

**IN THE MATTER OF:**

**Response to EOUST Notice of Removal of Hummingbird Credit Counseling and Education, Inc., Agency 1365, and Hummingbird Request for Review Pursuant to 28 CFR §58.36**

**AFFIDAVIT OF GREGORY NORMAN FREY**

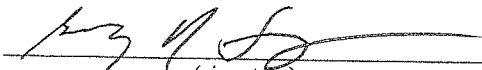
I, Gregory Norman Frey, being first duly sworn, state as follows:

1. I attended Appalachian State 1984-85 and NC State University from 1985-88.
2. I have been living in Raleigh since 1975.
3. I work for ADI a division of Honeywell involved in the sale of Low Voltage equipment (Security, Phone Systems, CCTV, Fire, Nurse Call & AV) to contractors and installers. I have over 10 years with ADI.
4. I met Robert Brasco ("Bob") around 1993-94. We were both interested in the IT/Technical community. Bob and I became very good friends and we have many friends in common.
5. I knew about Bob's work going back many years. He had a business called Kaizen Enterprises that did business consulting and IT services for many different kinds of businesses, including law firms. I even helped him out on several of his IT jobs where he needed extra labor.
6. Bob and Joseph Kathan ("Joe") had been working on a counseling program related to a bankruptcy law. Bob knew Victoria Wright from the Brewer Law firm and I had met Victoria in passing at the gym I belonged to. Victoria and I had mutual friends at the YMCA where I am a member. Victoria was interested in doing financial education and she agreed to help write content for Bob and Joe's counseling program and website. As I recall, Bob, John Orcutt and others urged her to incorporate Hummingbird. Bob talked to me about what Hummingbird was going to do and, having had financial issues myself in the past due to loss of employment I found the idea of having a resource that would help people who had similar issues and problems as mine a great idea.
7. I agreed to serve as Secretary of Hummingbird because I believed in Hummingbird's goals and mission to put out good, free financial education-- in addition to the bankruptcy CC and DE. I felt that my experience in the IT/technical field gave me the background to be effective for Hummingbird in keeping the company abreast of the latest equipment and trends that would affect the business in a positive manner.
8. Other than expenses for Hummingbird business, I never received any kind compensation for serving on Hummingbird's Board of Directors, either from Hummingbird or from any of Hummingbird's suppliers or vendors.
9. I remember that we talked about 501(c)(3) tax-exempt status at several of our Board meetings, but each time, we decided against seeking tax-exempt status and Hummingbird always operated as a taxable NC non-profit. There was really no reason for Hummingbird to become tax exempt since it never sought out funds from others or plan to.
10. Hummingbird's initial employees (Janet Swope and Victoria Wright) were either not able or did not want to use their personal credit or money for Hummingbird and all of us Board members were in the same position. We didn't know if Hummingbird would succeed or fail. But then we found out that to get approved by the US Trustees who controlled all 48 states except NC and Alabama, Hummingbird had to have a call center. This meant a large office space and lots of phone and computer equipment, and network infrastructure for which there were no funds.

11. Because of his business experience with Kaizen, Bob was not afraid to take financial risks. Bob's company Counselor-Soft was Hummingbird's software supplier so Bob had a conflict and could not be part of Hummingbird. He was willing to offer credit to Hummingbird by using his other company to get the office, telephone system, computers, servers and network infrastructure etcetera etcetera so that Hummingbird would have the call center needed to get approved by the US Trustee. No other companies would do all this and defer any payment for a brand new company with no assets. So Bob formed a new company called Conclave, and it paid for the infrastructure that Hummingbird needed but could not afford at the beginning.
12. Since Hummingbird was designed to be an Internet-based business, it was critical that it could take payment by credit cards. This turned out to be another problem and at the time we thought it might be unfixable. It turns out that banks are very strict about issuing credit card processing accounts, especially to small businesses without a track record. Bob was able to get a credit card processing account, but it required creating a separate company because of the liability involved. This was why NIBRC was created.
13. All of Bob's companies were owned 80% by Bob and 20% by Joe except Grid, in which Michael Paul was a partner, until Joe asked Bob to buy Joe out on 10/23/13.
14. The Board approved all contracts and terms with Conclave, NIBRC and any other companies in which Bob and Joe had ownership interests. Each of these companies had its own way to charge Hummingbird for what each company did and the terms seemed very fair. Especially since Hummingbird owed money to these companies for a significant amount of time before getting in the black. We the Board members were able to view all of Hummingbird's payments to each company at our meetings and since I was local, I could look at the books whenever I wanted or needed.
15. For the last 2-3 years Hummingbird's business has been trending down. Bob and Joe were putting all of their profits into Grid, which was also struggling.
16. We never stopped exercising our Board duties but after our last in-person meeting in January of 2011; all three of us had children and Hummingbird's finances were going down, so we just discussed and decided things by telephone calls and emails.
17. I do know that even though Hummingbird owed Bob and Joe's companies a lot of money at times—in the beginning and again lately-- Hummingbird was not charged interest on its debt to these other companies.
18. We always had a prepared written schedule for all of our in-person Board meetings and we followed that schedule. Hummingbird's directors (Victoria, and later Janet and Michael) would deliver their verbal and written reports for each of their jobs. Employees from Bob and Joe's other companies that performed services for Hummingbird also made verbal and written reports at our meetings. These employees included, but were not limited to Bob, Joe, Max Alley, Hugh Mahaney, Courtney Lewellyn and others.
19. I knew both Bob and Annette from years past but I had never met Joel Minton before serving on the Board with him. Both Bob and Annette have strong opinions and they had some arguments about business matters at Board meetings. There were also some disagreements between the three of us. Although Bob always offered his opinions, we did not always decide things the way he would have preferred. We were never his puppets if that is what has been suggested. I took my role as Board member seriously and I know Joel and Annette did, too. We made decisions for Hummingbird based on our own judgment of what was best for Hummingbird period. We had several disagreements with Bob on issues from salaries, raises and or amount of raises for employees and to how much money should be allocated for new financial videos and for the deadlines for the videos.

20. I remember at one meeting the Board vetoed a raise for Victoria even though Bob urged us to give her one. Also we disagreed on the amount to be spent and the deadline for some of the financial education videos.
21. In 2007 when Michael Paul was hired, the Board was not happy with Victoria Wright's performance because she didn't seem to get things done that she had promised she would from one Board meeting to the next. Hummingbird paid licensing fees to the Coalition for Consumer Debtor Bankruptcy Education in New York until Victoria's new Financial Victory could come out so it was vital for her to complete it. Victoria had been filling the position of Staff Attorney, compliance officer and Director of Financial Education since Hummingbird began and I felt that her failures might have been due to work load Victoria was maintaining with all her positions.
22. Victoria and Bob had both recommended that Hummingbird hire Michael Paul and he seemed qualified and capable so in July of 2007, he was hired to take some of the work off Victoria.
23. Only Hummingbird employees were involved in Hummingbird's credit counseling and education and content. No one at any of Bob and Joe's companies had any authority over what Hummingbird did related to these things. The other companies only gave Hummingbird support services.
24. The Board did not oversee day to day operations. We only decided policy (such as linking policy, what computer formats would be supported (Windows) and overseeing the management level employee positions (hiring, firing, raises, authorization to take certain actions, etc.). We also approved contracts including the ones for Bob and Joe's companies. We thoroughly examined the terms of these contracts before approving them. We also approved or denied projects that were proposed to us at Board meetings or otherwise.
25. I have known Bob a long time and while he has his faults like all of us, I have never doubted his word or that I could trust him to do the right thing in a given situation. Bob has given me financial and personal advice when I asked it of him and in my many years as a friend I have never found it to be lacking in integrity. I have trusted him to help me with personal issues over the years and he has always given sound and honest advice.
26. As I look back, I realize that, Michael Paul often went out of his way to tell me negative things about other people in Hummingbird and its support companies owned by Joe and Bob. Some of these things did not add up to me and seemed like he was trying to get me to believe or repeat negative rumors. He would say some unprofessional things about Victoria and Janet which I knew were not true
27. I visit Hummingbird's offices at least once a month if not more often.
28. Michael Paul knew all about Hummingbird's finances and selected the CPA for Hummingbird and worked with him on audits and taxes.
29. Bob was arrested for some personal issues and Michael Paul helped Bob with this. Michael Paul intimated in conversations with me that he and Bob agreed that Bob should not be as involved in the day to day business between Conclave and Hummingbird due to his legal situation. At the time, I assumed this to be true because I had no reason not to trust Michael at that time
30. Hindsight being 20/20 I should have noted some inconsistencies in how Michael Paul was behaving. He seemed to want to muddy the waters on certain things where it seemed black and white to me. Michael seemed more intent with obscuring things that in the past that Hummingbird had been open about.
31. Bob has been a close friend for a long time. In recent years with the addition of my son and starting my own family I have had less time to socialize with Bob and usually see him only when I visit the office for necessary Hummingbird business.

32. I would never let anyone make an untrue or false statement on behalf of Hummingbird and I had no knowledge of the 2010 letter Michael Paul wrote to Sandra Cardone before I saw a copy as part of this investigation. This has been a terrible thing for the Board and we have put changes in place to guard against anyone ever having the amount of control and lack of oversight that Michael Paul had and abused. We all three trusted him and he totally let us down.
33. Over the last 3-4 years I have become disenchanted with what I felt was Michael's lack of transparency. I believe he was less than forthright in several conversations I had with him but felt maybe since I had personal life changes going on with my starting a family it may have been just me. Hindsight being 20/20 I wish I would have acted on my instincts.


  
(signature)

Date: 2/5/2014

State of North Carolina

County of Wake

I, Therion Whitaker, the notary public undersigned, duly attest, under penalty of perjury, that on 5, 2014, February, appeared before me, verified to my satisfaction his identity, signed this document in my presence, and affirmed, under penalty of perjury, the truth and accuracy of the information contained in this document.

  
(signature of notary)

My commission expires on NO COMMISSION EXPIRES 10/20/2014

AFFIX NOTARY STAMP OR SEAL