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ACCESSPOINT CORP /NV/
Form PRE 14A
October 01, 2004

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934
Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

| | | | |
|-------------------------------------|---------------------------------------|--------------------------|----------------------------------|
| <input checked="" type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, For Use of the |
| <input type="checkbox"/> | Definitive Proxy Statement | | Commission Only (as permitted by |
| <input type="checkbox"/> | Definitive Additional Materials | | Rule 14a-6(e) (2)) |
| <input type="checkbox"/> | Soliciting Material Under Rule 14a-12 | | |

ACCESSPOINT CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

No fee required.

Fee computed on table below per Exchange Act Rule 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

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ACCESSPOINT CORPORATION
3003-3011 S. Valley View Blvd., Ste. 190,
Las Vegas, NV 89102

NOTICE AND PROXY STATEMENT
October __, 2004

Dear Stockholder:

We are pleased to invite you to the Annual Meeting of Stockholders of Accesspoint Corporation ("Accesspoint" or the "Company"). The meeting will be held on November __, 2004 at 11:00 a.m., at J. W. Marriot Hotel, 221 North Rampart, Las Vegas, Nevada 89117. The matters expected to be acted upon at the meeting are described in detail in the following Notice of Special Meeting and Proxy Statement.

You will also hear an overview of Accesspoint's current and prior year operations from senior management to be followed by a question and answer session open to all stockholders. Our Annual Report, which is available online at www.sec.gov, contains other detailed information about Accesspoint, including its audited financial statements for the year ended December 31, 2003.

Stockholders are urged to carefully read this Proxy Statement in its entirety before voting on the proposals. This Proxy Statement and the enclosed proxy card are being mailed to stockholders on or about October __, 2004.

We hope you can join us on November __, 2004. Regardless of whether you expect to attend the meeting in person, please read the Proxy Statement. When you have done so, please mark your votes on the enclosed proxy card, sign and date it, and return it to us in the enclosed postage-paid envelope. It is important that your shares be represented, and your promptness will assist us in making necessary preparations for the meeting.

Sincerely,

Gene C. Valentine,
Chairman of the Board

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ACCESSPOINT CORPORATION
Notice of Annual Meeting of Stockholders
To be held November __, 2004

Accesspoint Corporation will hold its Annual Meeting of Stockholders on November __, 2004 at 11:00 a.m., Pacific Standard Time, at J. W. Marriot Hotel, 221 North Rampart, Las Vegas, Nevada 89117.

We are holding this meeting to consider and act upon the following matters that are more fully described in the accompanying Proxy Statement:

PROPOSAL 1. INCREASE IN NUMBER OF AUTHORIZED SHARES OF COMMON STOCK.

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Amend Article Fourth of the Company's Articles of Incorporation, as amended, to increase the total number of authorized shares of the Company's \$.001 par value common stock from the present number of 25,000,000 shares to 50,000,000 shares, as set forth on the Certificate of Amendment attached hereto as Exhibit A. The remainder of Article Fourth to remain as is.

PROPOSAL 2. INCREASE IN SIZE OF BOARD OF DIRECTORS.

Amend Article III, Section 2 of the Company's Bylaws to increase the authorized number of directors on the Board from five (5) to seven (7) members. The remainder of Article III, Section 2 to remain as is.

PROPOSAL 3. ELECTION OF NEW DIRECTORS.

Elect the following persons to the Board of Directors to serve until the next annual meeting of stockholders, and until their successors have been duly elected and qualified:

GENE C. VALENTINE
JOSEPH BYERS
MICHAEL SAVAGE

PROPOSAL 4. APPROVAL OF SETTLEMENT AGREEMENT.

Approve and ratify the settlement of the certain cases against the Company, as described herein on the terms and conditions set forth in the Settlement Agreement attached hereto as Exhibit B and hereinafter referred to as the "Bentley/Djokovich Lawsuits;" that Settlement Agreement contains other important provisions as well.

PROPOSAL 5. APPROVAL AND RATIFICATION OF BOARD OF DIRECTORS ACTIONS.

Approve and ratify the actions of our directors for the last fiscal year and for the period from the fiscal year end through the date of the annual shareholder meeting.

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PROPOSAL 6. RATIFY THE APPOINTMENT OF CERTIFIED PUBLIC ACCOUNTANTS.

The Board has appointed Mendoza Berger & Company, LLP, Certified Public Accountants, as auditors to examine the consolidated financial statements of Accesspoint for the fiscal year ending December 31, 2004, and to perform other appropriate audit and advisory services and is requesting ratification of such appointment by the stockholders.

AND TO CONSIDER SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OF THE MEETING.

The Board of Directors has selected August 27, 2004 as the record date for determining stockholders entitled to notice of and to vote at the meeting and any adjournment of the meeting. A list of stockholders as of the record date

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will be available for inspection at the corporate headquarters of Accesspoint for ten days before the meeting.

IN ORDER TO ASSURE YOUR REPRESENTATION AT THE MEETING,
PLEASE DATE, SIGN, AND MAIL PROMPTLY THE ENCLOSED
PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

A copy of Accesspoint's 2003 Annual Report is available for review online at www.sec.gov. Please read the Annual Report in its entirety.

By Order of the Board of Directors,

Gene C. Valentine, Secretary
Las Vegas, Nevada
October __, 2004

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ACCESSPOINT CORPORATION
Annual Meeting of Stockholders
To Be Held November __, 2004

This Proxy Statement is furnished to stockholders of Accesspoint for use at the Annual Meeting of Stockholders to be held at 11:00 a.m., Pacific Standard Time, at offices of the Company, or at any postponements or adjournments of the meeting for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The approximate date on which this Proxy Statement and the enclosed proxy card are first being sent to stockholders is October __, 2004.

1. GENERAL INFORMATION Q: Who is soliciting my proxy?

A: We, the Board of Directors of Accesspoint (the "Board"), are sending you this Proxy Statement in connection with our solicitation of proxies for use at Accesspoint's Annual Meeting of Stockholders. Specified directors, officers, and employees of Accesspoint may also solicit proxies on our behalf by mail, phone, fax, or in person.

Q: Who is paying for this solicitation?

A: Accesspoint will pay for the solicitation of proxies, including the cost of preparing, assembling, and mailing this Proxy Statement, the proxy card, the Annual Report and all other materials which may be sent to stockholders in connection with this solicitation.

Q: On what am I voting?

A: You will have the chance to vote on, specifically:

- o An Increase in Number of Authorized Shares of Common Stock from 25,000,000 shares to 50,000,000 shares;
- o An Increase in Authorized Membership of our Board of Directors from five (5) to seven (7) members;
- o Election of Gene C. Valentine, Joseph Byers and Michael Savage to the Board of Directors;
- o Approval of Settlement Agreement to settle the "Bentley/Djokovich Lawsuits" which includes the sale of our remaining merchant accounts portfolio in exchange for the cancellation of the Company's debt to Ameropa Ltd. in the approximate amount of \$1,500,000, and the issuance of shares

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- o resulting to a controlling interest to Mr. Barber, our former officer and director;
- o Approve and ratify the actions of our directors for the last fiscal year and for the period from the fiscal year end through the date of the annual shareholder meeting; and
- o Ratify the appointment of Mendoza Berger & Company, LLP, Certified Public Accountants.

Q: Who can vote?

A: Only holders of Accesspoint's Common Stock at the close of business on August 27, 2004, the record date for the Annual Meeting, can vote. If you beneficially owned any Common Stock on the record date, you have one vote per share of Common Stock.

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Q: How do I vote?

A: You may vote your shares either in person or by proxy. To vote by proxy, you should mark, date, sign, and mail the enclosed proxy card in the postage-paid envelope. Granting a proxy will not affect your right to vote your shares if you attend the Annual Meeting and want to vote in person; by voting in person you will revoke your proxy. You may also revoke your proxy at any time before the vote at the meeting by providing Accesspoint's Secretary written notice of your revocation or by submitting a later-dated proxy. If you return your proxy but do not mark your voting preferences, our designated proxy holders will vote your shares FOR all the proposals described herein.

Q: What constitutes a quorum?

A: On the record date, Accesspoint had 24,163,965 shares of Common Stock issued and outstanding. In order for the Annual Meeting to be properly held, a majority of the outstanding shares (a quorum) must be present at the meeting or represented by proxy.

Q: What vote is required to approve each proposal?

A: For the election of directors, the affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy card marked WITHHOLD AUTHORITY with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. For all matters other than the election of directors, the affirmative vote of a majority of the votes cast by person or by proxy at the Annual Meeting is required for approval of such matter. A properly executed proxy marked ABSTAIN with respect to any other matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, if there are any other items on which the stockholders vote at the Annual Meeting, an abstention will have the effect of a negative vote on such other item.

Q: What if my shares are held in "street name?"

A: If you hold your shares in "street name" through a broker or other nominee, your broker or nominee may only exercise voting discretion with respect to matters deemed routine by NASD, such as the election of directors and the selection of independent auditors. On a non-routine matter, a broker or other nominee cannot cast a vote (a so-called "broker non-vote"). Broker non-votes will not be treated as votes cast, and therefore, will not affect the outcome of the matters referred to above.

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Q: Can I vote on other matters?

A: The matters presented at an annual meeting are limited to those properly presented by the Board and those properly presented by stockholders. We have not received notice from any stockholder as to any matter to come before the Annual Meeting other than as set forth herein. If any other matter is presented at the Annual Meeting, your signed proxy gives the proxy holders, authority to vote your shares.

Q: How does the Board recommend I vote on the proposals?

A: Unless you give other instructions on your proxy card, the proxy holders will vote in accordance with the recommendations of the Board. The Board recommends a vote FOR:

- o An Increase in Number of Authorized Shares of Common Stock from 25,000,000 shares to 50,000,000 shares;
- o An Increase in the Authorized Membership of our Board of Directors from five (5) to seven (7) members;

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- o Election of Gene C. Valentine, Joseph Byers and Michael Savage to the Board of Directors;
- o Approval of Settlement Agreement to settle the "Bentley/Djokovich Lawsuits" which provides for the sale of our remaining merchant accounts portfolio in exchange for the cancellation of the Company's debt Ameropa Ltd. in the approximate amount of \$1,500,000, and the issuance of shares resulting to a controlling interest to Mr. Barber, our former officer and director; and
- o Approval and ratification of the actions of our directors for the last fiscal year and for the period from the fiscal year end through the date of the annual shareholder meeting; and
- o Ratification of the appointment of Mendoza Berger & Company, LLP, Certified Public Accountants.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board, or if no recommendation is given, in their own discretion.

Q: How do I get copies of the exhibits filed with Accesspoint's Reports on Form 10-KSB?

A: A copy of Accesspoint's Annual Report for 2003 and 2002, which contain Accesspoint's Form 10-KSB for those years and consolidated financial statements, is available online at www.sec.gov. Accesspoint will provide to any stockholder as of the record date, who so specifically requests in writing, copies of the exhibits filed with Accesspoint's Form 10-KSBs for a reasonable fee. Requests for such copies should be directed to Accesspoint's Corporate Secretary, Accesspoint Corporation, 3003-3011 S. Valley View Blvd., Ste. 190, Las Vegas, NV 89102.

We hereby incorporate by reference into this Proxy Statement the following documents filed with the Commission pursuant to Section 13 or 15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

(a) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003;

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(b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004

(c) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004; and

(d) All other Reports and other documents filed by the Company pursuant to Section 13(e) or 15(d) of the Exchange Act subsequent to June 30, 2004 and prior to the date of the Meeting or such later date or dates to which the Meeting may be adjourned.

2. PROPOSALS FOR SHAREHOLDER ACTION

PROPOSAL 1. INCREASE IN NUMBER OF AUTHORIZED SHARES OF COMMON STOCK.

Amend Article Fourth of the Company's Articles of Incorporation, as amended, to increase the total number of authorized shares of the Company's \$.001 par value common stock from the present number of 25,000,000 shares to 50,000,000 shares, as set forth on the Certificate of Amendment attached hereto as Exhibit A. The remainder of Article Fourth to remain as is.

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PURPOSE OF INCREASING AUTHORIZED COMMON STOCK

Our Board of Directors believes it is desirable to increase our authorized common stock. Our purpose in increasing our authorized common stock will increase the total value of the corporation and better position us to take advantage possible future financings and other corporate opportunities and purposes as the board of directors determines in its discretion to be in the best interest of the corporation, and which may include future stock splits, stock dividends or other distributions, acquisitions and stock options and other equity benefits under employee benefit plans. This action is also necessary to accommodate the terms of the Settlement Agreement, described herein at Proposal 4, which allows for the issuance to William Barber, our former officer and director, a controlling interest in the shares of our common stock, as consideration for his past assistance to us in restructuring our debts and enabling us to position our financial affairs such that we hope that we will be able to move forward with our business. Without his assistance, we believe that we would have been forced to cease operations and seek bankruptcy protection; therefore, his assistance has been integral to our continued existence. To that end we are increasing the number of authorized shares of common stock, which we believe will enable us to promptly take advantage of future favorable opportunities that may present themselves without the delay and expense associated with holding additional special meetings of stockholders.

RECOMMENDATION OF THE BOARD.

The Board recommends that stockholders vote FOR the proposal 1.

PROPOSAL 2. INCREASE IN SIZE OF BOARD OF DIRECTORS.

Amend Article III, Section 2 of the Company's Bylaws to increase the authorized number of directors on the Board from five (5) to seven (7) members. The remainder of Article III, Section 2 to remain as is.

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PURPOSE OF INCREASING THE AUTHORIZED SIZE OF THE BOARD OF DIRECTORS

Our Board of Directors believes it is desirable to allow for the future contingency of expanding the allowable size of our board of directors in the event that we are able to recruit additional members to our board.

RECOMMENDATION OF THE BOARD.

The Board recommends that stockholders vote FOR the proposal 2.

PROPOSAL 3. ELECTION OF NEW DIRECTORS.

NOMINEES: GENE C. VALENTINE, JOSEPH BYERS AND MICHAEL SAVAGE.

At the Annual Meeting, you and the other stockholders will re-elect 3 individuals to serve as directors until the next annual meeting of stockholders to be held in 2005, until their successors are duly elected or appointed or until their death, resignation, or removal. These nominees are currently members of the Board, and one is currently serving as one of our executive officers.

The individuals named as proxies will vote the enclosed proxy for the election of all nominees, unless you direct them to withhold your votes. If any nominee becomes unable to serve as a director before the Annual Meeting, an event that is not presently anticipated, discretionary authority may be exercised by the persons named as proxies to vote for substitute nominees proposed by the Board.

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Standing for re-election as directors are:

MR. EUGENE C. VALENTINE, Chairman of the Board, Member of the Audit Committee, Member of the Compensation Committee. Mr. Valentine joined the Board in October 2002. Mr. Valentine is the founder and CEO of the Financial West Group, based in Los Angeles. Mr. Valentine founded the Financial West Investment Group, Inc. in 1985 and has served as its CEO since that time. A firm with over 300 registered sales representatives in 52 offices throughout the United States. Mr. Valentine's experiences included serving from 1982 to 1985 as Vice President of Marketing for Christopher Weil & Co., a NASD registered broker/dealer, and from 1980 to 1982, he was director of Real Estate Acquisitions for Windfarms, Ltd., an alternative energy subsidiary of Chevron USA. From 1978 to 1982, he also served as a stockholder and officer of Horizon Realty, a real estate brokerage firm located in San Francisco, following service from 1972 to 1978 as an officer in the U.S. Navy. He is a NASD registered securities principal, and holds NASD licenses, including Series 22, 39, 7, 24 and 63. He received a BS degree in Psychology from Bethany College in 1972 and minors in Economics and International Affairs, and attended the University of Vienna, Austria. Mr. Valentine, through the Financial West Group is a shareholder of Accesspoint. Mr. Valentine is also the chairman of the Audit Committee. As an active participant in the securities industry, we have determined that Mr. Valentine is a financial expert and is independent as that term is used in Item 7(d) (3) (iv) of Schedule 14A under the Exchange Act.

MR. MICHAEL SAVAGE joined the Board in January 2003. Mr. Savage has been the founder of more than 15 successful companies, including Capital Reserve

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Corporation of Los Angeles. He has extensive business experience in equipment leasing, technology and the development of new marketplaces. Mr. Savage is expected to focus his energies on the development of our affinity cards. Mr. Savage is currently a consultant for Step Strategy, Inc., located in Century City, California. From 2002 to 2004, Mr. Savage served as the president of Leasing Express, LLC, a leasing company; from 1999 to 2004, he was a partner with Sterling & Company Mergers and Acquisitions Inc., a Bahamian corporation. From 1999 to 2001, Mr. Savage was the president of TransAmerican Holdings, Inc., a Nevada corporation traded on the OTCBB as TAHI. Mr. Savage attended Washington State College from 1943 to 1944, where he studied electronics and administration, the University of Southern California's School of Architecture from 1940 to 1941, and served in the U.S. Army Air Corps from 1943 to 1946. Mr. Savage is not a shareholder of Accesspoint.

MR. JOE BYERS, Member of the Audit Committee, Member of the Compensation Committee. Mr. Byers joined the Board in January 2002. Mr. Byers has more than 40 years of experience in the banking business and was most recently Senior Vice President of First National Bank based in Los Angeles, where he served from 2000 to 2001. Prior to that, Mr. Byers served as First Vice President of Prime Bank from 1999 to 2000, when it was sold to East West Bank. Prior to that, from 1987 to 1997, Mr. Byers was Branch Manager of the Beverly Hills Branch of Sterling Bank; upon its sale to Pacific Bank of San Francisco, he remained as Branch Manager, until the branch was sold to and closed by City National Bank in 1999. Mr. Byers has a California financial lenders license, having served as a lender and broker with six institutions during his career. Mr. Byers attended the University of Kentucky and studied civil engineering while serving in the U.S. Army, and served from 1942 to 1946 in the Air Corps Army Engineers. Mr. Byers focuses his time and attention on developing additional processing platforms and financial relationships for us. Mr. Byers is not a shareholder of Accesspoint.

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The executive officers and directors of Accesspoint Corp as of December 31, 2003 were as follows:

| NAME | AGE | POSITION |
|--------------------|-----|------------------------------------|
| Gene Valentine | 55 | Chairman of the Board of Directors |
| William B. Barber* | 59 | CEO, President, Director |
| Joseph Byers | 80 | Director |
| Michael Savage | 82 | Director |

*Mr. Barber resigned the indicated positions on August 30, 2004. Mr. Barber is not standing for re-election as director. Mr. Barber's resignation was not the result of any disagreement with us on any matter relating to our operations, policies or practices.

RECOMMENDATION OF THE BOARD.

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The Board withholds any recommendation in regard to Proposal 3.

PROPOSAL 4. APPROVAL OF SETTLEMENT AGREEMENT.

Approve and ratify the settlement of the following cases against the Company on the terms and conditions set forth in the Settlement Agreement attached hereto as Exhibit B and hereinafter referred to as the "Bentley/Djokovich Lawsuits;"

A. That certain lawsuit entitled JAMES M. BENTLEY V. WILLIAM R. BARBER, et al., and numbered 02CC04690 in the files of that Court concerning stockholder derivative claims for Breach of Contract; Breach of Fiduciary Duty; Misappropriation of Trade Secrets Pursuant to Civil Code Section 3426, et seq.; Recovery of Personal Property Pursuant to Civil Code Section 3426, et seq.; Imposition of a Constructive Trust or an Accounting; Unfair Competition; Conversion; Unfair Business Practices; and Usurpation of Corporate Opportunity against certain of the Defendants;

B. That certain lawsuit entitled JAMES W. BENTLEY, AS TRUSTEE OF THE BENTLEY FAMILY TRUST C V. ACCESSPOINT CORPORATION, et al., and numbered 02CC06709 in the files of that Court concerning claims for Breach of Contract, Common Count, and Declaratory Relief, against Defendant Accesspoint Corporation;

C. That certain lawsuit entitled MARY ANN BENTLEY, AS TRUSTEE OF THE BENTLEY FAMILY 1995 TRUST V. ACCESSPOINT CORPORATION, et al., and numbered 02CC06571 in the files of that Court concerning claims for Breach of Contract, Common Count, and Declaratory Relief, against Defendant Accesspoint Corporation;

D. That certain lawsuit entitled THE BENTLEY FAMILY LIMITED PARTNERSHIP V. ACCESSPOINT CORPORATION, et al., and numbered 02CC06710 in the files of that Court concerning claims for Breach of Contract, Common Count, and Declaratory Relief, against Defendant Accesspoint Corporation; and

E. That certain lawsuit entitled ACCESS HOLDINGS LIMITED PARTNERSHIP, ETC., ET AL. V. ACCESSPOINT CORPORATION, etc., et al., and numbered 03CC09039 in the files of that Court concerning a declaratory relief claim seeking, among other things, return of certain consideration tendered by Access Holdings Limited Partnership and Tom Djokovich under the loan agreement between Accesspoint and Net Integrated Systems, Inc.

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Another pertinent provision of the Settlement provides for the sale of the Company's Merchants Accounts Portfolios ("Accounts") at the best price available as soon as commercially feasible, specifically, that the offer of Merchants Billing Services, Inc. ("MBS"), a company owned by two former officers and directors of the Company, be accepted and that Merchants Accounts Portfolios be sold to MBS in exchange for the cancellation of the debt of Accesspoint to Ameropa Ltd. in the approximate amount of \$1,500,000.

The actual value of the Accounts shall be determined by multiplying the net monthly earnings over the last 6 months by a multiplier of 10-12; we estimate that this will yield a valuation of between \$500,000 and \$600,000.

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Since MBS has agreed to cancellation of our debt of approximately \$1,500,000, these terms of this transaction favor the Company, especially since we believe there is likely no other market for these Accounts, due to the peculiarities of the credit card processing industry. We estimate that the Accounts represent about two-thirds of the remaining assets of the Company, and after their sale, we will still have as an asset the \$250,000 security deposit held by Chase Merchants Services LLC/Chase Manhattan Bank which is refundable to the Company. According to the Settlement Agreement, this asset is pledged to repay certain of the plaintiffs. There is no present relationship between the Company and MBS, although MBS for a time managed our business, and MBS is owned by two of our former officers and directors, namely William Barber and Becky Takeda.

Finally, the Settlement provides for the issuance of a controlling interest in shares of our common stock to one individual, and requires the passage of our increase in authorized shares of common stock, described herein as Proposal 1. The Settlement provides for the issuance to William Barber, our former officer and director, a non-dilutable controlling interest in the shares of our common stock, as consideration for his past assistance to us in restructuring our debts and enabling us to position our financial affairs such that we hope that we will be able to move forward with our business. Without his assistance, we believe that we would have been forced to cease operations and seek bankruptcy protection; therefore, his assistance has been integral to our continued existence.

PURPOSE OF ACCEPTING THE SETTLEMENT AGREEMENTS

Our Board of Directors believes it is desirable and in the best interests of the Company to accept the terms of the Settlement Agreement, which will allow us move forward and refocus our management's attention on our business. Without shareholder ratification of the Settlement Agreement, we believe that we would not be able to continue operations and our ability to generate revenues would be harmed.

RECOMMENDATION OF THE BOARD.

The Board recommends that stockholders vote FOR the proposal 4.

PROPOSAL 5. APPROVAL AND RATIFICATION OF BOARD OF DIRECTORS ACTIONS.

Approve and ratify the actions of our directors for the last fiscal year and for the period from the fiscal year end through the date of the annual shareholder meeting.

RECOMMENDATION OF THE BOARD.

The Board recommends that stockholders vote FOR the proposal 5.

PROPOSAL 6. RATIFICATION OF INDEPENDENT AUDITORS

The Board has appointed Mendoza Berger & Company, LLP, Certified Public Accountants, as auditors to examine the consolidated financial statements of Accesspoint for the fiscal year ending December 31, 2004, and to perform other appropriate audit and advisory services and is requesting ratification of such

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appointment by the stockholders. In the event that the stockholders do not ratify the appointment of Mendoza Berger & Company, LLP, Certified Public Accountants, the adverse vote will be considered as a direction to the Board to select other auditors for the next fiscal year. However, because of the difficulty and expense of making any substitution of auditors after the beginning of the current fiscal year, it is contemplated that the appointment for the fiscal year ending December 31, 2004 will be permitted to stand, unless the Board finds other reasons for making a change. It is understood that even if the selection of Mendoza Berger & Company, LLP, Certified Public Accountants is ratified, the Board, in its discretion, may direct the appointment of a new independent accounting firm at any time during the year if the Board feels that such a change would be in the best interests of Accesspoint and its stockholders.

Representatives of Mendoza Berger & Company, LLP, Certified Public Accountants will be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. This proposal will be approved if it receives the affirmative vote of holders of a majority of the shares of Common Stock voted or represented and entitled to vote at the Annual Meeting.

RECOMMENDATION OF THE BOARD.

The Board recommends that stockholders vote FOR the proposal to ratify the appointment of Mendoza Berger & Company, LLP, Certified Public Accountants as Accesspoint's independent auditors for fiscal year 2004.

AUDIT FEES: During 2003 and 2002 we accrued or paid Mendoza Berger & Company LLP a total of \$22,000 and \$40,360 for professional services rendered in connection with performance of our independent audits for the years ending December 31, 2003 and 2002, respectively.

ALL OTHER FEES: During 2003 and 2002 we paid Mendoza Berger & Company LLP a total of \$32,923 for professional services rendered in connection with the reviews of the March 31, 2003, June 30, 2003 and September 30, 2003, Forms 10-QSB.

TAX FEES: We paid Mendoza Berger & Company LLP \$1,800 and \$4,750 for tax related services for the years ended December 31, 2003 and 2002, respectively.

PRE-APPROVAL POLICIES AND PROCEDURES. Prior to engaging its accountants to perform a particular service, our Board of Directors obtains an estimate for the service to be performed. All of the services described above were approved by the Board of Directors in accordance with its procedures.

3. BENEFICIAL OWNERSHIP OF CERTAIN STOCKHOLDERS, DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS

The following table sets forth information as of August 27, 2004, with respect to directors, nominees, named executive officers of Accesspoint and each person who is known by Accesspoint to own beneficially more than 5% of our Common Stock, and with respect to shares owned beneficially by all directors, nominees, and executive officers of Accesspoint as a group.

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| TITLE OF CLASS | NAME OF BENEFICIAL OWNER | AMOUNT AND NATURE OF BENEFICIAL OWNER |
|----------------|---|--|
| Common Stock | Eugene Valentine 3003-3011 S. Valley View Blvd., Ste. 190 Las Vegas, NV 89102 | 607,400 Acting Chief Executive Officer, Director |
| Common Stock | Joseph Byers 3003-3011 S. Valley View Blvd., Ste. 190 | 13,000 shares Director |