



Company Profile

March 11, 2013

Symbol: SRCO

Last Price: \$.49

Sector: Technology

Industry: Software
Mobile Applications
Market

52 Week Range:

Low \$.35

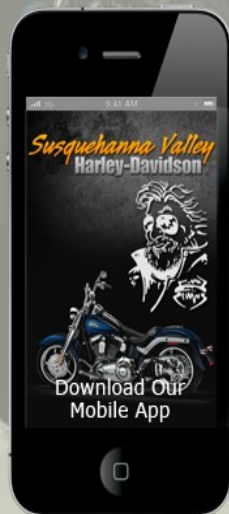
High \$1.77

Avg Vol (10D): 28K

Market-Cap: \$4.94M

Shares: O/S 10.1M

% Insider: 12.06%



SPARTA

COMMERCIAL SERVICES, INC.

Sparta Commercial Services, Inc. (SRCO)

Sparta Commercial Services, Inc. (SRCO) is a New York-based technology company that has its roots in the powersports industry where it originally focused primarily on providing consumer and municipal financing to the powersports, recreation, and auto industries. In May 2010, SRCO formed a subsidiary company; **Specialty Reports, Inc. (SRI)**, a one-stop online source for multiple types of vehicle history reports, including Motorcycles, Automobiles, and RV's. Their history report products include Cyclechex.com, an online provider of motorcycle history reports; RVchecks.com, an online provider of RV history reports; and CarVinReport.com, an online provider of automobile history reports. Since inception, report sales have expanded to all fifty states, and the District of Columbia; SRI has also generated sales from 35 countries, including Canada, Mexico, Australia, Africa, the Middle East, the Caribbean, England, and many European and Eastern European countries.

Another SRI technical product, Specialty Mobile Apps.com, is a provider of affordable customized Mobile Phone Apps (Development and Servicing) for retail powersports, automobile, RV and marine dealers throughout the United States and Canada. **Specialty Reports, Inc. (SRI)** is experiencing broad penetration of its Specialty Mobile Apps throughout the United States with mobile apps sold to dealers in 30 states and the District of Columbia thus far. Specialty Mobile Apps is now the largest provider of mobile apps to Harley-Davidson® dealerships in the country.

Sparta Commercial Services, Inc. Municipal Lease Division (www.spartamunicipal.com)



has also been experiencing greater penetration with current contracts that include sixty-nine jurisdictions in 15 states across the country. Sparta believes that the growing opportunities for its products come about through referrals from within its product lines.

Specialty Reports, Inc.



Sparta's deep knowledge of the powersports industry gave credence to the idea that motorcycle history reports deserved as strong a place in the powersports sector as automobile history reports had already established in its own sector. Consequently, Cyclechex.com was born. The implementation of that online product quickly prompted the recognition of a similar need in the retail Recreational Vehicle and Motor Home industry, so Sparta, under its new subsidiary, Specialty Reports, Inc., created RVchecks.com to operate with its own brand. As a result of the recent partnering with such preeminent industry names like Kelley Blue Book (KBB.com) and NADA-guides, as well as several other online outlets, Cyclechex and RVchecks have solidified their position in the powersports and recreational vehicle industries.



After identifying the need, SRI developed Specialty Mobile Apps (www.specialtymobileapps.com) to help dealers catch up with the consumer rush in adopting mobile technologies. Specialty Mobile Apps is designed specifically as a product for retail powersports, RV, auto, and marine dealers, with capabilities to also suit the needs of auction houses and other consumer oriented specialty companies. The Specialty Mobile Apps are available on the Apple, Android, and Kindle Fire platforms. Specialty Mobile Apps are being adopted by companies throughout the country and the dealers are describing the results as "outstanding" and "wonderful." As an example, one Harley-Davidson dealer in a relatively small city in Ohio with a population of slightly over 12,000, has had over 15,000 downloads of their Specialty Mobile App in under a year and a Honda dealer in a Kentucky city of under 4,000 people has had over 9,000 downloads of their Specialty Mobile App in approximately the same time frame. According to both dealers, the vast majority of these downloads were by individuals previously unknown to the dealers, but, because of their apps appearing at the Apple Store and Android Market, people became aware of the dealers, liked what they saw, and proceeded to engage with the dealers.

As dealers or consumers become engaged with any one of Sparta's or SRI's products, they are introduced to the other product lines that the company offers which often results in additional sales opportunities. Whether it is a consumer using a Specialty Mobile App that alerts them to the availability of a Cyclechex report, or a dealer who purchased a Specialty Mobile App becoming a supplier of the equipment for a Sparta Municipal Lease transaction, or an RV dealer who was using RVchecks prior to purchasing his inventory purchasing a Specialty Mobile App, cross-selling is always in focus and a growing source of business.

Specialty Reports, Inc. Products and Services: Cyclechex™, RVChecks™, CarVinReport™

Cyclechex™ - is an internet provider of Motorcycle History Reports.



Cyclechex is an on-line provider of motorcycle history information, relied on by thousands of consumers and dealerships each year. Using the unique 17-character vehicle identification number (VIN) found on motorcycle frames and title documents, Cyclechex generates a detailed Motorcycle History Report on used motorcycles.

The progress that CarFax and Autocheck (Experian) have made in the auto industry has paved the way for Cyclechex to dominate the motorcycle segment. Dealers will feel more comfortable taking trade-in units from consumers if they know the vehicle is "clean." They can transfer that comfort-level to the consumer by providing the unit's history ("Peace-of-Mind Close").

Dealers and Strategic Partners can close more sales and earn more revenue by participating in our "Affiliate Program". Cyclechex is way ahead of the curve in providing this product to the motorcycle industry. Unlike many other History Reporting Companies, Cyclechex DOES NOT purchase out-dated, stale, or unreliable databases, thereby, keeping our information accurate, timely, and credible. Cyclechex receives information from thousands of public and private sources including Departments of Motor Vehicles (DMVs) in the United States, insurance companies, junk and salvage yards.

RVChecks™ - is an internet provider of RV History Reports.



Their second product, RV History Reports (www.RVchecks.com), contains important and valuable information about any reported damage, salvage, and other relevant data concerning a particular pre-owned RV. This critical information is available to any interested party by entering a seventeen digit Vehicle Identification Number ("VIN") at our website. The system is able to extract information from multiple data sources, including, but not limited to, government agencies throughout the United States. RVchecks.com is committed to delivering up-to-date, accurate information to consumers, RV dealers, lenders, insurers, and other interested parties, offering a "no-hassle" 100% money-back guarantee.

CarVINReport™ - is an internet provider of Automobile History Reports.



CarVINreport.com is an online provider of Automobile History Reports and a third product offered by Specialty Reports Inc., The CarVINreport Car History Report (www.CarVINreport.com) contains extremely valuable information for consumers, dealers, insurers, auction houses, and lenders, about whether a specific pre-owned automobile has a Salvage or Rebuilt Title status, sustained Flood Damage, the last recorded odometer reading, the manufacturer's original equipment, OEM recall data, and more. For consumers looking to buy a pre-owned automobile or a retail automobile dealer considering a trade-in or the purchase of other used automobiles, a CarVINreport Car History Report can be invaluable. And for those dealers who want to provide a higher level of confidence to a potential buyer about the true condition of the automobile being considered for purchase, the CarVINreport Car History Report is an outstanding sales support tool.

Specialty Mobile Apps

Specialty Mobile Apps is a mobile application or computer software program ("app") designed to help the user to perform singular or multiple related tasks on a handheld mobile device such as a smart phone or mobile tablet. The Specialty Mobile Apps software platform developed by SRI for motorcycle, RV, marine and auto dealers provides a mobile framework from which SRI's development team can easily create and build interactive, customized mobile applications for their vertical market. The product provides an online platform so that dealers may easily manage their app and its content. Additionally, it allows SRI and our software development team to manage licenses and retrieve reporting information.

Dealerships - Smartphones and Tablets are everywhere, and Specialty Mobile Apps puts the dealership in the customer's palm, with a completely customized mobile marketing App. The Mobile Market is BOOMING!

- **Auto Industry**
- **Motorcycles**
- **Boats**
- **RV's**



The basic features of the Specialty Mobile Apps are:

Content Management System (CMS)

The content management system (CMS) is provided as a website that allows Dealers to upload images to their app, change text content, change colors, organize the order of tabs, and publish updates to their application.

Mobile client framework

The mobile client framework is software that is installed on the individual mobile devices through the Apple App Store, Android Market Place, and other such distribution channels.

Dealer contact information

The Dealer presents the user with a registration screen on startup to collect information such as first-name, last-name, email address, and telephone number to be able to push individual notification messages and other interactive communication.

Multiple Location Support

Dealers will pay subscription fees multiplied by the number of store locations that they wish to include in their app. Using the client customization portal the Dealer will be able to add locations to their application.

Hours of Operation

Each location is capable of having different time groups for hours of operation. For example, the given store may have the parts department open during one time, and the sales department open during another set of hours. This information is entered by the Dealer in the CMS and then displayed to the end user.

Vehicle History Reports

Dealer will be able to allow users to request and retrieve vehicle history reports. User will also be able to use QR (Quick Response, a two-dimensional bar code) codes to scan in VIN numbers

The growth of startups and new businesses to support this mobile apps ecosystem, which is predicted to top \$100 billion by 2015, has also led to significant job creation during an otherwise troubled economic period, the ACT survey found. Research conducted by ACT and Microsoft's TechNet shows that the mobile app economy has created between 400,000 and 600,000 jobs.

The emergence of this \$100 billion mobile applications market is not only revolutionizing the software industry, it's also having a profound impact on the national economy as well, and the majority of these new players are small businesses like Sparta Commercial Services, Inc. (SRCO).

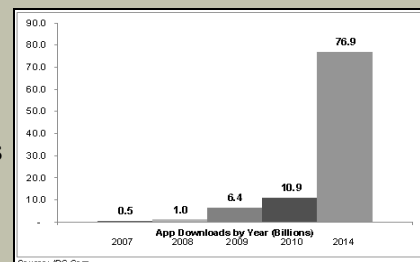
In fact, 78% of U.S. mobile app companies are small businesses, according to a survey of top apps in the Apple and Android App Stores conducted by the Association for Competitive Technology (ACT), a trade group representing more than 3,000 small and mid-size app developers and information technology firms. Apple and Android represent 75% of the Smartphone market.

Small Companies now dominate across all top apps categories — games, education (research), productivity, and business. They particularly dominate in games and education (such as research apps like SRI's products), where they have a 78% share and an 87% share respectively.

Industry background

According to Forrester Research, industry projections indicate that the mobile industry, measured in terms of market value, is expected to grow approximately 14 to 15 times from its initial base of \$6.8 billion in 2010 to \$100 billion in 2015. This represents an approximately 40.1% compounded annual growth rate (CAGR). This phenomenal growth is expected to be fueled by the various features that are currently being developed using mobile devices as the main content medium.

- **According to estimates provided by IDC Corp., the volume of app downloads is expected to increase from 0.5 billion in 2007 to approximately 76.9 billion by 2014.**
- **According to Gartner, a leading technology research firm, \$3.3 billion was spent on mobile ads in 2011. Gartner predicts that mobile ad spending will reach \$20.6 billion by 2015.**



Identification of key revenue drivers

We have identified three key revenue drivers for SRCO, namely the app development revenues (the initial cost paid by dealer when mobile app is purchased); monthly maintenance fees, which are a key driver for monetization of revenues within the app space; and report sales (to both consumers and corporate purchasers). In addition, the municipal leasing division contributes further revenues to the company.

Going forward, we believe that revenues generated through the SRCO (from Specialty Reports, Inc.): Cyclechex, powersports dealers, auction houses, insurance companies and bank/finance companies; RVChecks, the specialty online recreational vehicle history report for consumers, recreational vehicle and motor home dealers, auction houses, insurance companies and bank/finance companies; and Specialty Mobile Apps, the mobile app solution developed expressly for powersports, auto, RV and marine dealers), will beginning to outpace revenues from previous quarters, which are in line with what management has stated in recent presentations.

Here are a few growth factors:

The Company has developed high-quality mobile apps for major brands and dealers. Through a buildup of this library, and cross-promotion of other apps in SRCO's library and research sites, we believe the Company can quickly increase its overall user base, along with ramping up mobile app usage and annual fees base.

1. **Global sales for SRI reports have expanded to 30 countries, with visitors from more than 150 countries, thereby demonstrating the demand for this product around the world.**
2. **We believe that more advertisers will spend more money on their mobile advertising budgets going forward, which will increase ad inventory and lead to greater revenue for mobile app developers.**

Management Team

Anthony L. Havens,

Chief Executive Officer, President, and Chairman



Mr. Havens is involved in all aspects of Sparta's operations, including providing strategic direction, and developing sales and marketing strategies. From 1994 to 2004, Mr. Havens was been Chief Executive Officer and a director of American Motorcycle Leasing Corp. He co-founded American Motorcycle Leasing Corp. in 1994, and developed its operating platform and leasing program to include a portfolio which includes both prime and sub-prime customers. Mr. Havens has over 20 years of experience in finance and investment banking.

Anthony W. Adler

Executive Vice President and Principal Financial Officer

From March 2004 to August 2006, Mr. Adler was a full time consultant to the Company, and in September 2006, joined Sparta as Executive Vice President and also as principal financial officer. From 1995 to March 2004, he was Chief Financial Officer of American Motorcycle Leasing Corp. From 1993 to 1994 Mr. Adler was Chief Executive Officer of Innotek, Inc., a public company engaged in the development and distribution of skin-care products. Prior to 1993, Mr. Adler served in numerous executive capacities including Director of Research and Vice President, Corporate Finance for two New York Stock Exchange Member Firms.

Richard P. Trotter

Executive Vice President and Chief Operating Officer

Mr. Trotter has been our Chief Operating Officer since November 2004. From 2001 to 2004, Mr. Trotter was President and Chief Credit Officer of American Finance Company, Inc., purchasing retail automobile installment contracts from independent automobile dealers nationwide. From 1994 to 2001, he was Senior Vice President of Originations for Consumer Portfolio Services, Inc., one of the nation's leading purchasers of non-prime retail automobile installment contracts. His experience also includes positions as Chief Operating Officer, Executive Director and President, and Chief Credit Officer for banks and financial institutions in California. Mr. Trotter has over 30 years experience in financial institutions and over 20 years experience specializing in the automobile lending, servicing, and collecting industry.

Sandra L. Ahman

Vice President, Secretary and Director

From 1994 to 2004, she was Vice President of Operations of American Motorcycle Leasing Corp. Prior to joining American Motorcycle Leasing Corp., Ms. Ahman was with Chatham Capital Partners, Ltd. Before joining Chatham in 1993, she was Manager, Human Resources for Comart and Aniforms, a sales promotion and marketing agency in New York, where she worked from 1986 to 1993. For the past 15 years, Ms. Ahman has been a volunteer with The Children's Aid Society in New York City, a membership of 500 committed volunteers, serving from 2000 to 2002 as President of its Associates Council, from 2002 to 2005 as Chairman of the Associates Council, and from 2002 to 2012 as a member of the Advisory Council of their Board of Trustees.



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