeting. No director or nominee for the office of director at such meeting shall be appointed an inspector of election. Each inspector, before entering on the discharge of the inspector's duties, shall first take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such person's ability. The inspectors of election shall, in accordance with the requirements of the Delaware General Corporation Law, (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period and file with the secretary of the meeting a record of the disposition of any challenges made to any determination by the inspectors, and (e) make and file with the secretary of the meeting a certificate of their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

SECTION 2.11 . Procedures for Meetings. Meetings of Stockholders shall be presided over by the chief executive officer or in his or her absence by a presiding officer designated by the Board, or in the absence of such designation by a presiding officer chosen at the meeting. The secretary shall act as secretary of the meeting, but in his or her absence the presiding officer of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting shall be announced at such meeting by the presiding officer. The Board may adopt by resolution such rules or regulations for the conduct of meetings of Stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the presiding officer of any meeting of Stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to Stockholders of record, their duly authorized and constituted proxies or such other persons as the presiding officer shall permit; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof, and (e) limitations on the time allotted to questions or comments by participants.

SECTION 2.12 . Action Without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding Voting Stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those holders of Voting Stock who have not consented in writing.

SECTION 2.13 . Notice of Stockholder Nomination and Stockholder Business. At an annual meeting of the Stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. Nominations of persons for election to the Board of the Corporation and the proposal of business to be considered by the Stockholders at an annual meeting of Stockholders may be made (a) pursuant to the Corporation's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), (b) by or at the direction of the Board or (c) by any Stockholder of the Corporation who was a holder of Voting Stock of record at the time of giving of notice by the Stockholder as provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a Stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the secretary of the Corporation no earlier than the 75th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Corporation's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Corporation did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Corporation mails its proxy statement for the annual meeting. Every such notice by a Stockholder shall set forth (i) the name and address of such Stockholder as they appear on the Corporation's books and the class and number of shares of the Corporation's Voting Stock that are owned beneficially and of record by such Stockholder, (ii) a representation that the Stockholder is a holder of the Corporation's Voting Stock and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice; (iii) with respect to notice of an intent to make a nomination, a description of all arrangements or understandings among the Stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Stockholder, and such other information regarding each nominee proposed by such Stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated by the Board; and (iv) with respect to notice of an intent to bring up any other matter, a description of the matter, the reasons for conducting such business at the meeting and any material interest of the Stockholder in the matter. Notice of intent to make a nomination shall be accompanied by the written consent of each nominee to be named in a proxy statement as a nominee and to serve as director of the Corporation if so elected. Except as otherwise provided by law or by the Certificate of Incorporation, the presiding officer of the meeting shall have the power and authority to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Bylaw and whether such matter is an appropriate subject for Stockholder action under applicable law, and, if it was not, to declare that such proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this section, a Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to affect any rights of Stockholders to request inclusion of proposals in the Corporation's proxy statement in accordance with Rule 14a-8 under the Exchange Act or the holders of any series of preferred stock to elect directors under circumstances specified in the Certificate of Incorporation.

SECTION 2.14 . Notice by Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to Stockholders, any notice to Stockholders given by the Corporation under any law, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission then consented to by the Stockholder to whom the notice is given.

ARTICLE 3

DIRECTORS

SECTION 3.01 . Number. The number of directors of the Corporation shall be such number as fixed from time to time by resolution of the Board; *provided*, *however*, no decrease in the number of directors shall shorten the term of any incumbent directors. The directors shall be elected at the annual meeting of the Stockholders, except as otherwise provided by statute, the Certificate of Incorporation or Section 3.02 of these Bylaws, and each director shall hold office until a successor is elected and qualified or until such director's earlier resignation or removal.

SECTION 3.02 . Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and, except as otherwise provided by statute or the Certificate of Incorporation, each of the directors so chosen shall hold office until the next annual election and until a successor is elected and qualified or until such director's earlier resignation or removal.

SECTION 3.03 . Authority. The business of the Corporation shall be managed by or under the direction of the Board, which shall exercise such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by Stockholders.

SECTION 3.04 . Place of Meeting. The Board or any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 3.05 . Annual Meeting. A regular meeting of the Board shall be held immediately following the adjournment of the annual meeting of Stockholders. No notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum is present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board.

SECTION 3.06 . Regular Meetings. Except as provided in Section 3.05, regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

SECTION 3.07 . Special Meetings. Special meetings of the Board may be called by the chief executive officer, secretary, or the president and shall be called by the chief executive officer or the secretary on the written request of at least three directors. Notice of special meetings of the Board shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex or similar means of electronic transmission. The notice need not specify the business to be transacted.

SECTION 3.08 . Emergency Meetings. In the event of an emergency which in the judgment of the chief executive officer or the president requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

SECTION 3.09 . Quorum; Vote Required. At meetings of the Board, a majority of the directors at the time in office shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 3.10 . Chairman of the Board. The Board may elect one of its members to be chairman of the board or may elect two of its members each to have the title co-chairman of the board, and may fill any vacancy in the position of chairman of the board or co-chairman of the board at such time and in such manner as the Board shall determine. The chairman of the board or co-chairmen of the board, as applicable, may but need not be an officer of or employed by the Corporation. Unless the resolutions appointing the chairman of the board or co-chairmen of the board, as applicable, specify that the chairman of the board or co-chairmen of the board shall be officers, the chairman of the board or co-chairmen of the board, as applicable, shall not be officers. The chairman of the board, if such be elected, shall, if present, preside at all meetings of the Board and exercise and perform such other powers and duties as be from time to time assigned to him by the Board. If there shall be two persons serving as co-chairmen of the board, one of them, as agreed upon by both, shall preside at all meetings of the Board and each and shall perform such other powers and duties as be from time to time assigned to him by the Board.

SECTION 3.11 . Committees. The Board may, by resolution adopted by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. All committees may authorize the seal of the Corporation to be affixed to all papers which may require it. To the extent provided in any resolution or by these Bylaws, subject to any limitations set forth under the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall have and may exercise any of the powers and authority of the Board in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Unless the Board designates one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, the members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member of such committee. At meetings of any such committee, a majority of the members or alternate members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of members or alternate members present at any meeting at which there is a quorum shall be the act of the committee.

SECTION 3.12 . Minutes of Committee Meetings. The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board, shall report the same to the Board.

SECTION 3.13 . Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all the members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

SECTION 3.14 . Participation by Conference Telephone. The members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.15 . Compensation of Directors. The directors may be paid their expenses of attendance at each meeting of the Board or of any special or standing committee thereof. The Board may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board, and for attending meetings of the Board or of any special or standing committee thereof. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 3.16 . Removal. Subject to any limitations imposed by applicable law or by the Certificate of Incorporation, the Board or any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the then outstanding Voting Stock.

ARTICLE 4
NOTICES

SECTION 4.01 . Giving of Notice. Notice to directors and Stockholders shall be deemed given: (a) if mailed, when deposited in the United States mail, postage prepaid, directed to the Stockholder or director at such Stockholder's or director's address as it appears on the records of the corporation; (b) if by facsimile telecommunication, when directed to a number at which the Stockholder or director has consented to receive notice; (c) if by electronic mail, when directed to an electronic mail address at which the Stockholder or director has consented to receive notice; (d) if by a posting on an electronic network together with separate notice to the Stockholder or director of such specific posting, upon the later of (1) such posting and (2) the giving of such separate notice; and (e) if by any other form of electronic transmission, when directed to the Stockholder or director.

SECTION 4.02 . Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 5
OFFICERS

SECTION 5.01 . Selection of Officers. The officers of the Corporation shall be chosen by the Board at its first meeting after each annual meeting of Stockholders and shall be a chief executive officer, a president, one or more vice presidents, a secretary, a treasurer or chief financial officer, and such other officers as may from time to time be appointed by the Board. Any number of offices may be held by the same person. The salaries of officers appointed by the Board shall be fixed from time to time by the Board or by such officers as may be designated by resolution of the Board.

SECTION 5.02 . Powers and Duties in General. The officers, assistant officers and agents shall each have such powers and perform such duties in the management of the affairs, property and business of the Corporation, subject to the control and limitation by the Board, as is designated by these Bylaws and as generally pertain to their respective offices, as well as such powers and duties as may be authorized from time to time by the Board.

SECTION 5.03 . Term of Office; Resignation; Removal Vacancies. The officers of the Corporation shall hold office at the pleasure of the Board. Each officer shall hold office until a successor is elected and qualified or until such officer's earlier death, resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer elected or appointed by the Board may be removed at any time, with or without cause, by the Board. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board.

SECTION 5.04 . Chief Executive Officer. The chief executive officer of the Corporation shall have the responsibility for the general and active management and control of the affairs and business of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to the chief executive officer by the Board, and shall see that all orders and resolutions of the Board are carried into effect. The chief executive officer shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the other officers and agents of the Corporation.

SECTION 5.05 . President. The president will be the chief operating officer and shall perform all duties and have all powers which are commonly incident to the office of president or chief operating officer or which are delegated to the president by the Board or the chief executive officer, and shall see that all orders and resolutions of the Board are carried into effect. In the absence or disability of the chief executive officer, the president shall perform the duties and exercise the powers of the chief executive officer. The president shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized.

SECTION 5.06 . Vice Presidents. The vice presidents shall act under the direction of the chief executive officer and in the absence or disability of both the chief executive officer and the president shall perform the duties and exercise the powers of the chief executive officer. They shall perform such other duties and have such other powers as the chief executive officer or the Board may from time to time prescribe. A vice president may be designated as general counsel who shall serve as the chief legal officer and have general supervision over the Corporation's legal affairs. The Board may designate one or more executive or senior vice presidents or may otherwise specify the order of seniority of the vice presidents, and in that event the duties and powers of the chief executive officer shall descend to the vice presidents in such specified order of seniority.

SECTION 5.07 . Secretary. The secretary shall act under the direction of the chief executive officer. Subject to the direction of the chief executive officer, the secretary shall attend all meetings of the Board and all meetings of the Stockholders and record the proceedings in a book to be kept for that purpose, and the secretary shall perform like duties for the standing committees of the Board when requested to do so. The secretary shall give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board, shall have charge of the original stock books, stock transfer books and stock ledgers of the Corporation, and shall perform such other duties as may be prescribed by the chief executive officer or the Board. The secretary shall have custody of the seal of the Corporation and cause it to be affixed to any instrument requiring it, and when so affixed, it may be attested by the secretary's signature. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by such officer's signature.

SECTION 5.08 . Chief Financial Officer or Treasurer. The chief financial officer or treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares, and shall send or cause to be sent to the Stockholders such financial statements and reports as are by law or these Bylaws required to be sent to them. The books of account shall at all reasonable times be open for inspection by any director. The chief financial officer or treasurer shall also perform such other duties as the Board may from time to time prescribe.

SECTION 5.09 . Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the chief executive officer or any other officer of the Corporation authorized by the chief executive officer shall have the power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of Stockholders or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE 6
CERTIFICATES OF STOCK

SECTION 6.01 . Issuance. The stock of the Corporation shall be represented by certificates, *provided* that the Board may provide by resolution for any or all of the stock to be uncertificated shares.

SECTION 6.02 . Facsimile Signatures. If a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or (b) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The seal of the Corporation or a facsimile thereof may, but need not, be affixed to certificates of stock.

SECTION 6.03 . Lost Certificates, Etc. The Corporation may establish procedures for the issuance of a new certificate of stock in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed and may in connection therewith require, among other things, the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed and the giving by such person to the Corporation of a bond in such sum as may be specified pursuant to such procedures as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 6.04 . Transfer. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it shall be satisfied that all provisions of the Certificate of Incorporation, the Bylaws and the laws regarding the transfer of shares have been duly complied with, to issue a new certificate to the person entitled thereto or provide other evidence of the transfer, cancel the old certificate and record the transaction upon its books.

SECTION 6.05 . Registered Stockholders. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 6.06 . Record Date for Consents. In order that the Corporation may determine the Stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix, in advance, a record date, which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board. Any record holder of Voting Stock seeking to have the Stockholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the Board to fix a record date. The Board shall promptly, but in all events within ten days after the date on which such request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten days after the receipt of such request and no prior action by the Board is required by applicable law, then the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its headquarters office to the attention of the secretary. Delivery shall be by hand or certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining Stockholders entitled to consent shall be at the close of business on the date on which the Board adopts the resolution taking such prior action. The Board may postpone action by written consent in order to allow the secretary to conduct a reasonable and prompt investigation to ascertain the legal sufficiency of the consents. The secretary may designate an independent inspector of election to conduct such investigation.

SECTION 6.07 . Record Dates. In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty or less than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of Stockholders of record entitled to notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board may fix a new record date for the adjourned meeting.

ARTICLE 7
MISCELLANEOUS

SECTION 7.01 . Declaration of Dividends. Dividends upon the shares of the capital stock of the Corporation may be declared and paid by the Board from the funds legally available therefor. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation.

SECTION 7.02 . Reserves. The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for such purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve.

SECTION 7.03 . Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

SECTION 7.04 . Seal. The corporate seal shall be in such form as the Board shall prescribe. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 7.05 . Inspection of Books and Records by Directors. Any director shall have the right to examine the Corporation's stock ledger, a list of its Stockholders and its other books and records for a purpose reasonably related to his position as a director. Such right to examine the records and books of the Corporation shall include the right to make copies and extract therefrom.

ARTICLE 8
INDEMNIFICATION

SECTION 8.01 . Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any pending or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust, nonprofit entity, or other enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person. The Corporation shall be required to indemnify a person and/or advance expenses under Section 8.02 below in connection with a proceeding (or part thereof) initiated by such person against the Corporation only if the proceeding (or part thereof), other than a proceeding in accordance with Section 8.03 below, was authorized by the Board of Directors of the Corporation.

SECTION 8.02 . Advance of Expenses. The Corporation shall pay the expenses (including attorneys' fees) incurred by any present or former officer or director of the Corporation in defending any proceeding in advance of its final disposition, provided, however, that such advance of expenses shall be made only upon receipt of an undertaking by the officer or director to repay all amounts advanced if it shall ultimately be determined that he or she is not entitled to be indemnified.

SECTION 8.03 . Claims. If a claim for indemnification or payment of expenses (including attorneys' fees) under this Article 8 is not paid in full within sixty days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

SECTION 8.04 . Insurance. The Board of Directors of the Corporation may, in its discretion, authorize the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of Section 8.01.

SECTION 8.05 . Non-exclusivity of Rights. The right conferred on any person by this Article 8 shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

ARTICLE 9
AMENDMENTS

SECTION 9.01 . By the Stockholders. Except as otherwise provided by statute or the Certificate of Incorporation, these Bylaws may be amended by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class at any annual or special meeting of the Stockholders, *provided* that notice of intention to amend shall have been contained in the notice of the meeting.

SECTION 9.02 . By the Board. The Board by a resolution of a majority of the Board at any meeting may amend these Bylaws, including bylaws adopted by the Stockholders, but the Stockholders may, except as otherwise provided by statute or the Certificate of Incorporation, from time to time specify particular provisions of the Bylaws which shall not be amended by the Board.

NO SALE, OFFER TO SELL OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS WARRANT OR ANY INTEREST THEREIN SHALL BE MADE UNLESS A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO SUCH TRANSACTION IS THEN IN EFFECT, OR THE ISSUER HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO IT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER THAT ACT.

This Warrant will be void after 5:00 p.m. New York Time on January 31, 2012.

COMMON STOCK PURCHASE WARRANT

WARRANT NO. W-1

To Subscribe for and Purchase Shares of

BTHC XI, INC.

(Transferability Restricted as Provided in Paragraph 2 Below)

THIS CERTIFIES THAT, for value received, **FORDHAM FINANCIAL MANAGEMENT, INC.,** or registered assigns, is entitled to subscribe for and purchase from **BTHC XI, Inc.**, a corporation incorporated under the laws of the State of Delaware (the "Company"), _____fully paid and non-assessable shares of Common Stock of the Company at the Warrant Price during the period hereinafter set forth, subject, however, to the provisions and upon the terms and conditions hereinafter set forth. This Warrant is one of an issue of the Company's Common Stock purchase warrants (herein called the "Warrants"), identical in all respects except as to the number of Common Shares purchasable thereunder, and issued pursuant to the Placement Agent Agreement.

1. As used herein:

(a) "Common Stock" or "Common Shares" shall initially refer to the Company's Common Stock, $.001 par value per share, as more fully set forth in Section 5 hereof.

(b) "Warrant Price" shall be $1.10 which is subject to adjustment pursuant to Section 4 hereof.

(c) "Placement Agent" shall refer to FORDHAM FINANCIAL MANAGEMENT, INC.

(d) "Placement Agent Agreement" shall refer to the Placement Agent Agreement dated January 2, 2007 between the Company and the Placement Agent.

(e) "Warrants" shall refer to Warrants to purchase Common Shares issued to the Placement Agent or its designees by the Company pursuant to the Placement Agent Agreement, as such may be adjusted from time to time pursuant to the terms of Section 4 and including any Warrants represented by any certificate issued from time to time in connection with the transfer, partial exercise, exchange of any Warrants or in connection with a lost, stolen, mutilated or destroyed Warrant certificate, if any, or to reflect an adjusted number of Common Shares.

(f) "Underlying Securities" or "Warrant Shares" shall refer to and include the Common Stock issuable or issued upon exercise of the Warrants.

(g) "Holders" shall mean the registered holder of such Warrants or any issued Underlying Securities.

(h) "Memorandum" shall mean the Company's Confidential Private Placement Memorandum dated January 2, 2007, which is being used (or was used) in connection with the private offering of Series 1 Preferred Stock pursuant to the Placement Agent Agreement.

(i) "Placement Agent Securities" shall refer and mean the warrants and shares of Common Stock issued and/or issuable upon exercise of the Warrants.

(j) "Offering" means the private offering of Series 1 Preferred Stock in accordance with the Memorandum.

(k) "Series 1 Preferred Stock" means the Company's Series 1 Convertible Preferred Stock, par value $.001 per share.

2. Exercise and Payment. The purchase rights represented by this Warrant may be exercised by the holder hereof, in whole or in part at any time, and from time to time, during the period commencing the date hereof (the "Commencement Date") until January 31, 2012 (the "Warrant Exercise Term"), by the presentation of this Warrant, with the purchase form attached duly executed, at the Company's office (or such office or agency of the Company as it may designate in writing to the Holder hereof by notice pursuant to Section 14 hereof), and upon payment by the Holder to the Company in cash, or by certified check or bank draft of the Warrant Price for the Common Shares. At the option of the Holder of this Warrant, the Warrant Price may be paid through a cashless exercise of this Warrant. The purchase price of the Common Shares issuable pursuant to the Warrants, shall be payable in cash, by certified bank check and/or in lieu of cash, a warrant holder may exercise its Warrants through a cashless exercise. In this respect, at any time during the Warrant Exercise Term, the Holder may, at its option, exchange the Warrants, in whole or in part (a "Warrant Exchange"), into the number of fully paid and non-assessable Warrant Shares determined in accordance with this Section 2, by surrendering the placement agent warrants which shall represent the right to subscribe for and acquire the number of Warrant Shares (rounded to the next highest integer) equal to (A) the number of Warrant Shares specified by the Holder in its Notice of Exchange (the "Total Share Number") less (B) the number of Warrant Shares equal to the quotient obtained by dividing (i) the product of the Total Share Number and the existing Exercise Price (i.e. $1.10 per share) per Share by (ii) the Market Price (as hereafter defined) of a share of Common Stock. All documentation and procedures to be followed in connection with such "cashless exercise" shall be approved in advance by the Company, which approval shall be expeditiously provided and not unreasonably withheld.

The Market Price of any shares of Common Stock to purchase shares so surrendered shall be based upon the value of the Common Stock at the close of business on the day before exercise based upon the following: (i) if the shares of Common Stock are not listed and traded upon a recognized securities exchange and there is no report of stock prices with respect to the shares of Common Stock published by a recognized stock quotation service, by the Board of Directors of the Company in its reasonable discretion, it being understood that the Market Price per share shall not be less than the most recent sale of Common Stock by the Company in an arms-length transaction occurring no more than six (6) months prior to the exercise in question; or (ii) if the shares of Common Stock are not then listed and traded upon a recognized securities exchange or quoted on the NASDAQ Stock Market, and there are reports of stock prices by a recognized quotation service, upon the basis of the last reported sale or transaction price of such stock as reported by a recognized quotation service, or, if there is no last reported sale or transaction price on the day before exercise, then upon the basis of the mean of the last reported closing bid and closing asked prices for such stock on the date nearest preceding that day; or (iii) if the shares of Common Stock shall be then listed and traded upon a recognized securities exchange or quoted on the NASDAQ Stock Market, upon the basis of the last reported sale or transaction price at which shares of Common Stock were traded on such recognized securities exchange or NASDAQ Stock Market or, if the shares of Common Stock were not traded on the day before exercise, upon the basis of the last reported sale or transaction price on the date nearest preceding that date. In the event the Company is acquired for either stock, notes, securities, cash or any combination thereof, the holders of the Warrants shall have the option to use the per share buyout price as the Market Price of the Common Stock. The Company agrees that the Holder of the Warrants shall be deemed the record owner of such Common Shares as of the close of business on the date on which the Warrants shall have been presented and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder of the Warrants within a reasonable time, not exceeding five (5) days, after the rights represented by the Warrants shall have been so exercised. If the Warrants shall be exercised in part only, the Company shall, upon surrender of the Warrants for cancellation, deliver a new Warrant evidencing the rights of the Holder hereof to purchase the balance of the Common Shares which such Holder is entitled to purchase hereunder. Exercise in full of the rights represented by the Warrants shall not extinguish the registration rights under Section 9 hereof and Section 2 of the Placement Agent Agreement.

3. Subject to the provisions of Section 8 hereof, (i) this Warrant is exchangeable at the option of the Holder at the aforesaid office of the Company for other Warrants of different denominations entitling the Holder thereof to purchase in the aggregate the same number of Common Shares as are purchasable hereunder; and (ii) this Warrant may, at the reasonable request of the Holder, be reasonably divided or combined with other Warrants which carry the same rights, in either case, upon presentation hereof at the aforesaid office of the Company together with a written notice, signed by the Holder hereof, specifying the names and denominations in which new Warrants are to be issued, and the payment of any transfer tax due in connection therewith.

4. Subject and pursuant to the provisions of this Section 4, the Warrant Price and number of Common Shares subject to this Warrant shall be subject to adjustment from time to time as set forth hereinafter in this Section 4.

(a) In case the Company shall sell or issue either any of its Common Shares or any rights, options, warrants or obligations or securities containing the right to subscribe for or purchase any Common Shares ("Options") or exchangeable for or convertible into Common Shares ("Convertible Securities"), at a price per share, as determined pursuant to Section 4(b), less than the Warrant Price then in effect on the date of such sale or issuance, then the number of Common Shares purchasable upon exercise of this Warrant shall be determined by multiplying the number of Common Shares theretofore purchasable upon exercise of this Warrant by a fraction, (a) the numerator of which shall be the number of Common Shares outstanding on the date of issuance of such Common Shares, Options or Convertible Securities and (b) the denominator of which shall be the number of Common Shares outstanding on the date prior to the date of issuance of such Common Shares or Convertible Securities plus the number of Common Shares which the aggregate consideration received by the Company upon such issuance would purchase on such date at the Warrant Price then in effect.

(b) The following provisions, in addition to other provisions of this Section 4, shall be applicable in determining any adjustment under Section 4(a):

(1) In case of the issuance or sale of Common Shares part or all of which shall be for cash, the cash consideration received by the Company therefor shall be deemed to be the amount of cash proceeds of such sale of shares less any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services or any expenses incurred in connection therewith, plus the amounts, if any, determined as provided in Section 4(b)(2).

(2) In case of the issuance or sale of Common Shares wholly or partly for a consideration other than cash, the amount of the consideration other than cash received by the Company for such shares shall be deemed to be the fair value of such consideration as determined by a resolution adopted by the Board of Directors of the Company acting in good faith, less any compensation paid or incurred by the Company for any underwriting of, or otherwise in connection with such issuance, provided, however, the amount of such consideration other than cash shall in no event exceed the cost thereof as recorded on the books of the Company. In case of the issuance or sale of Common Shares (otherwise than upon conversion or exchange) together with other stock or securities or other assets of the Company for a consideration which is received for both such Common Shares and other securities or assets, the Board of Directors of the Company acting in good faith shall determine what part of the consideration so received is to be deemed to be the consideration for the issuance of such Common Shares, less any compensation paid or incurred by the Company for any underwriting of, or otherwise in connection with such issuance, provided, however, the amount of such consideration other than cash shall in no event exceed the cost thereof as recorded on the books of the Company. In case at any time the Company shall declare a dividend or make any other distribution upon any stock of the Company payable in Common Stock, then such common stock issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration.

(3) The price per share of any Common Shares sold or issued by the Company (other than pursuant to Options or Convertible Securities) shall be equal to a price calculated by dividing (A) the amount of the consideration received by the Company, as determined pursuant to Sections 4(b)(1) and 4(b)(2), upon such sale of issuance by (B) the number of Common Shares sold or issued.

(4) In case the Company shall at any time after the date hereof issue any Options or Convertible Securities the following provisions shall apply in making any adjustment pursuant to this Section 4:

(i) The price per share for which Common Stock is issuable upon the exercise of the Options or upon conversion or exchange of the Convertible Securities shall be determined by dividing (A) the total amount, if any, received or receivable by the Company as consideration for the issuance of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, by (B) the aggregate maximum number of shares of Common Stock issuable upon the exercise of such Option or upon the conversion or exchange of such Convertible Securities.

(ii) In determining the price per share for which Common Stock is issuable upon exercise of the Options or conversion or exchange of the Convertible Securities as set forth in Section 4(b)(4)(i) and in computing any adjustment pursuant to Section 4(a): (A) the aggregate maximum number of shares of Common Stock issuable upon the exercise of such Convertible Securities shall be considered to be outstanding at the time such Options or Convertible Securities were issued and to have been issued for such price per share as determined pursuant to Section 4(b)(4)(i) and (B) the consideration for the issuance of such Options or Convertible Securities and the amount of additional consideration payable to the Company upon exercise of such Options or upon the conversion or exchange of such Convertible Securities shall be determined in the same manner as the consideration received upon the issuance or sale of Common Shares as provided in Sections 4(b)(1) and 4(b)(2).

(iii) On the expiration of such Options or the termination of any right to convert or exchange any Convertible Securities, the number of Common Shares subject to this Warrant shall forthwith be readjusted to such number of Common Shares as would have obtained had the adjustments made upon the issuance of such Options or Convertible Securities been made upon the basis of the delivery of only the number of shares of Common Stock actually delivered upon the exercise of such Options or upon conversion or exchange of such Convertible Securities.

(iv) If the minimum purchase price per share of Common Stock provided for in any Option or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock shall change or a different purchase price or rate shall become effective at any time or from time to time (other than pursuant to any anti-dilution provisions of such Options or Convertible Securities) then, upon such change becoming effective, the number of Common Shares subject to this Warrant shall forthwith be increased or decreased to such number of shares as would have been obtained had the adjustments made upon the granting or issuance of such Options or Convertible Securities been made upon the basis of (l) the issuance of the number of shares of Common Stock theretofore actually delivered upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities, and the total consideration received therefor, and (2) the granting or issuance at the time of such change of any such Options or Convertible Securities then still outstanding for the consideration, if any, received by the Company therefor and to be received on the basis of such changed price or rate of exchange or conversion.

(5) Except as otherwise specifically provided herein the date of issuance or sale of Common Stock shall be deemed to be the date the Company is legally obligated to issue such Common Shares, or pursuant to paragraph 4(b)(4), the date the Company is legally obligated to issue any Option or Convertible Security. In case at any time the Company shall take a record date for the purpose of determining the Holders of Common Stock entitled (i) to receive a dividend or other distribution payable in Common Stock or in Options or Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities then such record date shall be deemed to be the date of issue or sale of the Common Shares, Options or Convertible Securities deemed to have been issued or sold upon the declaration of such dividend or the making of such distribution or the granting of such right of subscription or purchase, as the case may be.

(6) The number of shares of Common Stock outstanding at any given time shall not include treasury shares and the disposition of any such treasury shares shall be considered an issue or sale of Common Stock for the purposes of this Section 4.

(7) Anything hereinabove to the contrary notwithstanding, no adjustment shall be made pursuant to Section 4(a) to the Warrant Price, or to the number of Underlying Securities upon:

(i) The issuance or sale by the Company of any Common Shares, shares of Series 1 Preferred Stock (or Common Shares issuable upon conversion of such Series 1 Preferred Stock), Options or Convertible Securities pursuant to (A) the Warrants, (B) the Offering, (C) the Placement Agent Agreement, (D) dividends on shares of Series 1 Preferred Stock payable in shares of Series 1 Preferred Stock (including the issuance of shares of Common Stock issuable upon the conversion of such Series 1 Preferred Stock), (E) the conversion or exchange of any security which is outstanding on any closing date of the Offering which is convertible or exchangable into shares of Common Stock, or (F) the exercise of any right, warrant or option which is outstanding on or about any closing date of the Offering or otherwise as described in the Memorandum.

(ii) The issuance or sale of Common Shares pursuant to the exercise of Options or conversion or exchange of Convertible Securities hereinafter issued for which an adjustment has been made (or was not required to be made) pursuant to the provisions of Section 4 hereof.

(iii) The increase in the number of Common Shares subject to any Option or Convertible Security referred to in subsections (i) and (ii) hereof pursuant to the provisions of such Option or Convertible Securities designed to protect against dilution.

(c) If the Company shall at any time subdivide its outstanding Common Shares by recapitalization, reclassification or split-up thereof, the number of Common Shares subject to this Warrant immediately prior to such subdivision shall be proportionately increased, and if the Company shall at any time combine the outstanding Common Shares by recapitalization, reclassification or combination thereof, the number of Common Shares subject to this Warrant immediately prior to such combination shall be proportionately decreased. Any such adjustment to the Warrant Price pursuant to this Section shall become effective at the close of business on the record date for such recapitalization, reclassification, subdivision or combination.

(d) If the Company after the date hereof shall distribute to all of the holders of its Common Shares any securities or other assets (other than a distribution of Common Shares or a cash distribution made as a dividend payable out of earnings or out of any earned surplus legally available for dividends under the laws of the State of Delaware), the Board of Directors of the Company shall be required to make such equitable adjustment in the Warrant Price in effect immediately prior to the record date of such distribution as may be necessary to preserve to the Holder of this Warrant rights substantially proportionate to those enjoyed hereunder by such Holder immediately prior to the happening of such distribution. Any such adjustment made in good faith by the Board of Directors shall be final and binding upon the Holders and shall become effective as of the record date for such distribution.

(e) No adjustment in the number of Common Shares subject to this Warrant shall be required under this Section 4 hereof unless such adjustment would require an increase or decrease in such number of shares of at least 1% of the then adjusted number of Common Shares issuable upon exercise of this Warrant, provided, however, that any adjustments which by reason of the foregoing are not required at the time to be made shall be carried forward and taken into account and included in determining the amount of any subsequent adjustment; and provided further, however, that in case the Company shall at any time subdivide or combine the outstanding Common Shares or issue any additional Common Shares as a dividend, said percentage shall forthwith be proportionately increased in the case of a combination or decreased in the case of a subdivision or dividend of Common Shares so as to appropriately reflect the same. If the Company shall make a record of the Holders of its Common Shares for the purpose of entitling them to receive any dividend or distribution and legally abandon its plan to pay or deliver such dividend or distribution then no adjustment in the number of Common Shares subject to the Warrant shall be required by reason of the making of such record.

(f) Whenever the number of Common Shares purchasable upon the exercise of this Warrant is adjusted, as provided in Section 4, the Warrant Price shall be adjusted (to the nearest one tenth of a cent by multiplying such Warrant Price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Common Shares purchasable upon the exercise of this Warrant immediately prior to such adjustment, and the denominator of which shall be the number of Common Shares so purchasable immediately thereafter.

(g) In case of any reclassification of the outstanding Common Shares (other than a change covered by Section 4(c) hereof or which solely affects the par value of such Common Shares) or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or capital reorganization of the outstanding Common Shares), or in the case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Warrant Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property receivable upon such reclassification, capital reorganization, merger or consolidation, or upon the dissolution following any sale or other transfer, by a Holder of the number of Common Shares of the Company obtainable upon the exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in Common Shares covered by Section 4(c), the such adjustment shall be made pursuant to both this Section 4(g) and Section 4(c). The provisions of this Section 4(g) shall similarly apply to successive re-classifications, or capital reorganizations, mergers or consolidations, sales or other transfers.

(h) (1) Upon occurrence of each event requiring an adjustment of the Warrant Price and of the number of Common Shares obtainable upon exercise of this Warrant in accordance with, and as required by, the terms of this Section 4, the Company shall forthwith employ a firm of certified public accountants (who may be the regular accountants for the Company) who shall compute the adjusted Warrant Price and the adjusted number of Common Shares purchasable at such adjusted Warrant Price by reason of such event in accordance with the provisions of this Section 4. The Company shall mail forthwith to the Holder of this Warrant a copy of such computation which shall be conclusive and shall be binding upon such Holder unless contested by such Holder by written notice to the Company within thirty (30) days after receipt thereof by such Holder.

(2) In case the Company after the date hereof shall propose (i) to pay any dividend payable in stock to the Holders of its Common Shares or to make any other distribution (other than cash dividends) to the Holders of its Common Shares, (ii) grant rights to subscribe to or purchase any additional shares of any class or any other rights or options, or (iii) to effect any reclassification of Common Shares (other than a reclassification involving merely the subdivision or combination of outstanding Common Shares) or (iv) any capital reorganization or any consolidation or merger, or any sale, transfer or other disposition of its property, assets and business substantially as an entirety, or the liquidation, dissolution or winding up of the Company, then in each such case, the Company shall obtain the computation described in Section 4(h)(1) hereof and if an adjustment to the Warrant Price is required under this Section 4, the Company shall notify the registered Holder of this Warrant of such proposed action, which shall specify the record date for any such action or if no record date is established with respect thereto, the date on which such action shall occur or commence, or the date of participation therein by the Holders of Common Shares if any such date is to be fixed, and shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Warrant Price and the number, or kind, or class of shares or other securities or property obtainable upon exercise of this Warrant after giving affect to any adjustment which will be required as a result of such action. Such notice shall be given at least ten (10) days prior to the record date for determining Holders of the Common Shares for purposes of any such action, and in the case of any action for which a record date is not established then such notice shall be mailed at least ten (10) days prior to the taking of such proposed action.

(3) Failure to file any certificate or notice or to mail any notice, or any defect in any certificate or notice, or any defect in any certificate or notice, pursuant to this Section 4(h), shall not effect the legality or validity of the adjustment in the Warrant Price or in the number, or kind, or class or shares or other securities or property obtainable upon exercise of this Warrant or of any transaction giving rise thereto.

(i) The Company shall not be required to issue fractional Common Shares upon any exercise of this Warrant. As to any final fraction of a Common Share which the Holder of this Warrant would otherwise be entitled to purchase upon such exercise, the Company shall pay the Holder the cash equivalent of such fraction of a Common Share.

(j) Irrespective of any adjustments pursuant to this Section 4 in the Warrant Price or in the number, or kind, or class of shares or other securities or other property obtainable upon exercise of this Warrant, this Warrant may continue to express the Warrant Price and the number of Common Shares obtainable upon exercise at the same price and number of Common Shares as are stated herein.

5. For the purposes of this Warrant, the terms “Common Shares” or “Common Stock” or “Warrant Shares” shall mean (i) the class of stock designated as the common stock, $.001 par value, of the Company on the date set forth on the first page hereof or (ii) any other class of stock resulting from successive changes or re-classifications of such Common Stock consisting solely of changes in par value, or from no par value to par value, or from par value to no par value. If at any time, as a result of an adjustment made pursuant to Section 4, the securities or other property obtainable upon exercise of this Warrant shall include shares or other securities of the Company other than Common Shares or securities of another corporation or other property, thereafter, the number of such other shares or other securities or property so obtainable shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Shares contained in Section 4 and all other provisions of this Warrant with respect to Common Shares shall apply on like terms to any such other shares or other securities or property. Subject to the foregoing, and unless the context requires otherwise, all references herein to Common Shares shall, in the event of an adjustment pursuant to Section 4, be deemed to refer also to any other securities or property then obtainable as a result of such adjustments.

6. The Company covenants and agrees that:

(a) During the period within which the rights represented by the Warrant may be exercised, the Company shall, at all times, reserve and keep available out of its authorized capital stock, solely for the purposes of issuance upon exercise of this Warrant, such number of its Common Shares as shall be issuable upon the exercise of this Warrant; and if at any time the number of authorized Common Shares shall not be sufficient to effect the exercise of this Warrant, the Company will take such corporate action as may be necessary to increase its authorized but unissued Common Shares to such number of shares as shall be sufficient for such purpose; the Company shall have analogous obligations with respect to any other securities or property issuable upon exercise of this Warrant;

(b) All Common Shares which may be issued upon exercise of the rights represented by this Warrant will, upon issuance be validly issued, fully paid, nonassessable and free from all taxes, liens and charges with respect to the issuance thereof; and

(c) All original issue taxes payable in respect of the issuance of Common Shares upon the exercise of the rights represented by this Warrant shall be borne by the Company but in no event shall the Company be responsible or liable for income taxes or transfer taxes upon the transfer of any Warrants.

7. Until exercised, this Warrant shall not entitle the Holder hereof to any voting rights or other rights as a stockholder of the Company.

8. In no event shall this Warrant be sold, transferred, assigned or hypothecated except in conformity with the applicable provisions of the Securities Act of 1933, as amended and as then in force (the “Act”), or any similar Federal statute then in force, and all applicable “Blue Sky” laws.

9. The Holder of this Warrant, by acceptance hereof, agrees that, prior to the disposition of this Warrant or of any Common Shares theretofore purchased upon the exercise hereof, under circumstances that might require registration of such securities under the Act, or any similar Federal statute then in force, such Holder will give written notice to the Company expressing such Holder's intention of effecting such disposition, and describing briefly such Holder's intention as to the disposition to be made of this Warrant and/or the securities theretofore issued upon exercise hereof. Such notice shall be given at least ten (10) days prior to the date of such disposition. Promptly upon receiving such notice, the Company shall present copies thereof to its counsel and the provisions of the following subdivisions shall apply:

(a) If, in the opinion of such counsel, the proposed disposition does not require registration under the Act or qualification pursuant to Regulation A promulgated under the Act, or any similar Federal statute then in force, of this Warrant and/or the securities issuable or issued upon the exercise of this Warrant, the Company shall, as promptly as practicable, notify the Holder hereof of such opinion, whereupon such Holder shall be entitled to dispose of this Warrant and/or such Common Shares theretofore issued upon the exercise hereof, all in accordance with the terms of the notice delivered by such Holder to the Company.

(b) If, in the opinion of such counsel, such proposed disposition requires such registration or qualification under the Act, or similar Federal statute then in effect, of this Warrant and/or the Common Shares issuable or issued upon the exercise of this Warrant, the Company shall promptly give written notice to the Holder of the Warrant, at the address thereof shown on the books of the Company.

It should be noted that Section 2 of the Placement Agent Agreement provides for the following registration rights:

"The Placement Agent Warrants shall also contain one demand registration right and unlimited piggy-back registration rights with respect to the Warrant Shares, which right shall become effective after the expiration of 12 months after the completion of the Minimum Offering, and which right shall terminate 48 months thereafter. The demand registration right of the Warrant Shares, may be exercised by either the Placement Agent or a majority of the then holders of the Placement Agent Warrants and/or Warrant Shares. Any exercise of the demand and/or piggyback registration rights shall be at the sole expense of the Company except that the Company shall not be responsible for the sales or underwriters fees or commissions relating to the sale of the Warrant Shares."

10. The Company agrees to indemnify, defend and hold harmless the holder of this Warrant, or of Underlying Securities issuable or issued upon the exercise hereof, from and against any claims and liabilities caused by any untrue statement of a material fact, or omission to state a material fact required to be stated, in any such registration statement, prospectus, notification or offering circular under Regulation A, except insofar as such claims or liabilities are caused by any such untrue statement or omission based on information furnished in writing to the Company by such holder, or by any other such holder affiliated with the holder who seeks indemnification, as to which the holder hereof, by acceptance hereof, agrees to indemnify, defend and hold harmless the Company.

11. If this Warrant, or any of the Underlying Securities issuable pursuant hereto, require qualification or registration with, or approval of, any governmental official or authority (other than registration under the Act, or any similar Federal statute at the time in force), before such shares may be issued on the exercise hereof, the Company, at its expense, will take all requisite action in connection with such qualification, and will use its best efforts to cause such securities to be duly registered or approved, as may be required.

12. This Warrant is exchangeable, upon its surrender by the registered holder at such office or agency of the Company as may be designated by the Company, for new Warrants of like tenor, representing, in the aggregate, the right to subscribe for and purchase the number of Common Shares that may be subscribed for and purchased hereunder, each of such new Warrants to represent the right to subscribe for and purchase such number of Common Shares as shall be designated by the registered holder at the time of such surrender. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of any such loss, theft or destruction, upon delivery of a bond of indemnity satisfactory to the Company, or in the case of such mutilation, upon surrender or cancellation of this Warrant, the Company will issue to the registered holder a new Warrant of like tenor, in lieu of this Warrant, representing the right to subscribe for and purchase the number of Common Shares that may be subscribed for and purchased hereunder. Nothing herein is intended to authorize the transfer of this Warrant except as permitted by applicable law.

13. Every Holder hereof, by accepting the same, agrees with any subsequent Holder hereof and with the Company that this Warrant and all rights hereunder are issued and shall be held subject to all of the terms, conditions, limitations and provisions set forth in this Warrant, and further agrees that the Company and its transfer agent may deem and treat the registered Holder of this Warrant as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary.

14. All notices required hereunder shall be given by first-class mail, postage prepaid; if given by the holder hereof, addressed to the Company at 2201-E. Crown Point, Executive Drive, Charlotte, NC 28227, with a copy to Morse & Morse PLLC, 1400 Old Country Road, Westbury, New York 11590, or such other address as the Company may designate in writing to the holder hereof; and if given by the Company, addressed to the holder at the address of the holder shown on the books of the Company.

15. The Company will not merge or consolidate with or into any other corporation, or sell or otherwise transfer its property assets and business substantially as an entirety to another corporation, unless the corporation resulting from such merger or consolidation (if not the Company), or such transferee corporation, as the case may be, shall expressly assume, by supplemental agreement satisfactory in form to the Placement Agent, the due and punctual performance and observance of each and even covenant and condition of this Warrant to be performed and observed by the Company.

16. (a) The Placement Agent is an accredited investor as such term is defined in the Securities Act of 1933, as amended (the "Securities Act"), or Regulation D promulgated by the Securities and Exchange Commission thereunder, and under applicable state securities laws. The Placement Agent is an accredited investor because it meets one or more of the following criteria:

(1) It is a bank as defined in Section 3(a)(2) of the Securities Act, whether acting in its individual or fiduciary capacity.

(2) It is a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

(3) It is a broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

(4) It is an insurance company as defined in Section 2(13) of the Securities Act.

(5) It is an investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in section 2(a)(48) of that Act.

(6) It is a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958.

(7) It is a plan established by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, and that such plan has total assets in excess of $5,000,000.

(8) (i) It is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, with the investment decisions being made by a plan fiduciary, as defined in section 3(21) of such Act, and the plan fiduciary is either a bank, insurance company, or registered investment adviser, or (ii) it is an employee benefit plan that has total assets in excess of $5,000,000, or (iii) it is a self-directed employee benefit plan and the investment decisions are made solely by persons that are accredited investors.

(9) It is a private business development company as defined in section 202(a)(22) of the Investment Advisors Act of 1940, as amended.

(10) It is an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership
p, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

(11) It is a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D.

(12) It is an entity in which all the equity owners are accredited investors.

(a) The Placement Agent has no present intention to sell the Warrant that it received as compensation in the Offering, nor a present arrangement (whether or not legally binding) or intention to effect any distribution of any part of the Warrant, or the Underlying Securities, to or through any person or entity; provided, however, that by making the representations herein, the Placement Agent does not agree to hold the Warrant or the Underlying Securities for any minimum or other specific term and reserves the right to dispose of the Warrant or the Underlying Securities at any time in accordance with Federal and state securities laws applicable to such disposition. The Placement Agent acknowledges that it (i) has such knowledge and experience in financial and business matters such that the Placement Agent is capable of evaluating the merits and risks of its investment in the Company, (ii) is able to bear the financial risks associated with an investment in the Warrant and the Underlying Securities and (iii) has been given full access to such records of the Company and to the officers of the Company and the Subsidiaries as it has deemed necessary or appropriate to conduct its due diligence investigation.

(b) The Placement Agent understands that the Warrants and the Underlying Securities must be held indefinitely unless such securities are registered under the Act or an exemption from registration is available. The Placement Agent acknowledges that it is familiar with Rule 144 under the Act ("Rule 144"), and that the Placement Agent has been advised that Rule 144 permits resales only under certain circumstances. The Placement Agent understands that to the extent that Rule 144 is not available, the Placement Agent will be unable to sell any Warrants or Underlying Securities without either registration under the Act or the existence of another exemption from such registration requirement.

(c) The Placement Agent understands that the Warrants and the Underlying Securities are being offered and sold in reliance on a transactional exemption from the registration requirements of federal and state securities laws and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Placement Agent set forth herein in order to determine the applicability of such exemptions and the suitability of the Placement Agent to acquire the Warrants and the Underlying Securities. The Placement Agent understands that no United States federal or state agency or any government or governmental agency has passed upon or made any recommendation or endorsement of the Warrants or the Underlying Securities.

(d) The Placement Agent acknowledges that the Warrants and the Underlying Securities were not offered to the Placement Agent by means of any form of general or public solicitation or general advertising, or publicly disseminated advertisements or sales literature, including (i) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media, or broadcast over television or radio, or (ii) any seminar or meeting to which the Placement Agent was invited by any of the foregoing means of communications. The Placement Agent, in making the decision to purchase the Warrants and the Underlying Securities, has relied upon independent investigation made by it and has not relied on any information or representations made by third parties.

17. The validity, construction and enforcement of this Warrant shall be governed by the laws of the State of New York and jurisdiction is hereby vested in the Courts of said State in the event of the institution of any legal action under this Warrant.

IN WITNESS WHEREOF, BTHC XI, INC. has caused this Warrant to be signed by its duly authorized officers under its corporate seal, on , 2007.

BTHC XI, INC.

By: /s/

Brad Bernstein
President

PURCHASE FORM
To Be Executed
Upon Exercise of Warrant, except for Cashless Exercise

The undersigned hereby exercises the right to purchase _____ Common Shares evidenced by the within Warrant No. ___, according to the terms and conditions thereof, and herewith makes payment of the purchase price in full. The undersigned requests that certificates for such shares shall be issued in the name set forth below.

Dated:_____, 200__

Signature

_____
Print Name of Signatory

Name to whom certificates are to
be issued if different from above

Address:_____
_____
_____
_____

_____
Social Security No._____
or other identifying number

If said number of shares shall not be all the shares purchasable under the within Warrant, the undersigned requests that a new Warrant for the unexercised portion shall be registered in the name of :

_____
(Please Print)

Address:_____
_____
_____

_____
Social Security No._____
or other identifying number

_____
Signature

PURCHASE FORM
To Be Executed Upon
Cashless Exercise of this Warrant

The undersigned hereby exercises the right to purchase _____ Common Shares evidenced by the within Warrant No. __ according to the terms and conditions thereof and the undersigned hereby submits warrants to purchase _____ Common Shares as evidenced by the within Warrant No. ___ to be in full payment of the _____ Common Shares exercised and purchased herein. The undersigned represents that certificates for such purchased shares shall be issued in the name set forth below:

Dated: _____, 200__

Signature

_____
Print Name of Signatory

Name to whom certificates are to
be issued if different from above

Address:

_____

_____

_____
Social Security No.
or other identifying number

If said number of shares shall not be all the shares purchasable under the within Warrant, the undersigned requests that a new Warrant for the unexercised portion shall be registered in the name of :

_____
(Please Print)
Address:

_____
_____

_____
Social Security No.
or other identifying number

_____
Signature

FORM OF ASSIGNMENT

FOR VALUE RECEIVED , hereby
sells assigns and transfers to , Soc. Sec. No.

[ ] the within Warrant, together with all rights, title and interest therein, and does hereby irrevocably constitute and appoint attorney to transfer such Warrant on the register of the within named Company, with full power of substitution.

_____
Signature

Dated:_, 200__

Signature Guaranteed:

_____

Exhibit 10.1

DIRECTOR COMPENSATION AGREEMENT

THIS DIRECTOR COMPENSATION AGREEMENT (this "Agreement"), dated as of January 31, 2007, is entered into by and between BTHC XI, Inc., a Delaware corporation (together with its subsidiaries, the "Company"), and George Rubin (the "Director").

W I T N E S S E T H:

WHEREAS, the Director desires to serve the Company as a director and the Company desires to have Director serve as a director.

NOW THEREFORE in consideration of the mutual benefits to be derived from this Agreement, the Company and the Director hereby agree as follows:

1. Director. Director has agreed to serve as a director of the Company and has been elected as a director of the Company.

2. Compensation and Benefits. In exchange for his agreeing to serve as a director, the Director shall be compensated as follows:

(a) Standard Director Compensation. So long as he serves as a director, the Director shall be entitled to receive standard director fees as set by the Board of Directors which, at a minimum, shall include an annual fee of $6500 for serving as a director, an annual fee of $6500 for serving as a committee chair, a fee of $1000 per committee or board meeting attended in person or via telephonic conference call (or consent in lieu of a meeting) and an activity fee of $1000 per day for services rendered by the Director.

(b) Fringe Benefits. So long as he serves as a director, the Director shall be entitled to participate in the Company's health and dental insurance plans and an executive insurance program under which Director shall be entitled to be reimbursed for up to $25,000 of medical costs not covered by the Company's health insurance per year; provided if for any reason the Company is unable to obtain coverage for the Director under its health and dental plans he shall be entitled to be reimbursed for the cost of obtaining equivalent coverage to the extent the cost of such reimbursement does not exceed the amount it would cost the Company to cover the Director under its health and dental plans.

(c) No Withholding. In serving as a director pursuant to this Agreement, the Director shall not be an employee of the Company. The Company shall report compensation paid hereunder consistent with the foregoing and the Director shall be liable for all withholding, Social Security and other taxes associated therewith.

3. Business Expenses. The Company shall pay or reimburse the Director for all reasonable travel, business and entertainment expenses incurred by or necessary for the Director to perform his duties under this Agreement in accordance with such policies and procedures as the Company may from time to time establish for senior officers and directors and subject to the Company's normal requirements with respect to reporting and documentation of such expenses.

4. Indemnification; Director and Officer Liability Insurance. The Company will indemnify (and advance the costs of defense of) the Director (and his legal representatives) to the fullest extent permitted by the laws of the state in which the Company is incorporated, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of the Company, as in effect at such time or on the date of this Agreement, whichever affords greater protection to the Director, and both during and after termination (for any reason) of the Director's employment, the Company shall cause the Director to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of the Company or any of its affiliates. Such policy shall be maintained by the Company, at its expense in an amount of at least $5 million and on terms (including the time period of coverage after the Director's service terminates) at least as favorable to the Director as policies covering the Company's other members of its Board of Directors. In the event the Company breaches this Section 4 and the Director resigns as a director as a result, benefits under Section 2(b) shall continue notwithstanding such resignation.

5. Litigation Expenses. In the event of any litigation or other proceeding between the Company and the Director with respect to the subject matter of this Agreement and the enforcement of the rights hereunder and such litigation or proceeding results in final judgment or order in favor of the Director, which judgment or order is substantially inconsistent with the positions asserted by the Company in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

6. Consolidation; Merger; Sale of Assets; Change of Control. Nothing in this Agreement shall preclude the Company from combining, consolidating or merging with or into, transferring all or substantially all of its assets to, or entering into a partnership or joint venture with, another corporation or other entity, or effecting any other kind of corporate combination provided that the corporation resulting from or surviving such combination, consolidation or merger, or to which such assets are transferred, or such partnership or joint venture expressly assumes in writing this Agreement and all obligations and undertakings of the Company hereunder. Upon such a consolidation, merger, transfer of assets or formation of such partnership or joint venture, this Agreement shall inure to the benefit of, be assumed by, and be binding upon such resulting or surviving transferee corporation or such partnership or joint venture, and the term "Company," as used in this Agreement, shall mean such corporation, partnership or joint venture or other entity, and this Agreement shall continue in full force and effect and shall entitle the Director and his heirs, beneficiaries and representatives to exactly the same compensation, benefits, perquisites, payments and other rights as would have been their entitlement had such combination, consolidation, merger, transfer of assets or formation of such partnership or joint venture not occurred.

7. Entire Agreement; Amendment. This Agreement contains the entire agreement between the Company and the Director with respect to the subject matter hereof. This Agreement may not be amended, waived, changed, modified or discharged except by an instrument in writing executed by or on behalf of the party against whom enforcement of any amendment, waiver, change, modification or discharge is sought. No course of conduct or dealing shall be construed to modify, amend or otherwise affect any of the provisions hereof.

8. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if physically delivered, delivered by express mail or other expedited service or upon receipt if mailed, postage prepaid, via registered mail, return receipt requested, addressed as follows:

(a) To the Company:
BTHC XI, Inc.
c/o Anchor Funding Services, LLC
2201 Crownpoint Executive Drive
Charlotte, NC 28227

(b) To the Director:
George Rubin
200 Central Park South, Apt # 30A
New York, NY 10019

and/or to such other persons and addresses as any party shall have specified in writing to the other.

9. Assignability. This Agreement shall not be assignable by either party and shall be binding upon, and shall inure to the benefit of, the heirs, executors, administrators, legal representatives, successors and assigns of the parties. In the event that all or substantially all of the business of the Company is sold or transferred, then this Agreement shall be binding on the transferee of the business of the Company whether or not this Agreement is expressly assigned to the transferee.

10. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware without regard to conflict of laws principles.

11. Waiver and Further Agreement. Any waiver of any breach of any terms or conditions of this Agreement shall not operate as a waiver of any other breach of such terms or conditions or any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof. Each of the parties hereto agrees to execute all such further instruments and documents and to take all such further action as the other party may reasonably require in order to effectuate the terms and purposes of this Agreement.

12. Headings of No Effect. The Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

COMPANY:

BTHC XI, INC.

By: /s/

Name: Brad Bernstein
Title: President

DIRECTOR:

By: /s/ George Rubin

EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of January 31, 2007, is entered into by and between BTHC XI, Inc., a Delaware corporation (together with its subsidiaries, the "Company"), and Morry Rubin (the "Employee").

W I T N E S S E T H:

WHEREAS, the Employee desires to serve the Company as Co-Chairman and Chief Executive Officer; and

WHEREAS, the Company desires to employ the Employee as Co-Chairman and Chief Executive Officer.

NOW THEREFORE in consideration of the mutual benefits to be derived from this Agreement, the Company and the Employee hereby agree as follows:

1. Term of Employment; Office and Duties.

(a) Commencing on the date hereof, and for an initial term ending January 31, 2010, the Company shall employ the Employee as Co-Chairman and Chief Executive Officer, with such duties and responsibilities consistent with such position as may from time to time be assigned to the Employee by the Company's Board of Directors. The Employee agrees to perform such duties and discharge such responsibilities in accordance with the terms of this Agreement. This Agreement shall be automatically renewed for additional one year terms unless either party notifies the other, in writing, at least 60 days prior to the expiration of the term, of such party's intention not to renew this Agreement. The period that the Employee serves as an employee of the Company pursuant to this Agreement, including as a result of any extension of the initial term, shall be referred to as the "Employment Term."

(b) The Employee shall be required to devote his full business time and efforts to the business and affairs of the Company other than during vacations and periods of illness or incapacity; provided that it is understood and agreed that until such time as the sale of Preferred Labor, LLC is completed it is expected that the Employee shall continue to provide minimal services to Preferred Labor, LLC, including in connection with completing such sale, and that the provision of such services will not be deemed to violate this Section 1(b) provided such services do not interfere with the performance of his duties and responsibilities under this Agreement. Notwithstanding the foregoing, the Employee shall be permitted to: (i) serve as a director of any organization or entity that does not result in a violation of Section 5; (ii) deliver lectures or fulfill speaking engagements; or (iii) make and manage passive investments and engage in charitable and community activities but only if such services and activities do not interfere with the performance of his duties and responsibilities under this Agreement.

2. Compensation and Benefits. For all services rendered by the Employee during the Employment Term, including, without limitation, any services as a director generally or member of the any committee of the Board or any subsidiary or division thereof, the Employee shall be compensated as follows:

(a) Base Salary. The Company shall pay the Employee a fixed base salary ("Base Salary"). Initially the Base Salary shall be $1 per year. Effective commencing on the first day of the first month following such time as the Company shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, the Base Salary shall be adjusted to an amount, to be mutually agreed upon between Employee and the Company, reflecting the fair value of the services provided, and to be provided, by Employee taking into account (i) Employee's position, responsibilities and performance, (ii) the Company's industry, size and performance, and (iii) other relevant factors. Base Salary will be payable in accordance with the customary payroll practices of the Company. As part of the Employees compensation program the Company extends a $1500 per month automobile allowance; it being understood the company shall not be responsible for any insurance, repairs, tires gas or other expenses related to Employee's automobile except as provided in Section 3.

(b) Bonus. The Employee may be entitled to receive an annual bonus ("Annual Bonus") for each fiscal year payable subsequent to the issuance of final audited financial statements for such fiscal year in the sole discretion of the Board in an amount as determined by the Compensation Committee of the Board. The targeted amount of any Annual Bonus (the "Target Bonus") shall be determined by the Compensation Committee of the Board in its discretion.

(c) Fringe Benefits.

(i) The Employee shall be entitled to participate in such employee benefit and other compensatory or non-compensatory plans that are available to similarly situated executives of the Company, which may include disability, health, dental and life insurance plans, option and bonus plans and other fringe benefit plans or programs, including a 401(k) retirement plan, of the Company established from time to time by the Board, subject to the rules and regulations applicable thereto, and which shall include an executive insurance program under which Employee shall be entitled to be reimbursed for up to $25,000 of medical costs not covered by the Company's health insurance per year.

(ii) Notwithstanding anything in Section 2(c)(i) to the contrary, contemporaneous with the execution of this Agreement, the Employee will be granted a non-qualified stock option (the "Employment Option") to purchase a total of 650,000 shares of the Company's common stock, par value $.001 per share (the "Common Stock"), with an exercise price of $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan and the Employee will execute any award agreement or other documents required by the Company to evidence such grant. 33.33% of the options shall vest immediately on grant; an additional 33.33% of such options shall vest on February 29, 2008 and an additional 33.33% of such options shall vest on February 28, 2009; provided, however, that in the event (A) of a Change in Control or (B) the Employee's employment is terminated by (I) the Company without Cause pursuant to Section 4(d) or (II) the Employee for Good Reason pursuant to Section 4(e), all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of the Change in Control or the date of the Employee's termination pursuant to Sections 4(d) and (e), as applicable. The term of the Employment Option will be 10 years from the date of grant.

(iii) For purposes of this Agreement, a "Change in Control" shall mean:

(A) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of (I) the then-outstanding shares of Common Stock (the "Outstanding Company Common Stock"), or (II) the combined voting power of the then-outstanding voting securities of the Company generally entitled to vote in the election of directors (the "Outstanding Company Voting Securities") regardless of whether such acquisition is as a result of the issuance of securities by the Company to such Person, by such Person acquiring such shares publicly or in private sales (or in any combination of acquisitions or public or private sales or both), or otherwise; provided, however, that the following shall not constitute a Change in Control: (a) any issuance or acquisition of securities of the Company whereby the Employee (including his affiliates) reaches or exceeds such 50% threshold; (b) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (c) any issuance of shares of Series 1 Preferred Stock issued in the Company's initial offering of such shares or any shares of common stock issued upon conversion of such shares of Series 1 Preferred Stock;

(B) approval by the stockholders of the Company of a reorganization, merger, consolidation or other business combination (collectively, a "Business Combination"), unless following such Business Combination more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination and the combined voting power of the then-outstanding voting securities of such entity generally entitled to vote in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; and

(C) (I) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (II) the first to occur of (a) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (b) the approval by the stockholders of the Company of any such sale or disposition.

(d) Withholding and Employment Tax. Payment of all compensation hereunder shall be subject to customary withholding tax and other employment taxes as may be required with respect to compensation paid by an employer to an employee.

(e) Disability. The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Employee with disability insurance benefits of at least 60% of his gross Base Salary per month; provided that for purposes of the foregoing, prior to the date on which Employee's Base Salary is adjusted in accordance with Section 2(a) Employee's Base Salary shall be deemed to be $300,000. In the event of the Employee's Disability (as hereinafter defined), the Employee and his family shall continue to be covered by all of the Company's employee welfare benefit plans described under Section 2(c), at the Company's expense, to the extent such benefits may, by law, be provided, for the lesser of the term of such Disability and 24 months, in accordance with the terms of such plans.

(f) Death. The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Employee with life insurance benefits in the amount of at least $500,000. In the event of the Employee's death, the Employee's family shall continue to be covered by all of the Company's employee welfare benefit plans described under Section 2(c), at the Company's expense, to the extent such benefits may, by law, be provided, for 12 months following the Employee's death in accordance with the terms of such plans.

(g) Vacation. The Employee shall receive four weeks of vacation annually, administered in accordance with the Company's existing vacation policy.

3. Business Expenses. The Company shall pay or reimburse the Employee for all reasonable travel (including travel by automobile), business and entertainment expenses incurred by or necessary for the Employee to perform his duties under this Agreement in accordance with such policies and procedures as the Company may from time to time establish for senior officers and subject to the Company's normal requirements with respect to reporting and documentation of such expenses.

4. Termination of Employment. Notwithstanding any other provision of this Agreement, the Employee's employment with the Company may be terminated as set forth below:

(a) Termination by Mutual Agreement. The Employee's employment with the Company may be terminated at anytime by, and upon the terms and conditions of, a mutual written agreement between the parties.

(b) Termination for Cause. The Employee's employment with the Company may be terminated by the Company for Cause. Provided Cause actually exists, the date of termination for Cause shall be the date the Company sends the Employee a written notice to such effect specifying the reason(s) for the termination for Cause. For purposes of this Agreement, "Cause" shall mean any one of the following: (i) conviction of the Employee for committing a felony or crime or other crime involving moral turpitude; (ii) the Employee having committed acts or omissions constituting willful or wanton misconduct with respect to the Company; (iii) the Employee having committed any act of fraud or embezzlement involving the Company; (iv) the Employee having committed any willful and material violation of any statutory or common law duty of loyalty to the Company; (v) the Employee having committed acts or omissions constituting a material breach of this Agreement that continues for more than 15 days after notice from the Company specifically identifying such breach. In the event of any termination under this Section 4(b), the Company shall pay all amounts of Base Salary then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (but expressly excluding any bonuses or other incentive compensation). The Company shall have no further obligations to the Employee under this Agreement (including no obligation with respect to bonuses or other incentive compensation), and any and all stock options granted to the Employee shall terminate according to their terms of grant with any such vested options being exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant.

(b) Termination for Disability. The Employee's employment with the Company may be terminated by the Company in the event of the Employee's Disability. The date of termination for Disability shall be the date the Company sends the Employee a written notice to such effect. In the event of any termination under this Section 4(b), on the date of termination all options that would have otherwise vested within the 12 months following the date of the date of termination shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of the date of termination and (ii) the exercise term of each relevant option grant. For purposes of this Agreement, "Disability" shall mean the inability of the Employee, in the reasonable judgment of a physician appointed by the Board, to perform his duties of employment because of any physical or mental disability or incapacity, where such disability shall exist for an aggregate period of more than 150 days in any 365-day period or for any period of 90 consecutive days. In the event of any termination under this Section 4(b), the Company shall (i) pay by the next payroll period all amounts then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (including bonuses then-earned or owing), and (ii) comply with its obligations under Section 2(e).

(c) Termination upon Death. The Employee's employment with the Company automatically terminates on the Employee's death. In the event of the Employee's death (i) the Company will continue to pay the Employee's heirs or beneficiaries his Base Salary for 6 months following the date of termination (on regular payroll dates) and (ii) on the date of termination all options that would have otherwise vested within the 12 months following the date of the Employee's death shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of the Employee's death and (ii) the exercise term of each relevant option grant. In addition, in the event of the Employee's death, the Company shall (i) pay by the next payroll period all amounts then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (including bonuses then-earned or owing), and (ii) comply with its obligations under Section 2(f).

(d) Termination without Cause. The Employee's employment with the Company may be terminated by the Company, in the absence of Cause, for any reason and in its sole and absolute discretion, provided that in such event (which would include the Company's declining to extend the Employment Term in accordance with Section 1(a)) the Company shall continue to pay to the Employee the Base Salary (on regular payroll dates) for twelve months from the date of termination (the "Termination Payments") plus any bonuses then-earned or owing on the date of termination and an amount equal to the Target Bonus for the year in which the termination occurs pro rated based on the number of days of service in such year. On the date of termination, all unvested options shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant. Finally, during any period in which Termination Payments are required to be paid, the Company shall continue the benefits for the Employee and his family provided for under Section 2 at no cost to the Employee.

(e) Termination by the Employee for Good Reason. The Employee's employment with the Company may be terminated by the Employee for Good Reason. "Good Reason" shall be deemed to exist: (i) if the Employee's duties or responsibilities are materially diminished or the Employee is assigned any duties materially inconsistent with the duties or responsibilities contemplated by this Agreement; (ii) if the Company shall have continued to fail to comply with any material provision of this Agreement after a 30-day period to cure (if such failure is curable) following written notice by the Employee to the Company of such non-compliance; (iii) upon a Change in Control; or (iv) if the Company requires that the Employee be based at any location other than Charlotte, NC or Boca Raton, FL (or the suburban area of either). In the event of any termination under this Section 4(e), the Company shall pay the Termination Payments plus any bonuses then-earned or owing on the date of termination and an amount equal to the Target Bonus for the year in which the termination occurs pro rated based on the number of days of service in such year to the Employee in the same amount and manner as under Section 4(d). On the date of termination, all unvested options shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant. Finally, during any period in which Termination Payments are required to be paid, the Company shall continue the benefits for the Employee and his family provided for under Section 2 at no cost to the Employee.

(f) Voluntary Resignation. The Employee's employment with the Company may be terminated by the Employee without Good Reason. In the event of any termination under this Section 4(f), the Company shall pay all amounts of Base Salary then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (but expressly excluding any bonuses or other incentive compensation). The Company shall have no further obligations to the Employee under this Agreement (including no obligation with respect to bonuses or other incentive compensation), and any and all stock options granted to the Employee shall terminate according to their terms of grant; provided that if such termination occurs during the first year of the Employment Term any such vested options would be exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant, and if the termination occurs thereafter any such vested options would continue to be exercisable for the full exercise term of each relevant option grant.

5. Non-Competition. During the Employment Term and for two years following termination thereof (other than any such termination by the Company without Cause or by the Employee for Good Reason), the Employee shall not, directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, advise, or in any manner engage in the Company Business within a 100 mile radius of any office operated by the Company or any subsidiary of the Company, whether as an officer, director, stockholder, consultant, investor, agent or otherwise (unless the Board shall have authorized such activity and the Company shall have consented thereto in writing). For purposes of this Section 5, "Company Business" means (i) providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default, purchase order financing, lawsuit financing, trade finance and government contract funding and (ii) back office support including payroll, payroll tax compliance and invoice processing services. Passive investments in less than 5% of the outstanding securities of any entity subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, shall not be prohibited by this Section 5. The provisions of this Section 5 are subject to the provisions of Section 14.

6. Inventions and Confidential Information. The parties hereto recognize that a major need of the Company is to preserve its specialized knowledge, trade secrets and confidential information. The strength and good will of the Company is derived from the specialized knowledge, trade secrets, and confidential information generated from experience with the activities undertaken by the Company. The unauthorized disclosure of this information and knowledge to competitors would be beneficial to such competitors and detrimental to the Company, as would the disclosure of non-public information about the marketing practices, pricing practices, costs, profit margins, design specifications, development and business plans, analytical techniques and similar items of the Company. The Employee acknowledges that specific proprietary information and non-public data obtained by him while employed by the Company concerning the business or affairs of the Company are the property of the Company. By reason of his being a senior executive of the Company, the Employee has or will have access to, and has obtained or will obtain, trade secrets and confidential information about the Company's operations, which operations extend throughout the United States. Therefore, subject to the provisions of Section 14, the Employee hereby agrees as follows, recognizing that the Company is relying on these agreements in entering into this Agreement:

(a) During the Employment Term and for three years following termination of the Employee's employment with the Company for any reason, the Employee will not use, disclose to others, or publish or otherwise make available to any other party (other than in furtherance of his obligations hereunder) any non-public or confidential business information about the business and affairs of the Company, including but not limited to confidential information concerning the Company's products, methods, engineering designs and standards, analytical techniques, technical information, customer information, employee information, inventions and other confidential information acquired by him in the course of his past or future services for the Company during the Employment Term. The Employee agrees to hold as the Company's property all books, papers, letters, formulas, memoranda, notes, plans, records, reports, computer tapes, printouts, software and other documents, and all copies thereof and therefrom, relating to the Company's business and affairs conducted by him as Chief Executive Officer of the Company, whether made by him or otherwise coming into his possession or control, and on termination of his employment, or upon demand of the Company, at any time after termination of his employment, to deliver the same to the Company.

(b) During the Employment Term and for 18 months following termination of the Employee's employment with the Company for any reason, the Employee will not (i) directly or indirectly, including through an entity or agent, induce or otherwise attempt to influence any employee of the Company to leave the Company's employ, (ii) hire, cause to be hired or induce a third party to hire, any such employee (unless the Board shall have authorized such employment and the Company shall have consented thereto in writing) or in any way materially interfere with the relationship between the Company and any employee thereof, or (iii) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of the Company to cease or otherwise limit doing business with the Company or in any way materially interfere to the detriment of the Company with the relationship between any such customer, supplier, licensee or business relation of the Company.

7. Indemnification; Director and Officer Liability Insurance. The Company will indemnify (and advance the costs of defense of) the Employee (and his legal representatives) to the fullest extent permitted by the laws of the state in which the Company is incorporated, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of the Company, as in effect at such time or on the date of this Agreement, whichever affords greater protection to the Employee, and both during and after termination (for any reason) of the Employee's employment, the Company shall cause the Employee to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of the Company or any of its affiliates. Such policy shall be maintained by the Company, at its expense in an amount of at least $5 million and on terms (including the time period of coverage after the Employee's employment terminates) at least as favorable to the Employee as policies covering the Company's other members of its Board of Directors.

8. Litigation Expenses. In the event of any litigation or other proceeding between the Company and the Employee with respect to the subject matter of this Agreement and the enforcement of the rights hereunder and such litigation or proceeding results in final judgment or order in favor of the Employee, which judgment or order is substantially inconsistent with the positions asserted by the Company in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

9. Consolidation; Merger; Sale of Assets; Change of Control. Nothing in this Agreement shall preclude the Company from combining, consolidating or merging with or into, transferring all or substantially all of its assets to, or entering into a partnership or joint venture with, another corporation or other entity, or effecting any other kind of corporate combination provided that the corporation resulting from or surviving such combination, consolidation or merger, or to which such assets are transferred, or such partnership or joint venture expressly assumes in writing this Agreement and all obligations and undertakings of the Company hereunder. Upon such a consolidation, merger, transfer of assets or formation of such partnership or joint venture, this Agreement shall inure to the benefit of, be assumed by, and be binding upon such resulting or surviving transferee corporation or such partnership or joint venture, and the term “Company,” as used in this Agreement, shall mean such corporation, partnership or joint venture or other entity, and this Agreement shall continue in full force and effect and shall entitle the Employee and his heirs, beneficiaries and representatives to exactly the same compensation, benefits, perquisites, payments and other rights as would have been their entitlement had such combination, consolidation, merger, transfer of assets or formation of such partnership or joint venture not occurred.

10. No Set-off; No Mitigation Required. Except as expressly provided otherwise in this Agreement, the obligation of the Company to make any payments provided for hereunder and otherwise to perform its obligations hereunder will not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others. In no event will the Employee be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement, and such amounts will not be reduced (except as otherwise specifically provided herein) whether or not the Employee obtains other employment.

11. Section 409A Compliance. This Agreement is intended to comply with Internal Revenue Code Section 409A. Notwithstanding any provision herein to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent. In that regard, any payment described herein that is subject to Code Section 409A shall not be made earlier than six (6) months after the date of termination to the extent required by Code Section 409A(a)(2)(B)(i); provided that any such payment that is deferred pursuant to this Section 11 shall be paid in full as soon as possible consistent with this Section 11.

12. Survival of Obligations. Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 shall survive the termination for any reason of this Agreement (whether such termination is by the Company, by the Employee, upon the expiration of this Agreement or otherwise).

13. Employee's Representations. The Employee hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by the Employee do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Employee is a party or by which he is bound, (ii) the Employee is not a party to, or bound by, any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity, and (iii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of the Employee, enforceable in accordance with its terms. The Employee hereby acknowledges and represents that he has consulted with legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

14. Company's Representations. The Company hereby represents and warrants to the Employee that (i) the execution, delivery and performance of this Agreement by the Company do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound, and (ii) upon the execution and delivery of this Agreement by the Employee, this Agreement shall be the valid and binding obligation of the Company, enforceable in accordance with its terms.

15. Enforcement. Because the Employee's services are unique and because the Employee has access to confidential information concerning the Company, the parties hereto agree that money damages shall not be an adequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement that cannot be compensated with monetary damages, the Company may, in addition to other rights and remedies existing in its favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security).

16. Severability. In case any one or more of the provisions or part of a provision contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall be deemed not to affect any other jurisdiction or any other provision or part of a provision of this Agreement, nor shall such invalidity, illegality or unenforceability affect the validity, legality or enforceability of this Agreement or any provision or provisions hereof in any other jurisdiction; and this Agreement shall be reformed and construed in such jurisdiction as if such provision or part of a provision held to be invalid or illegal or unenforceable had never been contained herein and such provision or part reformed so that it would be valid, legal and enforceable in such jurisdiction to the maximum extent possible. In furtherance and not in limitation of the foregoing, the Company and the Employee each intend that the covenants contained in Sections 5 and 6 shall be deemed to be a series of separate covenants. If, in any judicial proceeding, a court shall refuse to enforce any of such separate covenants, then such unenforceable covenants shall be deemed eliminated from the provisions hereof for the purpose of such proceedings to the extent necessary to permit the remaining separate covenants to be enforced in such proceedings. If, in any judicial proceeding, a court shall refuse to enforce any one or more of such separate covenants because the total time, scope or area thereof is deemed to be excessive or unreasonable, then it is the intent of the parties hereto that such covenants, which would otherwise be unenforceable due to such excessive or unreasonable period of time, scope or area, be enforced for such lesser period of time, scope or area as shall be deemed reasonable and not excessive by such court.

17. Entire Agreement; Amendment. This Agreement contains the entire agreement between the Company and the Employee with respect to the subject matter hereof. This Agreement may not be amended, waived, changed, modified or discharged except by an instrument in writing executed by or on behalf of the party against whom enforcement of any amendment, waiver, change, modification or discharge is sought. No course of conduct or dealing shall be construed to modify, amend or otherwise affect any of the provisions hereof.

18. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if physically delivered, delivered by express mail or other expedited service or upon receipt if mailed, postage prepaid, via registered mail, return receipt requested, addressed as follows:

(a) To the Company:
BTHC XI, Inc.
c/o Anchor Funding Services, LLC
2201 Crownpoint Executive Drive
Charlotte, NC 28227

(b) To the Employee:
Morry Rubin
17853 Key Vista Way
Boca Raton, FL 33496

and/or to such other persons and addresses as any party shall have specified in writing to the other.

19. Assignability. This Agreement shall not be assignable by either party and shall be binding upon, and shall inure to the benefit of, the heirs, executors, administrators, legal representatives, successors and assigns of the parties. In the event that all or substantially all of the business of the Company is sold or transferred, then this Agreement shall be binding on the transferee of the business of the Company whether or not this Agreement is expressly assigned to the transferee.

20. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware without regard to conflict of laws principles.

21. Waiver and Further Agreement. Any waiver of any breach of any terms or conditions of this Agreement shall not operate as a waiver of any other breach of such terms or conditions or any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof. Each of the parties hereto agrees to execute all such further instruments and documents and to take all such further action as the other party may reasonably require in order to effectuate the terms and purposes of this Agreement.

22. Headings of No Effect. The Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

COMPANY:

BTHC XI, INC.

By: /s/

Name: Brad Bernstein
Title: President

EMPLOYEE:

By: /s/

Morry Rubin

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of January 31, 2007 is entered into by and between BTHC XI, Inc., a Delaware corporation (together with its subsidiaries, the "Company"), and Brad Bernstein (the "Employee").

W I T N E S S E T H:

WHEREAS, the Employee desires to serve the Company as President and Chief Financial Officer; and

WHEREAS, the Company desires to employ the Employee as President and Chief Financial Officer.

NOW THEREFORE in consideration of the mutual benefits to be derived from this Agreement, the Company and the Employee hereby agree as follows:

1. Term of Employment; Office and Duties.

(a) Commencing on the date hereof, and for an initial term ending January 31, 2010, the Company shall employ the Employee as President and Chief Financial Officer, with such duties and responsibilities consistent with such position as may from time to time be assigned to the Employee by the Company's Board of Directors. The Employee agrees to perform such duties and discharge such responsibilities in accordance with the terms of this Agreement. This Agreement shall be automatically renewed for additional one year terms unless either party notifies the other, in writing, at least 60 days prior to the expiration of the term, of such party's intention not to renew this Agreement. The period that the Employee serves as an employee of the Company pursuant to this Agreement, including as a result of any extension of the initial term, shall be referred to as the "Employment Term."

(b) The Employee shall be required to devote his full business time and efforts to the business and affairs of the Company other than during vacations and periods of illness or incapacity; provided that it is understood and agreed that until such time as the sale of Preferred Labor, LLC is completed it is expected that the Employee shall continue to provide minimal services to Preferred Labor, LLC, including in connection with completing such sale, and that the provision of such services will not be deemed to violate this Section 1(b) provided such services do not interfere with the performance of his duties and responsibilities under this Agreement. Notwithstanding the foregoing, the Employee shall be permitted to: (i) serve as a director of any organization or entity that does not result in a violation of Section 5; (ii) deliver lectures or fulfill speaking engagements; or (iii) make and manage passive investments and engage in charitable and community activities but only if such services and activities do not interfere with the performance of his duties and responsibilities under this Agreement.

2. Compensation and Benefits. For all services rendered by the Employee during the Employment Term, including, without limitation, any services as a director generally or member of the any committee of the Board or any subsidiary or division thereof, the Employee shall be compensated as follows:

(a) Base Salary. The Company shall pay the Employee a fixed base salary ("Base Salary") of $205,000 during the first year of the Employment Term, $220,000 during the second year of the Employment Term and $240,000 during the Third Year and any additional year of the Employment Term. The Board may periodically review the Employee's Base Salary and may determine to increase (but not decrease) the Base Salary, in accordance with such policies as the Company may hereafter adopt from time to time, if it deems appropriate. Base Salary will be payable in accordance with the customary payroll practices of the Company. As part of the Employee's compensation program the Company extends a $1000 per month automobile allowance; it being understood the Company shall not be responsible for any insurance, repairs, tires gas or other expenses related to Employee's automobile except as provided in Section 3.

(b) Bonus. The Employee may be entitled to receive an annual bonus ("Annual Bonus") for each fiscal year payable subsequent to the issuance of final audited financial statements for such fiscal year in the sole discretion of the Board in an amount as determined by the Compensation Committee of the Board. The targeted amount of any Annual Bonus (the "Target Bonus") shall be determined by the Compensation Committee of the Board in its discretion.

(c) Fringe Benefits.

(i) The Employee shall be entitled to participate in such employee benefit and other compensatory or non-compensatory plans that are available to similarly situated executives of the Company, which may include disability, health, dental and life insurance plans, option and bonus plans and other fringe benefit plans or programs, including a 401(k) retirement plan, of the Company established from time to time by the Board, subject to the rules and regulations applicable thereto, and which shall include an executive insurance program under which Employee shall be entitled to be reimbursed for up to $25,000 of medical costs not covered by the Company's health insurance per year. The Employee shall also be entitled to reimbursement for out-of-pocket moving costs incurred in connection with the relocation of the Company's offices to Boca Raton, FL.

(ii) Notwithstanding anything in Section 2(c)(i) to the contrary, contemporaneous with the execution of this Agreement, the Employee will be granted a non-qualified stock option (the "Employment Option") to purchase 950,000 shares of the Company's common stock, par value $.001 per share (the "Common Stock"), with an exercise price of $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan and the Employee will execute any award agreement or other documents required by the Company to evidence such grant. 33.33% of the options shall vest immediately on grant; an additional 33.33% of such options shall vest on February 29, 2008 and an additional 33.33% of such options shall vest on February 28, 2009; provided, however, that in the event (A) of a Change in Control or (B) the Employee's employment is terminated by (I) the Company without Cause pursuant to Section 4(d) or (II) the Employee for Good Reason pursuant to Section 4(e), all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of the Change in Control or the date of the Employee's termination pursuant to Sections 4(d) and (e), as applicable. The term of the Employment Option will be 10 years from the date of grant.

(iii) For purposes of this Agreement, a "Change in Control" shall mean:

(A) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of (I) the then-outstanding shares of Common Stock (the "Outstanding Company Common Stock"), or (II) the combined voting power of the then-outstanding voting securities of the Company generally entitled to vote in the election of directors (the "Outstanding Company Voting Securities") regardless of whether such acquisition is as a result of the issuance of securities by the Company to such Person, by such Person acquiring such shares publicly or in private sales (or in any combination of acquisitions or public or private sales or both), or otherwise; provided, however, that the following shall not constitute a Change in Control: (a) any issuance or acquisition of securities of the Company whereby the Employee (including his affiliates) reaches or exceeds such 50% threshold; (b) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (c) any issuance of shares of Series 1 Preferred Stock issued in the Company's initial offering of such shares or any shares of common stock issued upon conversion of such shares of Series 1 Preferred Stock;

(B) approval by the stockholders of the Company of a reorganization, merger, consolidation or other business combination (collectively, a "Business Combination"), unless following such Business Combination more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination and the combined voting power of the then-outstanding voting securities of such entity generally entitled to vote in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; and

(C) (I) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (II) the first to occur of (a) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (b) the approval by the stockholders of the Company of any such sale or disposition.

(d) Withholding and Employment Tax. Payment of all compensation hereunder shall be subject to customary withholding tax and other employment taxes as may be required with respect to compensation paid by an employer to an employee.

(e) Disability. The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Employee with disability insurance benefits of at least 60% of his gross Base Salary per month. In the event of the Employee's Disability (as hereinafter defined), the Employee and his family shall continue to be covered by all of the Company's employee welfare benefit plans described under Section 2(c), at the Company's expense, to the extent such benefits may, by law, be provided, for the lesser of the term of such Disability and 24 months, in accordance with the terms of such plans.

(f) Death. The Company shall, to the extent such benefits can be obtained at a reasonable cost, provide the Employee with life insurance benefits in the amount of at least $500,000. In the event of the Employee's death, the Employee's family shall continue to be covered by all of the Company's employee welfare benefit plans described under Section 2(c), at the Company's expense, to the extent such benefits may, by law, be provided, for 12 months following the Employee's death in accordance with the terms of such plans.

(g) Vacation. The Employee shall receive four weeks of vacation annually, administered in accordance with the Company's existing vacation policy.

3. Business Expenses. The Company shall pay or reimburse the Employee for all reasonable travel (including travel by automobile), business and entertainment expenses incurred by or necessary for the Employee to perform his duties under this Agreement in accordance with such policies and procedures as the Company may from time to time establish for senior officers and subject to the Company's normal requirements with respect to reporting and documentation of such expenses.

4. Termination of Employment. Notwithstanding any other provision of this Agreement, the Employee's employment with the Company may be terminated as set forth below:

(a) Termination by Mutual Agreement. The Employee's employment with the Company may be terminated at anytime by, and upon the terms and conditions of, a mutual written agreement between the parties.

(b) Termination for Cause. The Employee's employment with the Company may be terminated by the Company for Cause. Provided Cause actually exists, the date of termination for Cause shall be the date the Company sends the Employee a written notice to such effect specifying the reason(s) for the termination for Cause. For purposes of this Agreement, "Cause" shall mean any one of the following: (i) conviction of the Employee for committing a felony or crime or other crime involving moral turpitude; (ii) the Employee having committed acts or omissions constituting willful or wanton misconduct with respect to the Company; (iii) the Employee having committed any act of fraud or embezzlement involving the Company; (iv) the Employee having committed any willful and material violation of any statutory or common law duty of loyalty to the Company; (v) the Employee having committed acts or omissions constituting a material breach of this Agreement that continues for more than 15 days after notice from the Company specifically identifying such breach. In the event of any termination under this Section 4(b), the Company shall pay all amounts of Base Salary then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (but expressly excluding any bonuses or other incentive compensation). The Company shall have no further obligations to the Employee under this Agreement (including no obligation with respect to bonuses or other incentive compensation), and any and all stock options granted to the Employee shall terminate according to their terms of grant with any such vested options being exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant.

(b) Termination for Disability. The Employee's employment with the Company may be terminated by the Company in the event of the Employee's Disability. The date of termination for Disability shall be the date the Company sends the Employee a written notice to such effect. In the event of any termination under this Section 4(b), on the date of termination all options that would have otherwise vested within the 12 months following the date of the date of termination shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of the date of termination and (ii) the exercise term of each relevant option grant. For purposes of this Agreement, "Disability" shall mean the inability of the Employee, in the reasonable judgment of a physician appointed by the Board, to perform his duties of employment because of any physical or mental disability or incapacity, where such disability shall exist for an aggregate period of more than 150 days in any 365-day period or for any period of 90 consecutive days. In the event of any termination under this Section 4(b), the Company shall (i) pay by the next payroll period all amounts then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (including bonuses then-earned or owing), and (ii) comply with its obligations under Section 2(e).

(c) Termination upon Death. The Employee's employment with the Company automatically terminates on the Employee's death. In the event of the Employee's death (i) the Company will continue to pay the Employee's heirs or beneficiaries his Base Salary for 6 months following the date of termination (on regular payroll dates) and (ii) on the date of termination all options that would have otherwise vested within the 12 months following the date of the Employee's death shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of the Employee's death and (ii) the exercise term of each relevant option grant. In addition, in the event of the Employee's death, the Company shall (i) pay by the next payroll period all amounts then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (including bonuses then-earned or owing), and (ii) comply with its obligations under Section 2(f).

(d) Termination without Cause. The Employee's employment with the Company may be terminated by the Company, in the absence of Cause, for any reason and in its sole and absolute discretion, provided that in such event (which would include the Company's declining to extend the Employment Term in accordance with Section 1(a)) the Company shall continue to pay to the Employee the Base Salary (on regular payroll dates) for twelve months from the date of termination (the "Termination Payments") plus any bonuses then-earned or owing on the date of termination and an amount equal to the Target Bonus for the year in which the termination occurs pro rated based on the number of days of service in such year. On the date of termination, all unvested options shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant. Finally, during any period in which Termination Payments are required to be paid, the Company shall continue the benefits for the Employee and his family provided for under Section 2 at no cost to the Employee.

(e) Termination by the Employee for Good Reason. The Employee's employment with the Company may be terminated by the Employee for Good Reason. "Good Reason" shall be deemed to exist: (i) if the Employee's duties or responsibilities are materially diminished or the Employee is assigned any duties materially inconsistent with the duties or responsibilities contemplated by this Agreement; (ii) if the Company shall have continued to fail to comply with any material provision of this Agreement after a 30-day period to cure (if such failure is curable) following written notice by the Employee to the Company of such non-compliance; (iii) upon a Change in Control; or (iv) if the Company requires that the Employee be based at any location other than Charlotte, NC or Boca Raton, FL (or the suburban area of either). In the event of any termination under this Section 4(e), the Company shall pay the Termination Payments plus any bonuses then-earned or owing on the date of termination and an amount equal to the Target Bonus for the year in which the termination occurs pro rated based on the number of days of service in such year to the Employee in the same amount and manner as under Section 4(d). On the date of termination, all unvested options shall accelerate and immediately vest and become exercisable in full. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant. Finally, during any period in which Termination Payments are required to be paid, the Company shall continue the benefits for the Employee and his family provided for under Section 2 at no cost to the Employee.

(f) Voluntary Resignation. The Employee's employment with the Company may be terminated by the Employee without Good Reason. In the event of any termination under this Section 4(f), the Company shall pay all amounts of Base Salary then due to the Employee under Section 2(a) up to the payroll period worked but for which payment had not yet been made up to the date of termination (but expressly excluding any bonuses or other incentive compensation). The Company shall have no further obligations to the Employee under this Agreement (including no obligation with respect to bonuses or other incentive compensation), and any and all stock options granted to the Employee shall terminate according to their terms of grant; provided that if such termination occurs during the first year of the Employment Term any such vested options would be exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant, and if the termination occurs thereafter any such vested options would continue to be exercisable for the full exercise term of each relevant option grant.

5. Non-Competition. During the Employment Term and for two years following termination thereof (other than any such termination by the Company without Cause or by the Employee for Good Reason), the Employee shall not, directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, advise, or in any manner engage in the Company Business within a 100 mile radius of any office operated by the Company or any subsidiary of the Company, whether as an officer, director, stockholder, consultant, investor, agent or otherwise (unless the Board shall have authorized such activity and the Company shall have consented thereto in writing). For purposes of this Section 5, "Company Business" means (i) providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default, purchase order financing, lawsuit financing, trade finance and government contract funding and (ii) back office support including payroll, payroll tax compliance and invoice processing services. Passive investments in less than 5% of the outstanding securities of any entity subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, shall not be prohibited by this Section 5. The provisions of this Section 5 are subject to the provisions of Section 14.

6. Inventions and Confidential Information. The parties hereto recognize that a major need of the Company is to preserve its specialized knowledge, trade secrets and confidential information. The strength and good will of the Company is derived from the specialized knowledge, trade secrets, and confidential information generated from experience with the activities undertaken by the Company. The unauthorized disclosure of this information and knowledge to competitors would be beneficial to such competitors and detrimental to the Company, as would the disclosure of non-public information about the marketing practices, pricing practices, costs, profit margins, design specifications, development and business plans, analytical techniques and similar items of the Company. The Employee acknowledges that specific proprietary information and non-public data obtained by him while employed by the Company concerning the business or affairs of the Company are the property of the Company. By reason of his being a senior executive of the Company, the Employee has or will have access to, and has obtained or will obtain, trade secrets and confidential information about the Company's operations, which operations extend throughout the United States. Therefore, subject to the provisions of Section 14, the Employee hereby agrees as follows, recognizing that the Company is relying on these agreements in entering into this Agreement:

(a) During the Employment Term and for three years following termination of the Employee's employment with the Company for any reason, the Employee will not use, disclose to others, or publish or otherwise make available to any other party (other than in furtherance of his obligations hereunder) any non-public or confidential business information about the business and affairs of the Company, including but not limited to confidential information concerning the Company's products, methods, engineering designs and standards, analytical techniques, technical information, customer information, employee information, inventions and other confidential information acquired by him in the course of his past or future services for the Company during the Employment Term. The Employee agrees to hold as the Company's property all books, papers, letters, formulas, memoranda, notes, plans, records, reports, computer tapes, printouts, software and other documents, and all copies thereof and therefrom, relating to the Company's business and affairs conducted by him as President of the Company, whether made by him or otherwise coming into his possession or control, and on termination of his employment, or upon demand of the Company, at any time after termination of his employment, to deliver the same to the Company.

(b) During the Employment Term and for 18 months following termination of the Employee's employment with the Company for any reason, the Employee will not (i) directly or indirectly, including through an entity or agent, induce or otherwise attempt to influence any employee of the Company to leave the Company's employ, (ii) hire, cause to be hired or induce a third party to hire, any such employee (unless the Board shall have authorized such employment and the Company shall have consented thereto in writing) or in any way materially interfere with the relationship between the Company and any employee thereof, or (iii) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of the Company to cease or otherwise limit doing business with the Company or in any way materially interfere to the detriment of the Company with the relationship between any such customer, supplier, licensee or business relation of the Company.

7. Indemnification; Director and Officer Liability Insurance. The Company will indemnify (and advance the costs of defense of) the Employee (and his legal representatives) to the fullest extent permitted by the laws of the state in which the Company is incorporated, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of the Company, as in effect at such time or on the date of this Agreement, whichever affords greater protection to the Employee, and both during and after termination (for any reason) of the Employee's employment, the Company shall cause the Employee to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of the Company or any of its affiliates. Such policy shall be maintained by the Company, at its expense in an amount of at least $5 million and on terms (including the time period of coverage after the Employee's employment terminates) at least as favorable to the Employee as policies covering the Company's other members of its Board of Directors.

8. Litigation Expenses. In the event of any litigation or other proceeding between the Company and the Employee with respect to the subject matter of this Agreement and the enforcement of the rights hereunder and such litigation or proceeding results in final judgment or order in favor of the Employee, which judgment or order is substantially inconsistent with the positions asserted by the Company in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

9. Consolidation; Merger; Sale of Assets; Change of Control. Nothing in this Agreement shall preclude the Company from combining, consolidating or merging with or into, transferring all or substantially all of its assets to, or entering into a partnership or joint venture with, another corporation or other entity, or effecting any other kind of corporate combination provided that the corporation resulting from or surviving such combination, consolidation or merger, or to which such assets are transferred, or such partnership or joint venture expressly assumes in writing this Agreement and all obligations and undertakings of the Company hereunder. Upon such a consolidation, merger, transfer of assets or formation of such partnership or joint venture, this Agreement shall inure to the benefit of, be assumed by, and be binding upon such resulting or surviving transferee corporation or such partnership or joint venture, and the term “Company,” as used in this Agreement, shall mean such corporation, partnership or joint venture or other entity, and this Agreement shall continue in full force and effect and shall entitle the Employee and his heirs, beneficiaries and representatives to exactly the same compensation, benefits, perquisites, payments and other rights as would have been their entitlement had such combination, consolidation, merger, transfer of assets or formation of such partnership or joint venture not occurred.

10. No Set-off; No Mitigation Required. Except as expressly provided otherwise in this Agreement, the obligation of the Company to make any payments provided for hereunder and otherwise to perform its obligations hereunder will not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others. In no event will the Employee be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement, and such amounts will not be reduced (except as otherwise specifically provided herein) whether or not the Employee obtains other employment.

11. Section 409A Compliance. This Agreement is intended to comply with Internal Revenue Code Section 409A. Notwithstanding any provision herein to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent. In that regard, any payment described herein that is subject to Code Section 409A shall not be made earlier than six (6) months after the date of termination to the extent required by Code Section 409A(a)(2)(B)(i); provided that any such payment that is deferred pursuant to this Section 11 shall be paid in full as soon as possible consistent with this Section 11.

12. Survival of Obligations. Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 shall survive the termination for any reason of this Agreement (whether such termination is by the Company, by the Employee, upon the expiration of this Agreement or otherwise).

13. Employee's Representations. The Employee hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by the Employee do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Employee is a party or by which he is bound, (ii) the Employee is not a party to, or bound by, any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity, and (iii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of the Employee, enforceable in accordance with its terms. The Employee hereby acknowledges and represents that he has consulted with legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

14. Company's Representations. The Company hereby represents and warrants to the Employee that (i) the execution, delivery and performance of this Agreement by the Company do not and shall not conflict with, breach, violate or cause a default under any material contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which it is bound, and (ii) upon the execution and delivery of this Agreement by the Employee, this Agreement shall be the valid and binding obligation of the Company, enforceable in accordance with its terms.

15. Enforcement. Because the Employee's services are unique and because the Employee has access to confidential information concerning the Company, the parties hereto agree that money damages shall not be an adequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement that cannot be compensated with monetary damages, the Company may, in addition to other rights and remedies existing in its favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security).

16. Severability. In case any one or more of the provisions or part of a provision contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall be deemed not to affect any other jurisdiction or any other provision or part of a provision of this Agreement, nor shall such invalidity, illegality or unenforceability affect the validity, legality or enforceability of this Agreement or any provision or provisions hereof in any other jurisdiction; and this Agreement shall be reformed and construed in such jurisdiction as if such provision or part of a provision held to be invalid or illegal or unenforceable had never been contained herein and such provision or part reformed so that it would be valid, legal and enforceable in such jurisdiction to the maximum extent possible. In furtherance and not in limitation of the foregoing, the Company and the Employee each intend that the covenants contained in Sections 5 and 6 shall be deemed to be a series of separate covenants. If, in any judicial proceeding, a court shall refuse to enforce any of such separate covenants, then such unenforceable covenants shall be deemed eliminated from the provisions hereof for the purpose of such proceedings to the extent necessary to permit the remaining separate covenants to be enforced in such proceedings. If, in any judicial proceeding, a court shall refuse to enforce any one or more of such separate covenants because the total time, scope or area thereof is deemed to be excessive or unreasonable, then it is the intent of the parties hereto that such covenants, which would otherwise be unenforceable due to such excessive or unreasonable period of time, scope or area, be enforced for such lesser period of time, scope or area as shall be deemed reasonable and not excessive by such court.

17. Entire Agreement; Amendment. This Agreement contains the entire agreement between the Company and the Employee with respect to the subject matter hereof. This Agreement may not be amended, waived, changed, modified or discharged except by an instrument in writing executed by or on behalf of the party against whom enforcement of any amendment, waiver, change, modification or discharge is sought. No course of conduct or dealing shall be construed to modify, amend or otherwise affect any of the provisions hereof.

18. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if physically delivered, delivered by express mail or other expedited service or upon receipt if mailed, postage prepaid, via registered mail, return receipt requested, addressed as follows:

(a) To the Company:
BTHC XI, Inc.
c/o Anchor Funding Services, LLC
2201 Crownpoint Executive Drive
Charlotte, NC 28227

(b) To the Employee:
Brad Bernstein
5936 Woodleigh Oaks Dr.
Charlotte, NC 28226

and/or to such other persons and addresses as any party shall have specified in writing to the other.

19. Assignability. This Agreement shall not be assignable by either party and shall be binding upon, and shall inure to the benefit of, the heirs, executors, administrators, legal representatives, successors and assigns of the parties. In the event that all or substantially all of the business of the Company is sold or transferred, then this Agreement shall be binding on the transferee of the business of the Company whether or not this Agreement is expressly assigned to the transferee.

20. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware without regard to conflict of laws principles.

21. Waiver and Further Agreement. Any waiver of any breach of any terms or conditions of this Agreement shall not operate as a waiver of any other breach of such terms or conditions or any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof. Each of the parties hereto agrees to execute all such further instruments and documents and to take all such further action as the other party may reasonably require in order to effectuate the terms and purposes of this Agreement.

22. Headings of No Effect. The Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

COMPANY:

BTHC XI, INC.

By: /s/

Name:
Title

EMPLOYEE:

By: /s/

Brad Bernstein
Title

Exhibit 10.4

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN D
	CLIENTS' A/R	**FUNDS EMPLOYED**	**LINE LIMIT**	**TNW CAP**	**Calculated Loan Avail**
LINE LIMIT	$2,**500,000**	**TO CLIENTS**			
BEGINNING COLLATERAL (FROM PREVIOUS REPORT)				as of	**Line 8 should be the**
PLUS: NET INVOICES PURCHASED	$ -	**(See Attached**			**lesser of line 8A - 8D**
LESS: CREDITS	$ -	**Client Summary)**		***4**	
ENDING COLLATERAL				$	$ -
INELIGIBLE COLLATERAL		$	$ y		
TOTAL ELIGIBLE COLLATERAL					$
PERCENT OF ADVANCE ON ELIGIBLE COLLATERAL	$ 0.72	$ 0.85	s	s	
CALCULATED LOAN AVAILABILITY	$ -	$ -	$ 500.000.00	$ -	$ -
ANCHOR II \DIM; SERVICES. LLC					TOTAL
BEGINNING LOAN (FROM PREVIOUS REPORT)					$ -
LESS: COLLECTIONS					$ -
PLUS INTEREST CHARGES AND LOAN FEES					$ -
+(-)ADJUSTMENTS (OTHER FEES - i.e.WireFees ti3U_u~i)					$ -
NET LOAN OUTSTANDING BEFORE ADVANCES					$ -
AVAILABLE TO BORROW (LINE 8 MINUS LINE I)					$ -
ADDITIONAL ADVANCE REQUESTED					$ -
NEW LOAN BALANCE (LINE 13 PLUS LINE 15)					$ -
NET AVAILABILITY (LINE 8 MINUS LINE 16)					$ -

SALES DETAIL	CREDIT DETAIL	LOCKBOX DETAIL	INELIGIBLE DETAIL		
COLLECTIONS - LINE **10 $** -		**DEPOSITS**	Over 90 (From Invoice Date)		
Purchased Invoices $ -	Check Deductions/Chargebacks $ -	$ -	Foreign/Fed. Government	$ -	
Purchased Invoices $ -	Inhouse Chargebacks $ -	$ -	Not "approved" (C.I.) or Verified		$
Purchased Invoices $ -	Other - $ -	$ -	Disputes	$ -	
Purchased Credits (Put in as -) $ -	Other- $ -	$ -	Other-	$ -	
Other- $ -	Other- $ -	$ -	Concentration-Customer		
Other- $ -	Credit Backs (put in as a -) $ -	$ -	Concentration-Client		
Other- $ -	Non Factored Cash (put in as a -) $ -	$ -	Client Advances > 85%	$ -	
NET SALES - LINE 2 $ -	TOTAL CREDIT - LINE 3 $ -	$ -	$ -	$ -	Total

Borrower hereby (a) as security for the repayment of Borrower's present and future indebtedness to FCC, LLC. (herein"**FCC"), assigns**, **transfers and pledges** to FCC, **its successors and assigns**, **and gives and agrees that FCC has a security interest in, under and pursuant the Loan and Security Agreement and/or other financing instruments between Borrower** and FCC**, the Accounts specifically described in the invoice copies or schedules of accounts receivable attached hereto and identified herein**, **and the Inventory (i.e. Merchandise) generally identified herein or described in lien statements or security agreements attached hereto**, **and in all presently outstanding Accounts and in all Inventory now owned by Borrower**, **and all Accounts and Inventory hereafter created**, **acquired or purchased by Borrower; (b) warrants and certifies** to FCC **that all Accounts created since the prior Report are evidenced by invoice copies or schedules of accounts receivable attached hereto**, **and that the total of all Accounts on the books and records of Borrower at said date is as shown and there is now owing on Accounts that amount; (c) warrants and certifies** to FCC **that all inventory made or acquired since the prior report is identified herein or is evidenced by suppliers' invoices, purchased journals**, **production reports**, **or other records attached hereto**, **and that the total of all inventory of Borrower is as shown as of the date shown hereon for Inventory and that Borrower now has in its possession and control**, **or in the possession of a third party of its account which third party has been identified in writing by Borrower to FCC, Inventory in that amount**; (**d) warrants that the total of withdrawals since the prior report are as shown**; **and (e) warrants that all collections received or credits allowed on Accounts previously assigned to FCC has been duly and regularly entered to the credit of the respective debtors on the books and accounts of Borrower**; **that all such collections have been remitted and all such credits have been reported** to FCC promptly; that none of the Accounts **previously or hereby assigned have been sold**, **assigned or pledged to any other party**; **and that prompt report has been made** to FCC of **returned or rejected goods covered** by any Account previously **assigned**, **with payment to FCC of the amount thereof.**

Borrower: ANCHOR FUNDING SERVICES, LLC

By: /s/

(Authorized Signature)

This assignment and security **agreement is accepted** by FCC, LLC in Fort Lauderdale, FL, in reliance **on the warranties**, certifications **and agreements** of Borrower **above**, **and those** contained **in said** Loan and Security Agreement.

FCC, LLC
By: (Title)

Exhibit B

FACTORING AND SECURITY AGREEMENT

THIS FACTORING AGREEMENT **(this "Agreement") is made as of (the** "Effective Date"), by and **between ("Seller")** and ANCHOR FUNDING SERVICES, LLC **("Purchaser").**

1. Definitions. As used herein, the following terms shall have the following respective meanings. All capitalized terms not herein defined shall have the meaning set forth in the Uniform Commercial Code:

1.1. "Anniversary Date" - **See Section 19.**

1.2. "Clearance Days" - (i) one (1) business day for checks drawn on banks located within the state in which Purchaser has its principal place of business, and for all electronic funds transfers, and (ii) three (3) business days for all other payments.

1.3. "Closed" - a Purchased Account is closed upon the first to occur of (i) receipt of full payment by Purchaser or (ii) the unpaid Face Amount has been charged to the Reserve Account by Purchaser pursuant to the terms hereof.

1.4. "Collateral" - any collateral now or hereafter described in any form UCC-1 filed against Seller naming Purchaser as the secured party, and all of Seller's right, title, and interest in and to the following property, now owned and hereafter acquired:

All Accounts (including Accounts purchased by Purchaser hereunder and repurchased by Seller), chattel paper, general intangibles including, but not limited to, tax refunds, registered and unregistered patents, trademarks, service marks, copyrights, trade names, trade secrets, customer lists, licenses, documents, instruments, deposit accounts, certificates of deposit, and all rights of Seller as a seller of goods, including rights of reclamation, repletion, and stoppage in transit;

1.4.1. All goods including, but not limited to: 1.4.1.1. All inventory, wherever located;

1.4.1.2. All equipment and fixtures, wherever located, and all additions, substitutions, replacements (including spare parts), and accessions thereof and thereto;

1.4.1.3. All books and records relating to all of the foregoing property and interests in property, including, without limitation, all computer programs, printed output, and computer readable data in the possession or control of the Seller, any computer service bureau, or other third party;

1.4.1.4. All investment property; and

1.4.1.5. All proceeds of the foregoing, including, but not limited to, all insurance proceeds, all claims against third parties for loss or destruction of or damage to any of the foregoing, and all income from **the lease or rental of any of the foregoing.**

1.5. "Concentration Account" - A Purchased Account which, when added to other unpaid Purchased Accounts from the same Account Debtor will cause the balance owing from the Account Debtor to exceed 25% of the total unpaid amount of all Purchased Accounts.

1.6. "Concentration Factoring Fee" - the Concentration Factoring Fee Percentage multiplied by the Face Amount of each Concentration Account. The Concentration Factoring Fee shall be paid as compensation for the Credit and Collection Services.

1.7. "Concentration Factoring Fee Percentage" -.0%. 1.8. "Concentration Reserve Percentage" - %.

1.9. "Credit and Collection Services" - the following services performed by Purchaser on behalf of Seller as a result of the purchase of accounts hereunder:

1.9.1. All accounts receivable record keeping, including the recording of invoices and payments; 1.9.2. Assumption of the credit risk with respect to certain Purchased Accounts, as set forth herein; 1.9.3. Collection of accounts; and

1.9.4. Setting of such credit limits for sales by Seller as may be required.

1.10. "Early Termination Date" - any termination date requested by Seller which is earlier than the next occurring Anniversary Date.

1.11. "Early Termination Fee" - The greater of the (i) average monthly Factoring Fees earned by Purchaser for the three full months (or portion thereof) prior to the date on which Purchaser receives a Notice of Early Termination of this Agreement, or (ii) Minimum Monthly Fee, multiplied by the remaining months in the term of the Agreement.

1.12. "Eligible Account" - an Account which is acceptable for purchase as determined by Purchaser in the exercise of its sole reasonable credit or business judgment.

1.13. "Event of Default" - See Section 16.1.

1.14. "Face Amount" - the face amount due on an Account at the time it is purchased pursuant to this Agreement.

1.15. "Factoring Fee" - The Factoring Fee Percentage multiplied by the Face Amount of a Purchased Account at the time of purchase by Purchaser, for each Factoring Fee Period or portion thereof, that any portion thereof remains unpaid, computed from the last day of the Initial Factoring Fee Period to and including the Late Payment Date. The Factoring Fee shall be paid as compensation for the Credit and Collection Services and in the event Purchaser has also requested that Purchaser provide its Payroll Administration and Bookkeeping Services, the Factoring Fee shall be inclusive of all such services as described in the applicable addendum.

1.16. "Factoring Fee Percentage" - .0%.

1.17. "Factoring Fee Period" - days.

1. 18. "Fees" - The Factoring Fee.

1.19. "Initial Factoring Fee" - 0% of the Face Amount. 1.20. "Initial Factoring Fee Period" - days
1.21. "Insolvency Event" - the filing of a petition under any state or federal debtor relief or liquidation statute by or against an Account Debtor, within the Insolvency Period.

1.22. "Insolvency Period" - days from the invoice date.

1.23. "Invoice" - the document that evidences an Account. Where the context so requires, reference to an Invoice shall be deemed to refer to the Account to which it relates.

1.24. "Late Charge" - .06% per day.

1.25. "Late Payment Date" - the date which is () days from the date on which a Purchased Account was created.

1.26. "Maximum Amount" - $.

1.27. "Minimum Monthly Fee" - $.

1.28. "Misdirected Payment Fee" - fifteen percent (15%) of the amount of any payment on account of a Purchased Account which has been received by Seller and not delivered in kind to Purchaser on the next business day following the date of receipt by Seller.

1.29. "Missing Notation Fee" - 15% of the Face Amount.

1.30. "Notation" - "This account has been assigned and is payable directly to Anchor Funding Services, LLC, located at 2201-E CrownPoint Executive Drive, Suite E, Charlotte, North Carolina 28227, to whom notice of any claim or dispute must be advised, either in writing or by telephone (866-789-3863 x203)."

1.31. "Notice of Early Termination" - Any notice of termination that is effective on other than a Termination Date.

1.32. "Obli atg ions" - all present and future obligations owing by Seller to Purchaser whether or not for the payment of money, whether or not evidenced by any note or other instrument, whether direct or indirect, absolute or contingent, due or to become due, joint or several, primary or secondary, liquidated or unliquidated, secured or unsecured, original, renewed, or extended, whether arising before, during, or after the commencement of any bankruptcy case in which Seller is a Debtor, including but not limited to any obligations arising pursuant to letters of credit or acceptance transactions or any other financial accommodations.

1.33. "Party" or "Parties" - Each of Seller **and Purchaser.**

1.34. "Payment Date" - the date on which a Purchased Account is either paid in full to Purchaser or Repurchased.

1.35. "Payment Delay" - with respect to each Account, the number of days between the Purchase Date and the Payment Date.

1.36. "Purchase Date" - with respect to each Account, the date on which the Account was purchased pursuant to this Agreement.

1.37. "Purchased Account" - an Account purchased hereunder which has not been Repurchased.

1.38. "Repurchased" - an Account has been repurchased when Seller has paid to Purchaser the then unpaid Face Amount.

1.39. "Required Reserve Amount" - the Reserve Percentage multiplied by the unpaid balance of Purchased Accounts.

1.40. "Reserve Account" - a bookkeeping account on the books of the Purchaser representing an unpaid portion of the Face Amounts, maintained by Purchaser to ensure Seller's performance with the provisions hereof.

1.41. "Reserve Percentage" - %.

1.42. "Reserve Shortfall" - the amount by which the Reserve Account is less than the Required Reserve Amount.

1.43. "Schedule of Accounts" - a form supplied by Purchaser from time to time wherein Seller lists such of its Accounts as it requests that Purchaser purchase under the terms of this Agreement.

1.44. "Seller's Account" - any demand deposit account maintained by Seller or represented by an employee of Seller to be maintained by Seller.

2. Sale; Purchase Price, Reserve; Billing

2.1. Assignment **and Sale.**

2.1.1. Seller shall sell to Purchaser as absolute owner such of Seller's Accounts as are listed from time to time on a Schedule of Accounts. Upon purchase, Purchaser will assume the risk of non-payment on Purchased Accounts, so long as the cause of non-payment is solely due to the occurrence of an Insolvency Event. This assumption of credit risk shall be limited to the product of the Face Amount of a Purchased Account multiplied by the difference between 100% a nd the Reserve Percentage or actual amount paid for the Purchased Account, if any, whichever is less. In the event a Purchased Account remains unpaid beyond () days, Seller shall then be obligated to repurchase the Purchased Account.

2.1.2. Seller shall provide with each Schedule of Accounts such documentation supporting and evidencing the Accounts identified therein as Purchaser shall from time to time request.

2.1.3. Purchaser shall be entitled to purchase from Seller such Accounts as Purchaser determines to be Eligible Accounts, so long as the unpaid balance of Purchased Accounts does not exceed, before and after such purchase, the Maximum Amount.

2.1.4. Purchaser shall pay the Face Amount, less any amounts due to Purchaser from Seller, including, without limitation, any amounts due under, *inter alia*, Sections 1.6, 1.19, and 2.3.2 hereof, of any Purchased Account, to Seller's Account within two (2) business days of Seller's receipt of a statement from Purchaser listing the Accounts which Purchaser, has agreed to purchase, whereupon the Accounts shall be deemed purchased hereunder.

2.2. Billing. Purchaser may send a weekly statement to all Account Debtors itemizing their account activity during the preceding billing period. All Account Debtors will be instructed to make payments to Purchaser.

2.3. Reserve Account.

2.3.1. Purchaser may pay any portion of any Face Amount to the Reserve Account in the amount of the Reserve Shortfall.

2.3.2. Seller shall pay to Purchaser on demand the amount of any Reserve Shortfall.

2.3.3. Purchaser shall pay to Seller, upon Seller's request, any amount by which collected funds on a entire closed schedule in the Reserve Account are greater than the Required Reserve Amount, provided that Seller shall be entitled to make such demand not more than once in any one (1) week.

2.3.4. Purchaser may charge the Reserve Account with any Obligation, including any amounts due from Seller to Purchaser hereunder.

2.3.5. Purchaser may pay any amounts due Seller hereunder by a credit to the Reserve Account.

2.3.6. Purchaser may adjust the Reserve Percentage at any time without notice if such adjustment is necessitated by a change in the quality of the Purchased Accounts in Purchaser's reasonable credit judgment.

3. Authorization for Purchases. Subject to the terms and conditions of this Agreement, Purchaser is authorized to purchase Accounts upon telephonic, facsimile, or other instructions received from anyone purporting to be an officer, employee, or representative of Seller.

4. Fees and Expenses. Seller shall pay to Purchaser: 4.1. Fees. The Fees on the Purchase Date.

4.2. Minimum Monthly Fee. Any amount by which the Fees earned in any month (prorated for partial months) is less than the Minimum Monthly Fee to be paid on the first day of the following month

4.3. Misdirected Payment Fee. Any Misdirected Payment Fee immediately upon its accrual.

4.4. Missing Notation Fee. The Missing Notation Fee on any Invoice that **is sent** by Seller to an Account Debtor which does not contain the Notation.

4.5. Late Charge. The Late Charge, on demand, on:

4.5.1. all past due amounts due from Seller to Purchaser hereunder; and 4.5.2. The amount of any Reserve Shortfall.

4.6. Out-of-Pocket Expenses. The out-of-pocket expenses directly incurred by Purchaser in the administration of this or any other Agreement that is executed between the Parties including but not limited to wire transfer fees, NSF fees, postage, taxes, search fees, filing fees, travel expenses and audit fees. Seller shall not be required to pay for more than four audits per twelve-month period.

4.7. Early Termination Fee. The Early Termination Fee multiplied by the number of months (or portion thereof) between the Early Termination Date and the next occurring Anniversary Date.

5. Concentrations.

5.1. Notwithstanding anything to the contrary contained herein, if a Purchased Account is a Concentration Account:

5.1.1. The applicable Reserve Percentage shall be the Concentration Reserve Percentage; and

5.1.2. The applicable Factoring Fee shall be the Concentration Factoring Fee.

6. Repurchase Of Accounts. Purchaser may require that Seller repurchase, by payment of the then unpaid Face Amount thereof together with any unpaid fees relating to the Purchased Account on demand or, at Purchaser's option, by Purchaser's charge to the Reserve Account:

6.1. Notwithstanding the occurrence of an Insolvency Event:

6.1.1. Any Purchased Account, the payment of which has been disputed by the Account Debtor obligated thereon, Purchaser being under no obligation to determine the bona fides of such dispute;

6.1.2. All Purchased Accounts upon the occurrence of an Event of Default, or upon the termination date of this Agreement; and

6.2. If an Insolvency Event has not occurred on or prior to the Late Payment Date, any Purchased Account which remains unpaid beyond the Late Payment Date.

7. Security Interest.

7.1. As collateral **securing the Obligations, Seller grants to Purchaser a continuing** first priority **security interest in and to the** Collateral.

7.2. Notwithstanding the creation of the above security interest, the relationship of the parties shall be that of Purchaser and Seller of accounts, and not that of lender and borrower.

8. Clearance Days. For all purposes under this Agreement, Clearance Days will be added to the date on which any payment is received by Purchaser.

9. Authorization to Purchaser.

9.1. Seller hereby irrevocably authorizes Purchaser and any designee of Purchaser, at Seller's sole expense, to exercise at any times in Purchaser's or such designee's discretion all or any of the following powers until all of the Obligations have been paid in full:

9.1.1. Receive, take, endorse, assign, deliver, accept, and deposit, in the name of Purchaser or Seller, any and all cash, checks, commercial paper, drafts, remittances, and other instruments and documents relating to the Collateral or the proceeds thereof;

9.1.2. Take or bring, in the name of Purchaser or Seller, all steps, actions, suits, or proceedings deemed by Purchaser necessary or desirable to effect collection of or other realization upon the accounts and other Collateral;

9.1.3. After an Event of Default, change the address for delivery of mail to Seller and to receive and open mail addressed to Seller;

9.1.4. Extend the time of payment of, compromise or settle for cash, credit, return of merchandise, and upon any terms or conditions, any and all Accounts or other Collateral which includes a monetary obligation and discharge or release any account debtor or other obligor (including filing of any public record releasing any lien granted to Seller by such account debtor), without affecting any of the Obligations;

9.1.5. Execute in the name of Seller and file against Seller in favor of Purchaser financing statements or amendments with respect to the Collateral;

9.1.6. Pay any sums necessary to discharge any lien or encumbrance which is senior to Purchaser's security interest in the Collateral, which sums shall be included as Obligations hereunder, and in connection with which sums the Late Charge shall accrue and shall be due and payable; and

9.1.7. At **any time, irrespective of whether an Event of Default has occurred, without notice to or the assent of Seller, notify any Account Debtor obligated with respect to any Account, that the underlying Account has been assigned to Purchaser by Seller and that payment thereof is to be made to the order of and directly and solely to Purchaser.**

9.1.8. At anytime, communicate directly with Seller's Account Debtors to verify the amount and validity of any Account created by Seller.

9.2. Seller hereby releases and exculpates Purchaser, its officers, employees, and designees, from any liability arising from any acts under this Agreement or in furtherance thereof whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact, except for willful misconduct. In no event will Purchaser have any liability to Seller for lost profits or other special or consequential damages. Without limiting the generality of the foregoing, Seller releases Purchaser from any claims which Seller may now or hereafter have arising out of Purchaser's endorsement and deposit of checks issued by Seller's customers stating that they were in full payment of an account, but issued for less than the full amount which may have been owed on the account.

9.3. Seller authorizes Purchaser to accept, endorse, and deposit on behalf of Seller any checks tendered by an account debtor "in full payment" of its obligation to Seller. Seller shall not assert against Purchaser any claim arising therefrom, irrespective of whether such action by Purchaser effects an accord and satisfaction of seller's claims, under §3-311 of the Uniform Commercial Code, or otherwise.

9.4. Seller shall fully complete and execute, as taxpayer, prior to or immediately upon the execution of this Agreement, a form 8821 (Rev. January 2000) issued by the Department of the Treasury, Internal Revenue Service or such other forms as may be requested by Purchaser, irrevocably authorizing Purchaser to inspect or receive tax information relating to any type of tax, tax form, years or periods or otherwise desired by Purchaser on an ongoing basis.

9.5. ACH Authorization. In order to satisfy any of the Obligations, Purchaser is hereby authorized by Seller to initiate electronic debit or credit entries through the ACH system to Seller's Account or any other deposit account maintained by Seller wherever located. Seller may only terminate this authorization by giving Purchaser thirty (30) days prior written notice of termination.

10. Covenants B,, Ste.

10.1. After written notice by Purchaser to Seller, and automatically, without notice, after an Event of Default, Seller shall not, without the prior written consent of Purchaser in each instance:

10.1.1. Grant any extension of time for payment of any of the accounts or any other Collateral which includes a monetary obligation;

10.1.2. Compromise or settle any of the Accounts or any such other Collateral for less than the full amount thereof;

10.1.3. Release in whole or in part any account debtor or other person liable for the payment of any of the accounts or any such other Collateral; or

10.1.4. Grant any credits, discounts, allowances, deductions, return authorizations, or the like with respect to any of the accounts or any such other Collateral.

10.2. From time to time as requested by Purchaser, at the sole expense of Seller, Purchaser or its designee shall have access, during reasonable business hours if prior to an Event of Default and at any time if on or after an Event of Default, to all premises where Collateral is located for the purposes of inspecting (and removing, if after the occurrence of an Event of Default) any of the Collateral, including Seller's books and records, and Seller shall permit Purchaser or its designee to make copies of such books and records or extracts therefrom as Purchaser may request. Without expense to Purchaser, Purchaser may use any of Seller's personnel, equipment, including computer equipment, programs, printed output, and computer readable media, supplies, and premises for the collection of accounts and realization on other Collateral as Purchaser, in its sole discretion, deems appropriate. Seller hereby irrevocably authorizes all accountants and third parties to disclose and deliver to Purchaser at Seller's expense all financial information, books and records, work papers, management reports, and other information in their possession relating to Seller.

10.3. Before sending any Invoice to an account debtor, Seller shall mark same with the Notation or such other notation as Purchaser shall have advised Seller in writing.

10.4. Seller shall pay when due all payroll and other taxes, and shall provide proof thereof to Purchaser in such form as Purchaser shall reasonably require.

10.5. Encumbrance of Collateral. Seller shall not create, incur, assume, or permit to exist any lien upon or with respect to any Collateral now owned or hereafter acquired by Seller.

11. Insurance. Seller shall maintain insurance on all insurable property owned or leased by Seller in the manner, to the extent, and against at least such risks (in any event, including but not limited to fire and business interruption insurance) as usually maintained by owners of similar businesses and properties in similar geographic areas. All such insurance shall be in amounts and form and with insurance companies acceptable to Purchaser in its sole discretion. Seller shall furnish to Purchaser:

11.1. Upon written request, any and all information concerning such insurance carried;

11.2. As requested by Purchaser, lender loss payable endorsements (or their equivalent) in favor of Purchaser.

All policies of insurance shall provide for not less than thirty- (30) days' prior written cancellation notice to Purchaser.

12. Delivery of Misdirected Payments. Notwithstanding that Seller has agreed to pay the Misdirected Payment Fee pursuant to Section 4.3 hereof, Seller shall deliver in kind to Purchaser on the next banking day following the date of receipt by Seller of the amount of any payment on account of a Purchased Account.

13. Account Disputes. Seller shall notify Purchaser promptly of and, if requested by Purchaser, will settle all disputes concerning any Purchased Account, at Seller's sole cost and expense. However, Seller shall not, without Purchaser's prior written consent, compromise or adjust any Purchased Account or grant any additional discounts, allowances, or credits thereon. Purchaser may, but is not required to, attempt to settle, compromise, or litigate (collectively, "Resolve") the dispute upon such terms as Purchaser in its sole discretion deem advisable, for Seller's account and risk and at Seller's sole expense. Upon the occurrence of an Event of Default Purchaser may Resolve such issues with respect to any Account of Seller.

14. Perfection of Security Interest. Seller shall execute and deliver to Purchaser such documents and instruments, including, without limitation, Uniform Commercial Code financing statements, as Purchaser may request from time to time in order to evidence and perfect its security interest in any collateral securing the Obligations.

15. Representation and Warranty. Seller represents and warrants that:

15.1. It is fully authorized to enter into this Agreement and to perform hereunder; 15.2. This Agreement constitutes its legal, valid, and binding obligation; and 15.3. Seller is solvent and in good standing in the State of its organization.

1 5 4 Each Purchased Account at the time each is submitted for Purchase is and will remain:

15.4.1. Bona fide existing obligations created by the sale and delivery of goods or the rendition of services in the ordinary course of Seller's business; the amount of each Account is due and owing to Seller and represents an accurate statement of a bona fide sale, delivery and acceptance of goods or performance of service by Seller to or for an Account Debtor. The terms for payment of each Account sold is not more than thirty (30) days from date of invoice and the payment of such Account is not contingent upon the fulfillment by Seller of any further performance of any nature whatsoever.

15.4.2. Unconditionally owed and will be paid to Purchaser without defenses, disputes, offsets, counterclaims, or rights of return or cancellation.

15.4.3. Sales to an entity which is at no time affiliated with Seller or in any way not an "arms length" transaction.

15.5. Seller has not received notice of actual or imminent bankruptcy, insolvency, or material impairment of the financial condition of any applicable account debtor regarding Purchased Accounts.

15.6. Seller shall notify Purchaser, in writing, immediately after obtaining knowledge from any source of the filing, by any means, of any lien, claim, or levy, against any property of Seller or Account Debtor.

15.7. Seller shall not interfere with Purchaser's rights under this Agreement.

15.8. Seller has not and will not transfer, assign or pledge any of its Accounts and shall not grant a security interest therein to any party other than Purchaser and that there are no financing statements now on file in any public office governing any property of Seller of any kind, real or personal, in which Seller is named in or has signed as the debtor, except the financing statement or statements filed or to be filed in respect to this Agreement or those statements now on file that have been disclosed in writing by Seller to Purchaser. Seller will not execute any financing statement in favor of any other person or entity, except Purchaser, during the term of this Agreement.

15.9. Seller shall notify Purchaser in writing of any proposed change in Seller's name, legal entity, trade name, and office location or ownership structure.

15.10. Seller shall indemnify Purchaser from any loss arising out of the assertion of any avoidance claim (that being any claim that any payment received by Purchaser from or for the account of an Account Debtor is avoidable under the Bankruptcy Code or any other debtor relief statute), other than such claims which relate to Purchased Accounts which are the subject of an Insolvency Event, and shall pay to Purchaser on demand the amount thereof. Seller shall notify Purchaser within two business days of it becoming aware of the assertion of an Avoidance Claim. This subsection shall survive termination of this Agreement. If after receipt of any payment or proceeds of Collateral applied to the payment of any obligation, Purchaser becomes subjected to an Avoidance Claim or is required to surrender or return such payment or proceeds to any person as a result of an Avoidance Claim, then the obligation intended to be satisfied by such payment or application of such proceeds shall be deemed immediately reinstated and continue in full force and effect as if such payment or proceeds had not been received by Purchaser. This Section shall remain effective notwithstanding any contrary action which may be taken by Purchaser in reliance upon such payment or proceeds and shall survive the termination of this Agreement.

15.11. Seller shall accept no returns and shall grant no allowances or credit to any Account Debtor without notice to and the prior written approval of Purchaser. Seller shall provide to Purchaser for each Account Debtor on Accounts that have been purchased, a weekly report in form and substance satisfactory to Purchaser itemizing all such returns and allowances made during the previous week with respect such Eligible Accounts and a check (or wire transfer) payable to Purchaser for the amount thereof.

15.12. The address set forth below Seller's signature hereon is Seller's mailing address, its chief executive office, principal place of business and the office where all of the books and records concerning the Accounts purchased are maintained and that there will be no change made to such location without first giving Purchaser at least thirty (30) days prior written notice.

15.13. Seller shall maintain its books and records in accordance with generally accepted accounting principals and shall reflect on its books the absolute sale of the Accounts to Purchaser. Seller shall furnish Purchaser, upon request, such information and statements as Purchaser shall request from time to time regarding Seller's business affairs, financial condition and results of its operations. Without limiting the generality of the forgoing, Seller shall provide to Purchaser, on or prior to the 30`x' day of each month, unaudited consolidated and consolidating financial statements with respect to the prior month and, within ninety (90) days after the end of Seller's fiscal years, annual consolidated and consolidating financial statements and such certificates relating to the foregoing as Purchaser may request including, without limitation, a monthly certificate from the president and chief financial officer of Seller stating whether any Events of Default have occurred and stating in detail the nature of the Events of Default. Seller will furnish to Purchaser upon request a current listing of all open and unpaid accounts payable and accounts receivable, and such other items of information that Purchaser may deem necessary or appropriate from time to time. Unless otherwise expressly provided herein or unless Purchaser otherwise consents, computations and determinations pursuant hereto shall be made in accordance with generally accepted accounting principals, consistently applied.

15.14. Seller has paid and will pay all taxes and governmental charges imposed with respect to sales of goods and furnish to Purchaser upon request satisfactory proof of payment and compliance with all federal, state and **local tax requirements.**

15.15. Seller will promptly notify Purchaser of (i) the filing of any lawsuit against Seller involving amounts greater than $10,000.00, and (ii) any attachment or any other legal process levied against Seller.

15.16. Any application made by Seller in connection with this Agreement, and the statements made therein are true and correct at the time that this Agreement is executed. There is no fact which Seller has not disclosed to Purchaser in writing which could materially adversely affect the Collateral, business or financial condition of Seller, or any of the Accounts, or which is necessary to disclose in order to keep the foregoing representations and warranties from being misleading.

15.17. In no event shall the funds paid to Seller hereunder be used directly or indirectly for personal, family, household or agricultural purposes.

15.18. Seller does business under no trade or assumed names except as indicated below.

(None)

16. Default.

16.1. Events of Default. Each of the following events will constitute an Event of Default hereunder:

16.1.1. Seller defaults in the payment of any Obligations or in the performance of provision hereof or of any other agreement now or hereafter entered into with Purchaser, or any warranty or representation contained herein proves to be false in any way, howsoever minor;

16.1.2. Seller or any guarantor of the Obligations becomes subject to any debtor-relief proceedings;

16.1.3. any such guarantor fails to perform or observe any of such Guarantor's obligations to Purchaser or shall notify Purchaser of its intention to rescind, modify, terminate, or revoke any guaranty of the Obligations, or any such guaranty shall cease to be in full force and effect for any reason whatever;

16.1.4. Purchaser for any reason, in good faith, deems itself **insecure** with respect to the prospect of repayment or performance of the Obligations.

16.2. Waiver of Notice. SELLER WAIVES ANY REQUIREMENT THAT PURCHASER INFORM SELLER BY AFFIRMATIVE ACT OR OTHERWISE OF ANY ACCELERATION OF SELLER'S OBLIGATIONS HEREUNDER. FURTHER, PURCHASER'S FAILURE TO CHARGE OR ACCRUE INTEREST OR FEES AT ANY "DEFAULT" OR "PAST DUE" RATE SHALL NOT BE DEEMED A WAIVER BY PURCHASER OF ITS CLAIM THERETO.

16.3. Effect of Default.

16.3.1. Upon the occurrence of any Event of Default, in addition to any rights Purchaser has under this Agreement or applicable law:

16.3.1.1. Purchaser may immediately terminate this Agreement, at which time all Obligations shall become immediately become due and payable without notice; and

16.3.1.2. The Late Charge shall accrue and is payable on demand on any Obligation not paid when due.

16.4. In the event Purchaser deems it necessary to seek equitable relief, including, but not limited to, injunctive or receivership remedies, as a result of Seller's default, Seller waives any requirement that Purchaser post or otherwise obtain or procure any bond. Alternatively, in the event Purchaser, in its sole and exclusive discretion, desires to procure and post a bond, Purchaser may procure and file with the court a bond, or in lieu of a bond, a deposit into the court registry, in an amount up to and not greater than $10,000.00 notwithstanding any common or statutory legal requirement to the contrary. Upon Purchaser's posting of such bond, or in lieu of a bond, or deposit into the court registry, it shall be entitled to all benefits as if such bond was posted in full compliance with state law. Seller waives any right it may be entitled to, including an award of attorney's fees or costs, in the event any equitable relief sought by and awarded to Purchaser is thereafter, for whatever reason(s), vacated, dissolved or reversed.

16.5. Seller acknowledges that it has a duty to timely pay all tax obligation(s) and that if, for whatever reason, a tax lien or levy were to issue that Seller shall cause such lien or levy to be satisfied or discharged within fifteen (15) days. Until such lien or levy is satisfied and discharged, Purchaser shall be entitled to withhold any sum(s) that may otherwise be due Seller and upon request or demand from such taxing authority may remit any such sums due Seller and over which Purchaser makes no claim to the taxing authority. Moreover, Seller agrees that until the tax lien or levy is satisfied or discharged, Seller shall be entitled to collect all proceeds of accounts and apply such proceeds to Purchaser's indebtedness. Nothing contained herein shall suspend or abate any performance due Purchaser.

16.6. All post judgment interest shall bear interest at either the contract rate or the highest rate allowed by law, whichever is higher.

17. Account Stated. Purchaser shall render to Seller a statement setting forth the transactions arising hereunder. Each statement shall be in a format and in such detail as Purchaser, in its sole discretion, deems appropriate. Purchaser's books and records shall be admissible in evidence without objection as prima facie evidence of the status of the Accounts. Each statement, report, or accounting rendered, issued or available to Seller by Purchaser shall be deemed conclusively accurate and binding on Seller unless within fifteen (15) days after the date of issuance Seller notifies Purchaser by registered or certified mail, setting forth with specificity the reasons why Seller believes such statement, report, or accounting is inaccurate, as well as what Seller believes to be correct amount(s) therefore. Seller's failure to receive any monthly statement shall not relieve it of the responsibility to request such statement and failure to do so shall nonetheless bind Seller to whatever Purchaser's records would have reported.

18. Waiver. No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power, or remedy which Purchaser may have, nor shall any such delay be construed to be a waiver of any of such rights, powers, or remedies, or any acquiescence in any breach or default hereunder; nor shall any waiver by Purchaser of any breach or default by Seller hereunder be deemed a waiver of any default or breach subsequently occurring. All rights and remedies granted to Purchaser hereunder shall remain in full force and effect notwithstanding any single or partial exercise of, or any discontinuance of action begun to enforce, any such right or remedy. The rights and remedies specified herein are cumulative and not exclusive of each other or of any rights or remedies that Purchaser would otherwise have. Any waiver, permit, consent, or approval by Purchaser of any breach or default hereunder must be in writing and shall be effective only to the extent set forth in such writing and only as to that specific instance.

19. Termination, Effective Date. This Agreement will be effective as of the Effective Date, will continue in full force and effect for one year, and shall be further annually extended automatically for successive years unless Seller gives Purchaser written notice of its intention to terminate at least sixty days prior to each such anniversary date (each an "Anniversary Date"), whereupon this Agreement shall terminate on the next following anniversary. Upon termination Seller shall pay the Obligations to Purchaser and Seller shall remain obligated to tender all Accounts to Purchaser notwithstanding that Purchaser may thereafter determine that no Account may qualify as an Eligible Account.

20. Amendment. Neither this Agreement nor any provisions hereof may be changed, waived, discharged, or terminated, nor may any consent to the departure from the terms hereof be given, orally (even if supported by new consideration), but only by an instrument in writing signed by all parties to this Agreement. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which given.

21. Survival. All representations, warranties, and agreements herein contained shall be effective so long as any portion of this Agreement remains executory.

22. No Lien Termination Without Release. In recognition of the Purchaser's right to have its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by Seller, Purchaser shall not be required to record any terminations or satisfactions of any of Purchaser's liens on the Collateral unless and until Seller has executed and delivered to Purchaser a general release in a form reasonably satisfactory to Purchaser. Seller understands that this provision constitutes a waiver of its rights under §9-404 of the UCC.

23. Conflict. Unless otherwise expressly stated in any other agreement between Purchaser and Seller, if a conflict exists between the provisions of this Agreement and the provisions of such other agreement, the provisions of this Agreement shall control, except that in the event any conflict arises with respect to any addendum, the addendum controls.

24. Enforcement. This Agreement and all agreements relating to the subject matter hereof are the product of negotiation and preparation by and among each party and its respective attorneys, and shall be construed accordingly.

25. Severability. In the event any one or more of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect, then such provision shall be ineffective only to the extent of such prohibition or invalidity, and the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

26. Relationship of Parties. The relationship of the parties hereto shall be that of Seller and Purchaser of accounts, and neither party is or shall be deemed a fiduciary of or to the other. Seller acknowledges that there is not now, and that it will not seek or attempt to establish, any fiduciary relationship between Purchaser and Seller, and Seller waives any right to assert, now or in the future, the existence or creation of any fiduciary relationship between Purchaser and Seller in any action or proceeding (whether by way of claim, counterclaim, crossclaim or otherwise) between them.

27. Attorneys' **Fees. Seller agrees to reimburse Purchaser on demand for:**

27.1. The actual amount of all costs and expenses, including attorneys' fees, which Purchaser has incurred or may incur in:

27.1.1. Negotiating, preparing, or administering this Agreement and any documents prepared in connection herewith;

27.1.2. Any way **arising out of this Agreement; and**

27.1.3. Protecting, preserving, or enforcing any lien, security interest, or other right granted by Seller to Purchaser or arising under applicable law, whether or not suit is brought;

27.2. The actual costs, including photocopying (which, if performed by Purchaser's employees, shall be at the rate of $. 10/page), travel, and attorneys' fees and expenses incurred in complying with any subpoena or other legal process attendant to any litigation in which Seller is a party;

27.3. Either **(the choice** of which **shall be in the sole discretion of Purchaser):**

27.3.1. The actual amount of all costs and expenses, including attorneys' fees, which Purchaser may incur in enforcing this Agreement and any documents prepared in connection herewith, or in connection with any federal or state insolvency proceeding commenced by or against Seller, including those (i) arising out the automatic stay, (ii) seeking dismissal or conversion of the bankruptcy proceeding or (ii) opposing confirmation of Seller's plan thereunder.

27.3.2. Twenty percent (20%) of the amount of the claim of Purchaser against Seller, which Seller agrees shall constitute a reasonable substitute for such actual fees and expenses.

All such costs and expenses of Purchaser which has been incurred on or prior to the execution hereof shall be paid contemporaneously with the execution hereof. Any such costs and expenses incurred subsequent to the execution hereof shall become part of the Obligations when incurred and may be added to the outstanding principal amount due hereunder.

27.4. Notwithstanding the existence of any common law, statute or rule in any jurisdiction which may provide Seller with a right to attorney's fees or costs, Seller hereby waives any and all rights to seek attorney's fees or costs thereunder and Seller agrees that Purchaser exclusively shall be entitled to recovery of its attorney's fees or costs in respect to any litigation based on, arising out of, or related to this Agreement, whether under, or in connection with, this and/or any agreement executed in conjunction herewith, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party.

28. Entire Agreement. This Agreement and any addenda supersedes all prior or contemporaneous agreements and understandings between said parties, verbal or written, express or implied, relating to the subject matter hereof. No promises of any kind have been made by Purchaser or any third party to induce Seller to execute this Agreement. No course of dealing, course of performance, or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

29. Choice of Law. This Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of the State of North Carolina.

30. Jury Trial Waiver. In recognition of the higher costs and delay which may result from a jury trial, Purchaser hereto may elect to waive any right to trial by jury and Seller agrees to grant its consent of any claim, demand, action or cause of action (a) arising hereunder, or (b) in any way connected with or related or incidental to the dealings of the parties hereto or any of them with respect hereto, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise.

3 1. Venue, Jurisdiction. The Parties agree that any suit, action, or proceeding arising out of the subject matter hereof, or the interpretation, performance, or breach of this Agreement, shall, if Purchaser so elects, be instituted in the United States District Court for the Eastern District of North Carolina or any court of the State of North Carolina located in Raleigh (each an "Acceptable Forum"), each Party agrees that the Acceptable Forums are convenient to it, and each Party irrevocably submits to the jurisdiction of the Acceptable Forums, irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, and waives any and all objections to jurisdiction or venue that it may have under the laws of the State of North Carolina or otherwise in those courts in any such suit, action or proceeding. Should such proceeding be initiated in any other forum, Seller waives any right to oppose any motion or application made by Purchaser as a consequence of such proceeding having been commenced in a forum other than an Acceptable Forum.

32. Notice.

[Missing Graphic Reference]

32.1. All notices required to be given to any Party other than Purchaser shall be deemed given upon the first to occur of (i) deposit thereof in a receptacle under the control of the United States Postal Service, (ii) transmittal by electronic means to a receiver under the control of such party; or (iii) actual receipt by such party or an employee or agent of such party.

32.2. All notices required to be given to Purchaser hereunder shall be deemed given upon actual receipt by a responsible officer of Purchaser.

32.3. For the purposes hereof, notices hereunder shall be sent to the following addresses, or to such other addresses as each such party may in writing hereafter indicate.

33. Financial Accommodation and Non-Assumable. This Agreement shall be deemed to be one of financial accommodation and not assumable by any debtor, trustee or debtor-in-possession in any bankruptcy proceeding without Purchaser's express written consent and may be suspended in the event a petition in bankruptcy is filed by or against Seller.

34. Rights Against Successor Entity. In the event Seller's principals, officers or directors form a new entity similar to that of Seller during the term of this Agreement or while Seller remains liable to Purchaser for any obligations under this Agreement, whether corporate, partnership, limited liability company or otherwise, the principals hereby acknowledge that such entity shall be deemed to have expressly assumed the obligations due Purchaser by Seller under this Agreement. Upon the formation of any such entity, Purchaser shall be deemed to have been granted an irrevocable power of attorney with authority to execute, on behalf of the newly formed successor business, a new UCC-1 or UCC-3 financing statement and have it filed with the appropriate secretary of state or UCC filing office. Purchaser shall be held-harmless and be relieved of any liability as a result of Purchaser's execution and recording of any such financing statement or the resulting perfection of a lien in any of the successor entity's assets. In addition, Purchaser shall have the right to notify the successor entity's account debtors of Purchaser's lien rights, its right to collect all Accounts, and to notify any new lender who has sought to procure a competing lien of Purchaser's right in such successor entity's assets.

35. Counterparts. This Agreement my be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of the signature page to this Agreement by facsimile to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

SELLER: LLC

/s/

Name
Title
Address for Notices:

OFFICER:
FAX NO.:
FEIN:

PURCHASER: ANCHOR FUNDING SERVICES,

/s/

Name
Title
Address for Notices:

2201-E CrownPoint Executive Drive Charlotte, North Carolina 28227

OFFICER: **Brad Bernstein**
FAX NO.: (704) 847-2259

BANK ACCOUNT INFORMATION

NAME OF ACCOUNT: NAME OF BANK:
BANK CONTACT:

BANK PHONE: BANK ABA #:

YOUR BANK ACCT #: SPECIAL INSTRUCTIONS:

BTHC XI, Inc.
c/o Anchor Funding Services, LLC
2201 E. Crownpoint Executive Drive
Charlotte, N.C. 28227

Fordham Financial Management, Inc
14 Wall Street, 18th Floor
New York, NY 10005
Telephone: (212) 732-8500
Facsimile: (212) 349-2554

January 31, 2007

Gentlemen:

The following consulting agreement (this "Agreement") sets forth our understanding with respect to Fordham Financial Management, Inc., a Colorado corporation ("Fordham"), providing financial advisory consulting services for BTHC XI, Inc., a Delaware corporation (the "Company"). Any capitalized terms used but not defined herein shall have the meaning given to them in that certain Placement Agent Agreement entered into between Fordham and the Company dated January 2, 2007.

1. **Scope of Work; Term.**

(a) For a period of one (1) year from the closing of our Private Placement Offering, Fordham will render financial consulting services to the Company as such services shall be required but in no event shall such services require more than one business day per month and such services shall include the following:

(i) to advise and assist in matters pertaining to the financial requirements of the Company and to assist, as and when required, in formulating plans and methods of financing; and

(ii) to assist in obtaining financial management, and technical and advisory services, and financial and corporate public relations, as may be requested or advisable.

(b) All services required to be performed hereunder shall be requested by the Company in writing and upon not less than three business days' notice, unless such notice is waived by Fordham. Such notice shall be to the address or facsimile number specified above or to such other place as Fordham shall designate to the Company in writing.

2. **Compensation.** For Fordham's services to be performed hereunder, and for Fordham's continued availability to perform such services, the Company will pay Fordham at each Closing, a fee of 1% of the gross proceeds of the Private Placement Offering. Further, the Company will reimburse Fordham for such reasonable out-of-pocket expenses as may be incurred by Fordham on the Company's behalf, but only to the extent authorized in writing by the Company.

3. **Confidentiality.**

(a) Fordham and its "affiliates" (as defined in Rule 144(a) of the Securities Act of 1933, as amended (the "Securities Act")) recognize and acknowledge that it and its employees will have access to confidential information and trade secrets of the Company, and other entities doing business with the Company relating to research, development, manufacturing, marketing, financial, employee, salary, and other business-related activities or may discover, conceive, perfect or develop, solely or jointly with others, inventions, discoveries, improvements, know-how, computer programs, patents, patent applications, design patents, models, prototypes, copyrights and trade secrets or other technical, manufacturing, marketing, customer, and/or financial data, agreements, correspondence and information (hereinafter "Confidential Information"). Such Confidential Information constitutes valuable, special, and unique property of the Company, and/or other entities doing business with the Company.

(b) Fordham and its affiliates will keep such Confidential Information in strict confidence and will not, during or after the term of its assignment at the Company, make any use of, or disclose any of such Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, except as is generally available to the public or as specifically allowed in writing by an authorized representative of the Company.

(c) Fordham and its affiliates, during or after the term of its assignment at the Company, agree not to solicit or encourage any employee or consultant of Company to leave the employ of or terminate its consulting relationship with the Company.

(d) Fordham and its affiliates agree not to make use of or disclose any Confidential Information, including trade secrets, of any other person or entity in carrying out Fordham's or its affiliates' assignment for the Company.

(e) In the event of a breach or threatened breach by Fordham or its affiliates of the provisions of this Section 3, Company shall be entitled to an injunction restraining Fordham or its affiliates from disclosing and/or using, in whole or in part, such Confidential Information. Nothing herein shall be construed as prohibiting Company from pursuing other remedies available to Company for such breach or threatened breach, including the recovery of damages from Fordham and/or its affiliates.

4. **Independent Consultant.** Fordham is and shall perform this Agreement as an independent consultant, and, as such, shall have and maintain sole control over its operations and/or services. Fordham shall not be, represent, act, report to, or be deemed to be the agent, representative, employee or servant of Company. The amounts payable to Fordham hereunder are inclusive of any gross receipts, sales or other tax.

5. **Assignment.** Fordham may not assign its rights or delegate its obligations hereunder without the prior written consent of Company. Company may assign its rights and obligations hereunder to any of its subsidiaries or affiliates. Company may also assign its rights herein to any company that acquires substantially all of the Company's business to which this Agreement relates upon prior written notice to Fordham.

6. **Entire Agreement.** The foregoing represents the sole and entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreements between the parties with respect thereto. This Agreement may not be modified, renewed, extended or terminated except by a written instrument signed by a duly authorized officer or representative of the party against whom enforcement of such modification, renewal, extension or termination is sought. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of laws of such state.

[Remainder of Page Intentionally Left Blank]

Please signify Fordham's agreement and consent to the foregoing by signing and returning to the Company the enclosed copy of this Agreement which will thereupon constitute a binding agreement between Fordham and the Company.

Very truly yours,

BTHC XI, Inc.

Date:

By: /s/

Brad Bernstein,
President

Agreed and Consented to:

FORDHAM FINANCIAL MANAGEMENT, INC.

BY_____
William Baquet,
Chief Executive Officer
Austin_1 266068v.3

BTHC XI, INC.

2007 OMNIBUS EQUITY COMPENSATION PLAN

The purpose of the BTHC XI, Inc. 2007 Omnibus Equity Compensation Plan (the "Plan") is to provide (i) designated employees of BTHC XI, Inc. (the "Company") and its subsidiaries, (ii) certain consultants and advisors who perform services for the Company or its subsidiaries, and (iii) non-employee members of the Board of Directors of the Company and its subsidiaries with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units and other stock-based awards. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefiting the Company's stockholders, and will align the economic interests of the participants with those of the stockholders.

Section 1. Definitions

The following terms shall have the meanings set forth below for purposes of the Plan:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cause" shall mean, except to the extent specified otherwise by the Committee, a finding by the Committee that the Grantee (i) has breached his or her employment or service contract with the Employer, (ii) has engaged in disloyalty to the Company, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty, (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information, (iv) has breached any written non-competition or non-solicitation agreement between the Grantee and the Employer or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(c) "Change of Control" shall be deemed to have occurred if:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of (I) the then-outstanding shares of Common Stock (the "Outstanding Company Common Stock"), or (II) the combined voting power of the then-outstanding voting securities of the Company generally entitled to vote in the election of directors (the "Outstanding Company Voting Securities") regardless of whether such acquisition is as a result of the issuance of securities by the Company to such Person, by such Person acquiring such shares publicly or in private sales (or in any combination of acquisitions or public or private sales or both), or otherwise; provided, however, that the following shall not constitute a Change of Control: (a) any issuance or acquisition of securities of the Company whereby the Employee (including his affiliates) reaches or exceeds such 50% threshold; (b) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (c) any issuance of shares of Series 1 Preferred Stock issued in the Company's initial offering of such shares or any shares of common stock issued upon conversion of such shares of Series 1 Preferred Stock;

(ii) approval by the stockholders of the Company of a reorganization, merger, consolidation or other business combination (collectively, a "Business Combination"), unless following such Business Combination more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination and the combined voting power of the then-outstanding voting securities of such entity generally entitled to vote in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; and

(iii) (I) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (II) the first to occur of (a) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (b) the approval by the stockholders of the Company of any such sale or disposition.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) "Committee" shall mean the committee, consisting of members of the Board, designated by the Board to administer the Plan, as described in Section 2.

(f) "Company" shall mean BTHC XI, Inc. and shall include its successors.

(g) "Company Stock" shall mean a share of common stock of the Company.

(h) "Disability" or "Disabled" shall mean a Grantee's becoming disabled within the meaning of section 22(e)(3) of the Code, within the meaning of the Employer's long-term disability plan applicable to the Grantee, or as otherwise determined by the Committee.

(i) "Dividend Equivalent" shall mean an amount determined by multiplying the number of shares of Company Stock subject to a Grant by the per-share cash dividend paid by the Company on Company Stock, or the per-share fair market value (as determined by the Committee) of any dividend paid on Company Stock in consideration other than cash.

(j) "Employee" shall mean an employee of an Employer.

(k) "Employed by, or providing service to, the Employer" shall mean employment or service as an Employee, Key Advisor or member of the Board (so that, for purposes of exercising Options and SARs and satisfying conditions with respect to other Grants, a Grantee shall not be considered to have terminated employment or service until the Grantee ceases to be an Employee, Key Advisor and member of the Board), unless the Committee determines otherwise.

(l) "Employer" shall mean the Company and its subsidiaries and other related entities, as determined by the Committee.

(m) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(n) "Exercise Price" shall mean the purchase price of Company Stock subject to an Option.

(o) "Fair Market Value" shall mean:

(i) If the Company Stock is publicly traded, then the Fair Market Value per share shall be determined as follows: (x) if the principal trading market for the Company Stock is a national securities exchange or the Nasdaq National Market, the last reported sale price thereof on the relevant date or (if there were no trades on that date) the latest preceding date upon which a sale was reported, or (y) if the Company Stock is not principally traded on such exchange or market, the mean between the last reported "bid" and "asked" prices of Company Stock on the relevant date, as reported on Nasdaq or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Committee determines.

(ii) If the Company Stock is not publicly traded or, if publicly traded, is not subject to reported transactions or "bid" or "asked" quotations as set forth above, the Fair Market Value per share shall be as determined by the Committee through any reasonable valuation method authorized under section 409A of the Code or section 422 of the Code, as applicable.

(p) "Grant" shall mean a grant of Options, SARs, Stock Awards, Stock Units or Other Stock-Based Awards under the Plan.

(q) "Grant Instrument" shall mean the agreement that sets forth the terms of a Grant, including any amendments.

(r) "Grantee" shall mean an Employee, Non-Employee Director or Key Advisor who receives a Grant under the Plan.

(s) "Incentive Stock Option" shall mean an option to purchase Company Stock that is intended to meet the requirements of section 422 of the Code.

(t) "Key Advisor" shall mean a consultant or advisor of an Employer.

(u) "Non-Employee Director" shall mean a member of the Board of the Company or member of the board of directors of a subsidiary of the Company who is not an Employee.

(v) "Nonqualified Stock Option" shall mean an option to purchase Company Stock that is not intended to meet the requirements of section 422 of the Code.

(w) "Option" shall mean an Incentive Stock Option or Nonqualified Stock Option granted under the Plan, as described in Section 6.

(x) "Other Stock-Based Award" shall mean any Grant based on, measured by or payable in Company Stock, as described in Section 10.

(y) "Plan" shall mean the BTHC XI, Inc. 2007 Omnibus Equity Compensation Plan.

(z) "SAR" shall mean a stock appreciation right with respect to a share of Company Stock, as described in Section 9.

(aa) "Stock Award" shall mean an award of a share of Company Stock, with or without restrictions, as described in Section 7.

(bb) "Stock Unit" shall mean a unit that represents a hypothetical share of Company Stock, as described in Section 8.

Section 2. Administration

(a) Committee. The Plan shall be administered and interpreted by a Committee appointed by the Board; provided that until such appointment the Plan shall be administered and interpreted by the Board. The Committee may consist of two or more persons who are "outside directors" as defined under section 162(m) of the Code, and related Treasury regulations, and "non-employee directors" as defined under Rule 16b-3 under the Exchange Act. However, the Board may ratify or approve any grants as it deems appropriate, and the Board shall approve and administer all grants made to Non-Employee Directors. The Committee may delegate authority to one or more subcommittees, as it deems appropriate. To the extent that the Board or a subcommittee administers the Plan, references in the Plan to the "Committee" shall be deemed to refer to such Board or such subcommittee.

(b) Committee Authority. The Committee shall have the sole authority to (i) determine the individuals to whom grants shall be made under the Plan, (ii) determine the type, size and terms of the grants to be made to each such individual, (iii) determine the time when the grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms of any previously issued grant, subject to the provisions of Section 18 below, and (v) deal with any other matters arising under the Plan.

(c) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

Section 3. Grants

Awards under the Plan may consist of grants of Options, Stock Awards, SARs, Stock Units, Dividend Equivalents and Other Stock-Based Awards. All Grants shall be subject to the terms and conditions set forth herein and to such other terms and conditions consistent with this Plan as the Committee deems appropriate and as are specified in writing by the Committee to the individual in the Grant Instrument. All Grants shall be made conditional upon the Grantee's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the Grantee, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Grantees.

Section 4. Shares Subject to the Plan

(a) Shares Authorized. Subject to adjustment as described in subsection (d) below, the aggregate number of shares of Company Stock that may be issued or transferred under the Plan is 2,100,000 shares.

(b) Source of Shares; Share Counting. Shares issued or transferred under the Plan may be authorized but unissued shares of Company Stock or reacquired shares of Company Stock, including shares purchased by the Company on the open market for purposes of the Plan. If and to the extent Options or SARs granted under the Plan terminate, expire, or are canceled, forfeited, exchanged or surrendered without having been exercised, and if and to the extent any Stock Awards, Stock Units or Other Stock-Based Awards are forfeited, terminated or otherwise not paid in full, the shares subject to such Grants shall again be available for purposes of the Plan. Shares of Stock surrendered in payment of the Exercise Price of an Option shall again be available for issuance under the Plan. To the extent any Grants are paid in cash, and not in shares of Company Stock, any shares previously subject to such Grants shall again be available for issuance or transfer under the Plan.

(c) Individual Limits. All Grants under the Plan shall be expressed in shares of Company Stock. The maximum aggregate number of shares of Company Stock that may be subject to Grants made under the Plan to any individual during any calendar year shall be 1,000,000 shares, subject to adjustment as described in subsection (d) below. A Participant may not accrue Dividend Equivalents during any calendar year in excess of $500,000. The individual limits of this subsection (c) shall apply without regard to whether the Grants are to be paid in Company Stock or cash. All cash payments (other than with respect to Dividend Equivalents) shall equal the Fair Market Value of the shares of Stock to which the cash payments relate.

(d) Adjustments. If there is any change in the number or kind of shares of Company Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation, (iii) by reason of a reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Company Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Company Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, the maximum number of shares of Company Stock available for issuance under the Plan, the maximum number of shares of Company Stock for which any individual may receive Grants in any year, the number of shares covered by outstanding Grants, the kind of shares issued under the Plan, and the price per share or the applicable market value of such Grants maybe appropriately adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Company Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under such Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. Any adjustments determined by the Committee shall be final, binding and conclusive.

Section 5. Eligibility for Participation

(a) Eligible Persons. All Employees and Non-Employee Directors shall be eligible to participate in the Plan. Key Advisors shall be eligible to participate in the Plan if the Key Advisors render bona fide services to the Employer, the services are not in connection with the offer and sale of securities in a capital-raising transaction and the Key Advisors do not directly or indirectly promote or maintain a market for the Company's securities.

(b) Selection of Grantees. The Committee shall select the Employees, Non-Employee Directors and Key Advisors to receive Grants and shall determine the number of shares of Company Stock subject to each Grant.

Section 6. Options

The Committee may grant Options to an Employee, Non-Employee Director or Key Advisor, upon such terms as the Committee deems appropriate. The following provisions are applicable to Options:

(a) Number of Shares. The Committee shall determine the number of shares of Company Stock that will be subject to each Grant of Options to Employees, Non-Employee Directors and Key Advisors.

(b) Type of Option and Price.

(i) The Committee may grant Incentive Stock Options or Nonqualified Stock Options or any combination of the two, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to employees of the Company or its subsidiary corporations, as defined in section 424 of the Code. Nonqualified Stock Options may be granted to Employees, Non-Employee Directors and Key Advisors.

(ii) The Exercise Price of Company Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Company Stock on the date the Option is granted; provided, however, that an Incentive Stock Option may not be granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary, of the Company, as defined in section 424 of the Code, unless the Exercise Price per share is not less than 110% of the Fair Market Value of Company Stock on the date of grant.

(c) Option Term. The Committee shall determine the term of each Option, which, unless otherwise determined by the Committee, shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary of the Company, as defined in section 424 of the Code, may not have a term that exceeds five years from the date of grant. In no event will the term for any Incentive Stock Option exceed ten years from the date of grant.

(d) Exercisability of Options.

(i) Options shall become exercisable in accordance with such terms and conditions, consistent with the Plan, as may be determined by the Committee and specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason including in connection with a Change of Control.

(ii) The Committee may provide in a Grant Instrument that the Grantee may elect to exercise part or all of an Option before it otherwise has become exercisable. Any shares so purchased shall be restricted shares and shall be subject to a repurchase right in favor of the Company during a specified restriction period, with the repurchase price equal to the lesser of (i) the Exercise Price or (ii) the Fair Market Value of such shares at the time of repurchase, or such other restrictions as the Committee deems appropriate.

(e) Grants to Non-Exempt Employees. Notwithstanding the foregoing, Options granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such Options may become exercisable, as determined by the Committee, upon the Grantee's death, Disability or retirement, or upon a Change of Control or other circumstances permitted by applicable regulations).

(f) Termination of Employment, Disability or Death. Unless otherwise provided in the Grant Instrument:

(i) Except as provided below an Option may only be exercised while the Grantee is employed by, or providing service to, the Employer as an Employee, Key Advisor or member of the Board.

(ii) In the event that a Grantee ceases to be employed by, or provide service to, the Employer for any reason other than Disability, death, or termination for Cause, any Option which is otherwise exercisable by the Grantee shall terminate unless exercised within 90 days after the date on which the Grantee ceases to be employed by, or provide service to, the Employer (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options that are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Employer shall terminate as of such date.

(iii) In the event the Grantee ceases to be employed by, or provide service to, the Company on account of a termination for Cause by the Employer, any Option held by the Grantee shall terminate as of the date the Grantee ceases to be employed by, or provide service to, the Employer. In addition, notwithstanding any other provisions of this Section 6, if the Committee determines that the Grantee has engaged in conduct that constitutes Cause at any time while the Grantee is employed by, or providing service to, the Employer or after the Grantee's termination of employment or service, any Option held by the Grantee shall immediately terminate and the Grantee shall automatically forfeit all shares underlying any exercised portion of an Option for which the Company has not yet delivered the share certificates, upon refund by the Company of the Exercise Price paid by the Grantee for such shares. Upon any exercise of an Option, the Company may withhold delivery of share certificates pending resolution of an inquiry that could lead to a finding resulting in a forfeiture.

(iv) In the event the Grantee ceases to be employed by, or provide service to, the Employer because the Grantee is Disabled, any Option which is otherwise exercisable by the Grantee shall terminate unless exercised within one year after the date on which the Grantee ceases to be employed by, or provide service to, the Employer (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options which are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Employer shall terminate as of such date.

(v) If the Grantee dies while employed by, or providing service to, the Employer or within 90 days after the date on which the Grantee ceases to be employed or provide service on account of a termination specified in Section 6(f)(i) above (or within such other period of time as may be specified by the Committee), any Option that is otherwise exercisable by the Grantee shall terminate unless exercised within one year after the date on which the Grantee ceases to be employed by, or provide service to, the Employer (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options that are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Employer shall terminate as of such date.

(g) Exercise of Options. A Grantee may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Grantee shall pay the Exercise Price for an Option as specified by the Committee (w) in cash, (x) with the approval of the Committee, by delivering shares of Company Stock owned by the Grantee (including Company Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation (on a form prescribed by the Committee) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise equal to the Exercise Price, (y) payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (z) by such other method as the Committee may approve. Shares of Company Stock used to exercise an Option shall have been held by the Grantee for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. Payment for the shares pursuant to the Option, and any required withholding taxes, must be received by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance of the Company Stock.

(h) Limits on Incentive Stock Options. Each Incentive Stock Option shall provide that, if the aggregate Fair Market Value of the stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year, under the Plan or any other stock option plan of the Company or a parent or subsidiary, as defined in section 424 of the Code, exceeds $100,000, then the Option, as to the excess, shall be treated as a Nonqualified Stock Option. An Incentive Stock Option shall not be granted to any person who is not an Employee of the Company or a parent or subsidiary, as defined in section 424 of the Code.

Section 7. Stock Awards

The Committee may issue or transfer shares of Company Stock to an Employee, Non-Employee Director or Key Advisor under a Stock Award, upon such terms as the Committee deems appropriate. The following provisions are applicable to Stock Awards:

(a) General Requirements. Shares of Company Stock issued or transferred pursuant to Stock Awards may be issued or transferred for consideration or for no consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may, but shall not be required to, establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including, without limitation, restrictions based upon the achievement of specific performance goals. The period of time during which the Stock Awards will remain subject to restrictions will be designated in the Grant Instrument as the “Restriction Period.”

(b) Number of Shares. The Committee shall determine the number of shares of Company Stock to be issued or transferred pursuant to a Stock Award and the restrictions applicable to such shares.

(c) Requirement of Employment or Service. If the Grantee ceases to be employed by, or provide service to, the Employer during a period designated in the Grant Instrument as the Restriction Period, or if other specified conditions are not met, the Stock Award shall terminate as to all shares covered by the Grant as to which the restrictions have not lapsed, and those shares of Company Stock must be immediately returned to the Company. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Restrictions on Transfer and Legend on Stock Certificate. During the Restriction Period, a Grantee may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except to a successor under Section 15(a). Each certificate for a share of a Stock Award shall contain a legend giving appropriate notice of the restrictions in the Grant. The Grantee shall be entitled to have the legend removed from the stock certificate covering the shares subject to restrictions when all restrictions on such shares have lapsed. The Committee may determine that the Company will not issue certificates for Stock Awards until all restrictions on such shares have lapsed, or that the Company will retain possession of certificates for shares of Stock Awards until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. Unless the Committee determines otherwise, during the Restriction Period, the Grantee shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares, subject to any restrictions deemed appropriate by the Committee, including, without limitation, the achievement of specific performance goals.

(f) Lapse of Restrictions. All restrictions imposed on Stock Awards shall lapse upon the expiration of the applicable Restriction Period and the satisfaction of all conditions imposed by the Committee. The Committee may determine, as to any or all Stock Awards, that the restrictions shall lapse without regard to any Restriction Period.

Section 8. Stock Units

The Committee may grant Stock Units, each of which shall represent one hypothetical share of Company Stock, to an Employee, Non-Employee Director or Key Advisor, upon such terms and conditions as the Committee deems appropriate. The following provisions are applicable to Stock Units:

(a) Crediting of Units. Each Stock Unit shall represent the right of the Grantee to receive an amount based on the value of a share of Company Stock, if specified conditions are met. All Stock Units shall be credited to bookkeeping accounts established on the Company's records for purposes of the Plan.

(b) Terms of Stock Units. The Committee may grant Stock Units that are payable if specified performance goals or other conditions are met, or under other circumstances. Stock Units may be paid at the end of a specified performance period or other period, or payment may be deferred to a date authorized by the Committee. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units.

(c) Requirement of Employment or Service. If the Grantee ceases to be employed by, or provide service to, the Employer during a specified period, or if other conditions established by the Committee are not met, the Grantee's Stock Units shall be forfeited, unless the Grantee's employment agreement, if any, with the Employer provides otherwise. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Payment With Respect to Stock Units. Payments with respect to Stock Units shall be made in cash, in Company Stock, or in a combination of the two, as determined by the Committee.

Section 9. Stock Appreciation Rights

The Committee may grant stock SARs to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option. The following provisions are applicable to SARs:

(a) General Requirements. The Committee may grant SARs to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option (for all or a portion of the applicable Option). Tandem SARs may be granted either at the time the Option is granted or at any time thereafter while the Option remains outstanding; provided, however, that, in the case of an Incentive Stock Option, SARs may be granted only at the time of the Grant of the Incentive Stock Option. The Committee shall establish the base amount of the SAR at the time the SAR is granted. The base amount of each SAR shall be equal to the per share Exercise Price of the related Option or, if there is no related Option, an amount equal to or greater than the Fair Market Value of a share of Company Stock as of the date of Grant of the SAR.

(b) Tandem SARs. In the case of tandem SARs, the number of SARs granted to a Grantee that shall be exercisable during a specified period shall not exceed the number of shares of Company Stock that the Grantee may purchase upon the exercise of the related Option during such period. Upon the exercise of an Option, the SARs relating to the Company Stock covered by such Option shall terminate. Upon the exercise of SARs, the related Option shall terminate to the extent of an equal number of shares of Company Stock.

(c) Exercisability. An SAR shall be exercisable during the period specified by the Committee in the Grant Instrument and shall be subject to such vesting and other restrictions as may be specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding SARs at any time for any reason. SARs may only be exercised while the Grantee is employed by, or providing service to, the Employer or during the applicable period after termination of employment or service as described in Section 6(f). A tandem SAR shall be exercisable only during the period when the Option to which it is related is also exercisable.

(d) Grants to Non-Exempt Employees. Notwithstanding the foregoing, SARs granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such SARs may become exercisable, as determined by the Committee, upon the Grantee's death, Disability or retirement, or upon a Change of Control or other circumstances permitted by applicable regulations).

(e) Value of SARs. When a Grantee exercises SARs, the Grantee shall receive in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised, payable in cash, Company Stock or a combination thereof. The stock appreciation for an SAR is the amount by which the Fair Market Value of the underlying Company Stock on the date of exercise of the SAR exceeds the base amount of the SAR as described in subsection (a).

(f) Form of Payment. The Committee shall determine whether the appreciation in an SAR shall be paid in the form of cash, shares of Company Stock, or a combination of the two, in such proportion as the Committee deems appropriate. For purposes of calculating the number of shares of Company Stock to be received, shares of Company Stock shall be valued at their Fair Market Value on the date of exercise of the SAR. If shares of Company Stock are to be received upon exercise of an SAR, cash shall be delivered in lieu of any fractional share.

Section 10. Other Stock-Based Awards

The Committee may grant Other Stock-Based Awards, which are awards (other than those described in Sections 6, 7, 8, 9 and 11 of the Plan) that are based on, measured by or payable in Company Stock to any Employee, Non-Employee Director or Key Advisor, on such terms and conditions as the Committee shall determine. Other Stock-Based Awards may be awarded subject to the achievement of performance goals or other conditions and may be payable in cash, Company Stock or any combination of the foregoing, as the Committee shall determine.

Section 11. Dividend Equivalents

The Committee may grant Dividend Equivalents in connection with Grants under the Plan. Dividend Equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of Company Stock, and upon such terms as the Committee may establish, including, without limitation, the achievement of specific performance goals.

Section 12. Qualified Performance-Based Compensation

The Committee may determine that Stock Awards, Stock Units, Dividend Equivalents and Other Stock-Based Awards granted to an Employee shall be considered "qualified performance-based compensation" under section 162(m) of the Code, in which case the provisions of this Section 12 shall apply to such Grants. The Committee may also grant Options and SARs under which the exercisability of the Options is subject to achievement of performance goals as described in this Section 12 or otherwise. The following provisions shall apply to Grants of Stock Awards, Stock Units, Dividend Equivalents and Other Stock-Based Awards that are to be considered "qualified performance-based compensation" under section 162(m) of the Code:

(a) Performance Goals. When Stock Awards, Stock Units, Dividend Equivalents and Other Stock-Based Awards that are to be considered "qualified performance-based compensation" are granted, the Committee shall establish in writing (A) the objective performance goals that must be met, (B) the performance period during which performance will be measured, (C) the maximum amounts that may be paid if the performance goals are met, and (D) any other conditions that the Committee deems appropriate and consistent with the Plan and section 162(m) of the Code. The Committee shall establish the performance goals in writing either before the beginning of the performance period or during a period ending no later than the earlier of (i) 90 days after the beginning of the performance period or (ii) the date on which 25% of the performance period has been completed, or such other date as may be required or permitted under applicable regulations under section 162(m) of the Code. The performance goals shall satisfy the requirements for "qualified performance-based compensation," including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met. The Committee shall not have discretion to increase the amount of compensation that is payable upon achievement of the designated performance goals.

(b) Criteria Used for Performance Goals. The Committee shall use objectively determinable performance goals based on one or more of the following criteria: stock price, earnings per share, price-earnings multiples, net earnings, operating earnings, revenue, number of days sales outstanding in accounts receivable, productivity, margin, EBITDA (earnings before interest, taxes, depreciation and amortization), net capital employed, return on assets, stockholder return, return on equity, return on capital employed, growth in assets, unit volume, sales, cash flow, market share, relative performance to a comparison group designated by the Committee, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, customer growth, geographic business expansion goals, cost targets, goals relating to acquisitions or divestitures or goals relating to FDA or other regulatory approvals. The performance goals may relate to one or more business units or the performance of the Company as a whole, or any combination of the foregoing. Performance goals need not be uniform as among Grantees.

(c) Certification of Results. The Committee shall certify the performance results for each performance period after the announcement of the Company's financial results for the performance period. The Committee shall determine the amount, if any, to be paid pursuant to each Grant based on the achievement of the performance goals and the satisfaction of all other terms of the Grant Instrument. If and to the extent that the Committee does not certify that the performance goals have been met, the grants of Stock Awards, Stock Units and Other Stock-Based Awards for the performance period shall be forfeited or shall not be made, as applicable.

(d) Death, Disability or Other Circumstances. The Committee may provide in the Grant Instrument that Grants under this Section 12 shall be payable or restrictions on such Grants shall lapse, in whole or in part, in the event of the Grantee's death or Disability, a Change of Control, or under other circumstances consistent with the Treasury regulations and rulings under section 162(m) of the Code.

Section 13. Deferrals

The Committee may permit or require a Grantee to defer receipt of the payment of cash or the delivery of shares that would otherwise be due to such Grantee in connection with any Grant. The Committee shall establish rules and procedures for any such deferrals, consistent with applicable requirements of section 409A of the Code.

Section 14. Withholding of Taxes

(a) Required Withholding. All Grants under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Employer may require that the Grantee or other person receiving or exercising Grants pay to the Employer the amount of any federal, state or local taxes that the Employer is required to withhold with respect to such Grants, or the Employer may deduct from other wages paid by the Employer the amount of any withholding taxes due with respect to such Grants.

(b) Election to Withhold Shares. If the Committee so permits, a Grantee may elect to satisfy the Employer's tax withholding obligation with respect to Grants paid in Company Stock by having shares withheld, at the time such Grants become taxable, up to an amount that does not exceed the Grantee's minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities. The election must be in a form and manner prescribed by the Committee and may be subject to the prior approval of the Committee.

Section 15. Transferability of Grants

(a) Restrictions on Transfers. Except as described in subsection (b) below, only the Grantee may exercise rights under a Grant during the Grantee's lifetime. A Grantee may not transfer those rights except (i) by will or by the laws of descent and distribution or (ii) with respect to Grants other than Incentive Stock Options, if permitted in any specific case by the Committee, pursuant to a domestic relations order or otherwise as permitted by the Committee. When a Grantee dies, the personal representative or other person entitled to succeed to the rights of the Grantee may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Grantee's will or under the applicable laws of descent and distribution.

(b) Transfer of Nonqualified Stock Options. Notwithstanding the foregoing, the Committee may provide, in a Grant Instrument, that a Grantee may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Grantee receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

Section 16. Consequences of a Change of Control

In the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Grants: the Committee may (i) require that Grantees surrender their outstanding Options and SARs in exchange for one or more payments by the Company, in cash or Company Stock as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Company Stock subject to the Grantee's unexercised Options and SARs exceeds the Exercise Price of the Options or the base amount of the SARs, as applicable, (ii) after giving Grantees an opportunity to exercise their outstanding Options and SARs, terminate any or all unexercised Options and SARs at such time as the Committee deems appropriate, or (iii) determine that all outstanding Options and SARs that are not exercised shall be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and other outstanding Grants that remain in effect after the Change of Control shall be converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation). Such surrender termination shall take place as of the date of the Change of Control or such other date as the Committee may specify.

Section 17. Requirements for Issuance or Transfer of Shares

(a) Limitations on Issuance or Transfer of Shares. No Company Stock shall be issued or transferred in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance or transfer of such Company Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant made to any Grantee hereunder on such Grantee's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Company Stock as the Committee shall deem necessary or advisable, and certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Company Stock issued or transferred under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon. No Participant shall have any right as a stockholder with respect to Company Stock covered by a Grant until shares have been issued to the Participant.

(b) Lock-Up Period. In addition to any other lock-up agreement entered into by a Grantee, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any underwritten offering of securities of the Company under the Securities Act of 1933, as amended (the "Securities Act"), a Grantee (including any successors or assigns) shall not sell or otherwise transfer any shares or other securities of the Company during the 30-day period preceding and the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act for such underwriting (or such shorter period as may be requested by the Managing Underwriter and agreed to by the Company) (the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

Section 18. Amendment and Termination of the Plan

(a) Amendment. The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without stockholder approval if such approval is required in order to comply with the Code or applicable laws, or to comply with applicable stock exchange requirements.

(b) Stockholder Approval for "Qualified Performance-Based Compensation." If Stock Awards, Stock Units, Dividend Equivalents and Other Stock-Based Awards are granted as "qualified performance-based compensation" under Section 12 above, the Plan must be reapproved by the stockholders no later than the first stockholders meeting that occurs in the fifth year following the year in which the stockholders previously approved the provisions of Section 12, if additional Grants are to be made under Section 12 and if required by section 162(m) of the Code or the regulations thereunder.

(c) Termination of Plan. The Plan shall terminate on the day immediately preceding the tenth anniversary of its effective date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders.

(d) Termination and Amendment of Outstanding Grants. A termination or amendment of the Plan that occurs after a Grant is made shall not materially impair the rights of a Grantee unless the Grantee consents or unless the Committee acts under Section 19(f). The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant. Whether or not the Plan has terminated, an outstanding Grant may be terminated or amended under Section 19(f) or may be amended by agreement of the Company and the Grantee consistent with the Plan.

(e) Effective Date of the Plan. The Plan shall be effective as of January 30, 2007.

Section 19. Miscellaneous

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other awards outside of this Plan. The Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company in substitution for a stock option or stock awards grant made by such corporation. Notwithstanding anything in the Plan to the contrary, the Committee may establish such terms and conditions of the substitute grants as it deems appropriate, including setting the Exercise Price of Options at a price necessary to retain for the Grantee the same economic value as the substituted Option.

(b) Governing Document. The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(c) Funding of the Plan; Limitation on Rights. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. Nothing contained in the Plan and no action taken pursuant hereto shall create or be construed to create a fiduciary relationship between the Company and any Grantee or any other person. No Grantee or any other person shall under any circumstances acquire any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payment from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

(d) Rights of Participants. Nothing in this Plan shall entitle any Employee, Key Advisor, Non-Employee Director or other person to any claim or right to be granted a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Employer or any other employment rights.

(e) No Fractional Shares. No fractional shares of Company Stock shall be issued or delivered pursuant to the Plan or any Grant. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(f) Compliance with Law. The Plan, the exercise of Options and SARs and the obligations of the Company to issue or transfer shares of Company Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Incentive Stock Options comply with the applicable provisions of section 422 of the Code, that Grants of "qualified performance-based compensation" comply with the applicable provisions of section 162(m) of the Code and that, to the extent applicable, Grants comply with the requirements of section 409A of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or sections 422, 162(m) or 409A of the Code as set forth in the Plan ceases to be required under section 16 of the Exchange Act or sections 422, 162(m) or 409A of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(g) Employees Subject to Taxation Outside the United States. With respect to Grantees who are subject to taxation in countries other than the United States, the Committee may make Grants on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable countries, and the Committee may create such procedures, addenda and subplans and make such modifications as may be necessary or advisable to comply with such laws.

(h) Governing Law. The validity, construction, interpretation and effect of the Plan and Grant Instruments issued under the Plan shall be governed and construed by and determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

Approved by the Board of Directors and the stockholders on January 30, 2007.

BTHC XI, INC.

2007 OMNIBUS EQUITY COMPENSATION PLAN

NONQUALIFIED STOCK OPTION GRANT

This STOCK OPTION GRANT (this "Agreement"), dated as of _____, 200_ (the "Date of Grant"), is delivered by BTHC XI, Inc. (the "Company") to_____ (the "Grantee").

RECITALS

A. The BTHC XI, Inc. 2007 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of the Company. The Board of Directors of the Company (the "Board") has decided to make a stock option grant as an inducement for the Grantee to promote the best interests of the Company and its stockholders. Grantee has also entered into an employment agreement with the Company dated on or about the date hereof (the "Employment Agreement") and, to the extent applicable, the terms of such Employment Agreement shall be incorporated herein by reference.

B. The Board is authorized to appoint a committee to administer the Plan. If a committee is appointed, all references in this Agreement to the "Board" shall be deemed to refer to the committee.

NOW, THEREFORE, the parties to this Agreement, intending to be legally bound hereby, agree as follows:

1. Grant of Option. Subject to the terms and conditions set forth in this Agreement, the Employment Agreement and in the Plan, the Company hereby grants to the Grantee a nonqualified stock option (the "Option") to purchase _____ shares of common stock of the Company ("Shares") at an exercise price of $_____ per Share. The Option shall become exercisable according to Section 2 below.

2. Exercisability of Option. The Option shall become exercisable on the following dates, if the Grantee is employed by, or providing service to, the Employer (as defined in the Plan) on the applicable date or as otherwise provided in the Employment Agreement:

Date	Shares for Which the Option is Exercisable

3. Term of Option.

(a) Except as otherwise provided herein, the Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period, unless it is otherwise terminated pursuant to the provisions of this Agreement or the Plan.

(b) The following terms shall apply to the Option upon the termination of Grantee's employment with or service to Employer:

(i) If Grantee is terminated by Employer for Cause (as defined in the Employment Agreement), the Option shall terminate with respect to non-exercisable Shares and the Option with respect to exercisable Shares may be exercised for the shorter of (i) 90 days from the date of termination and (ii) the exercise term in Section 3(a).

(ii) If Grantee ceases to be employed by, or provide service to, the Employer on account of Disability (as defined in the Employment Agreement) or death, on the date of termination all Shares that would have otherwise become exercisable within the 12 months following the date of termination shall accelerate and immediately vest and become exercisable in full. The Option may be exercised for the longer of (i) 12 months from the date of any such termination and (ii) the exercise term in Section 3(a).

(iii) If Grantee is terminated by Employer without Cause or ceases to be employed by, or provide service to, the Employer for Good Reason (as defined in the Employment Agreement), on the date of termination, all unvested Shares shall accelerate and immediately vest and become exercisable in full. The Option may be exercised for the longer of (i) 12 months from the date of any such termination and (ii) the exercise term in Section 3(a).

(iv) If Grantee ceases to be employed by, or provide service to, the Employer on account of his voluntary resignation, the Option shall terminate with respect to non-exercisable Shares and (A) if such termination occurs during the first year of the employment term, any vested Shares would be exercisable for 90 days from the date of termination, and (B) if the termination occurs thereafter, any such vested Shares would continue to be exercisable for the full exercise term in Section 3(a).

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Grantee may exercise part or all of the exercisable Option by giving the Company written notice of intent to exercise in the manner provided in this Agreement, specifying the number of Shares as to which the Option is to be exercised and the method of payment. Payment of the exercise price shall be made in accordance with procedures established by the Board from time to time based on type of payment being made but, in any event, prior to issuance of the Shares. The Grantee shall pay the exercise price (i) in cash, (ii) with the approval of the Board, by delivering Shares of the Company, which shall be valued at their fair market value on the date of delivery, or by attestation (on a form prescribed by the Board) to ownership of Shares having a fair market value on the date of exercise equal to the exercise price, (iii) after a public offering of the Company's stock, by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Board may approve. The Board may impose from time to time such limitations as it deems appropriate on the use of Shares of the Company to exercise the Option.

(b) The obligation of the Company to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Board, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations. The Company may require that the Grantee (or other person exercising the Option after the Grantee's death) represent that the Grantee is purchasing Shares for the Grantee's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other representation as the Board deems appropriate.

(c) All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. Subject to Board approval, the Grantee may elect to satisfy any tax withholding obligation of the Employer with respect to the Option by having Shares withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities.

5. Change of Control. Upon a Change of Control, all unvested shares granted under this Option shall accelerate and immediately vest and become exercisable in full on the date of the Change of Control. The provisions of Section 16(i) and (ii) of the Plan shall not apply to this Option.

6. Restrictions on Exercise.

(a) Except as the Board may otherwise permit pursuant to the Plan or as described in Section 6(b), only the Grantee may exercise the Option during the Grantee's lifetime and, after the Grantee's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Grantee, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement.

(b) Grantee may transfer the Option to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws; provided that (i) any such transfer shall be by gift with no consideration; (ii) no subsequent transfer of such Option shall be permitted other than by will or the laws of descent and distribution; (iii) the Option shall not otherwise be transferable except by will or the laws of descent and distribution; and (iv) the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

7. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Board shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The grant of the Option shall not confer upon the Grantee any right to be retained by or in the employ or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Grantee's employment or service at any time. The right of the Employer to terminate at will the Grantee's employment or service at any time for any reason is specifically reserved.

9. No Stockholder Rights. Neither the Grantee, nor any person entitled to exercise the Grantee's rights in the event of the Grantee's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

10. Assignment and Transfers. Except as otherwise provided herein or as the Board may otherwise permit pursuant to the Plan or this Agreement, the rights and interests of the Grantee under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Grantee, by will or by the laws of descent and distribution. In the event of any attempt by the Grantee to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Grantee, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.

11. Applicable Law. The validity, construction, interpretation and effect of this instrument shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

12. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company at its principal office and any notice to the Grantee shall be addressed to such Grantee at the current address shown on the payroll of the Employer, or to such other address as the Grantee may designate to the Employer in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officers to execute and attest this Agreement, and the Grantee has executed this Agreement, effective as of the Date of Grant.

BTHC XI, INC.

By: /s/

Name:
Title

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of the Board shall be final and binding.

Grantee:

Date:

By: /s/