

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

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2001

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File No. 0-29245

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.

(Exact name of small business issuer as specified in its charter)

Florida 65-0452156
(State or other jurisdiction of (I.R.S. Employer Identification Number)
incorporation or organization)

3750 Investment Lane, Suite 5, West Palm Beach, Florida 33407

(Address of principal executive offices)

(561) 863-8446

(Issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,612,813 shares of Common Stock as of November 12, 2001.

Transitional Small Business Disclosure Format: Yes No

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
CONDENSED BALANCE SHEET
(UNAUDITED)

ASSETS	September 30, 2001

Current assets:	
Cash	\$ 78,300
Restricted cash related to notes payable	150,687
Accounts receivable, net	751,564
Inventory	268,350
Prepays and other current assets	74,290

Total current assets	1,323,191

Property and equipment, net	72,153
Other assets:	
Due from related parties	5,431

Deferred tax asset	50,550
Other assets, net	33,946

Total other assets	89,927

Total assets	\$ 1,485,271
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	\$ 862,019
Accrued expenses	191,791
Notes payable	214,167
Capital leases, current portion	26,976

Total current liabilities	1,294,953

Capital leases, less current portion	9,970

Total liabilities	1,304,923

Stockholders' equity:	
Common stock, \$0.001 par value, 30,000,000 shares authorized; 3,609,813 shares issued and outstanding	3,610
Additional paid-in capital	832,832
Accumulated deficit	(656,094)

Total stockholders' equity	180,348

Total liabilities and stockholders' equity	\$ 1,485,271
	=====

See accompanying notes to condensed financial statements.

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Revenue	\$ 1,449,703	\$ 1,193,056	\$ 4,390,014	\$ 4,019,490
Cost of sales	378,969	270,740	1,335,993	1,002,576
Gross profit	1,070,734	922,316	3,054,021	3,016,914
Operating expenses:				
General and administrative	1,045,564	1,029,477	3,467,679	2,649,058
Depreciation and amortization	8,270	10,760	25,707	22,649
Total operating expenses	1,053,834	1,040,237	3,493,386	2,671,707
Income (loss) from operations	16,900	(117,921)	(439,365)	345,207
Interest income	2,446	892	4,159	1,640
Interest expense	(8,168)	(12,747)	(22,616)	(12,747)
Profit (loss) before income taxes	11,178	(129,776)	(457,822)	334,100
Benefit (provision) for income taxes	--	(11,823)	42,662	(49,239)
Net profit (loss)	\$ 11,178	\$ (141,599)	\$ (415,160)	\$ 284,861
Net profit (loss) per share - basic	\$ --	\$ (0.04)	\$ (0.11)	\$ 0.08
Net profit (loss) per share - diluted	\$ --	\$ (0.04)	\$ (0.11)	\$ 0.08
Weighted average number of shares - basic	3,604,813	3,459,311	3,612,617	3,526,141
Weighted average number of shares - diluted	3,604,813	3,459,311	3,612,617	3,526,141

See accompanying notes to condensed financial statements.

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2001	2000
Net cash provided by (used in) operating activities	\$ (77,330)	\$ 157,309
Cash flows from investing activities:		
Purchase of trademark	(25,000)	--
Purchase of property and equipment	(3,525)	(19,285)
Net cash used in investing activities	(28,525)	(19,285)
Cash flows from financing activities:		
Proceeds on issuance of common stock	--	7,363
Proceeds on line of credit	100,000	--
Payments on lines of credit	(35,833)	--
Payments on capital leases	(5,384)	(18,297)
Payments to related parties	(213)	(10,000)
Net cash provided by (used in) financing activities	58,570	(20,934)
Net increase (decrease) in cash	(47,285)	117,090
Cash at beginning of period	125,585	154,246
Cash at end of period	\$ 78,300	\$ 271,336

See accompanying notes to condensed financial statements.

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements of Health & Nutrition Systems International, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and Regulation S-B. Accordingly, they do not include all of the information and footnotes required for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the interim periods presented have been included.

These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of the Company's Annual Financial Statements for the year ended December 31, 2000. Operating results for the nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

It is recommended that the accompanying condensed financial statements be read in conjunction with the financial statements and notes for the year ended December 31, 2000, found in the Company's Form 10-KSB for the fiscal year ended December 31, 2000.

NOTE 2 - NOTES PAYABLE

On December 15, 2000 the Company received a short-term loan from a bank. Interest accrues at a rate of 8.1% per annum and the loan is collateralized by a Company certificate of deposit in the amount of \$150,000. The note was originally payable in eleven installments of \$2,500 plus accrued interest beginning January 15, 2001. The unpaid balance at September 30, 2001 was \$127,500. On November 9, 2001, the Company and the bank modified the original note and the bank lent the Company the difference between the original principal amount of the loan and the amount then-outstanding. All unpaid principal and accrued interest is due December 15, 2001.

On January 12, 2001 the Company received a short-term loan from a bank in the amount of \$100,000. Interest accrues at a rate of 7.73% per annum and the loan is collateralized by a \$100,000 certificate of deposit owned by Steve Pomerantz, the Company's Chief Executive Officer. The note was payable in eleven installments of \$1,666.67 plus accrued interest beginning February 12, 2001 and may be prepaid in part or in full prior to its maturity date without penalty. The loan matures January 12, 2002. The unpaid balance at September 30, 2001 was \$86,667. That amount was reduced by the proceeds of the November 9th modification of the other bank loan, discussed above, in the approximate amount of \$25,000. Mr. Pomerantz has advised the Company that he wishes to have his collateral returned to him on the maturity date of this loan. Accordingly, the Company will be required to repay the loan to the bank on its maturity date. In the event that the Company is unable to repay the loan, the bank will take the collateral.

NOTE 3 - FACTORING ARRANGEMENTS

The Company factors certain of its accounts receivable. It entered into a new agreement with a commercial finance company in September 2001. The factor purchases receivables for a percentage of the face amount of certain invoices and the Company maintains a reserve account with the factor of 20% of the outstanding receivables held by the factor. The factor will rebate the reserve for receivables paid subject to a discount of prime plus 1.75% for net funds employed on the last day of each calendar month, plus a additional fees of 1.75% to 3.35% on invoices beyond the agreed upon terms.

NOTE 4 - INCOME TAXES

Income tax provision consists of the following at September 30:

	2001	2000
	-----	-----
Current	\$ --	\$ 121,423
Deferred	(42,662)	(31,327)
Decrease in valuation allowance	--	(40,857)
	-----	-----
Provision (benefit) for income taxes	\$ (42,662)	\$ 49,239
	=====	=====

Under FAS No. 109, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of deferred tax assets as of September 30, 2001 and 2000 are as follows:

	September 30,	
	-----	-----
	2001	2000
	-----	-----
Deferred tax asset:		
Net operating losses	\$50,550	\$ --
Accounts receivable reserves	--	18,863
Stock issued for services	--	53,321
	-----	-----
Total deferred tax asset	50,550	72,184
	-----	-----
Deferred tax liabilities	--	--
	-----	-----
Net deferred tax asset before valuation allowance	50,550	72,184
Valuation allowance	--	--
	-----	-----
Net deferred tax assets	\$50,550	\$72,184
	=====	=====

A reconciliation of income tax expense (benefit) provided at a combined federal and state statutory rate of 39.5% to income tax expense is as follows:

	September 30,	
	2001	2000
	-----	-----
Taxes computed at combined federal and state tax rate	\$ --	\$ --
Change in valuation allowance	--	(40,857)
Net operating loss benefit	(51,814)	54,825
Other, net	9,152	35,271
	-----	-----
	\$(42,662)	\$ 49,239
	=====	=====

As of September 30, 2001, the Company had used the net operating loss carry forward of \$131,175 available for use on its future corporate federal income tax returns.

NOTE 5 - LEGAL MATTERS

The Company has filed a Complaint for Declaratory Relief in reference to the effectiveness of various Stock Purchase Agreements among shareholders, the cancellation of certain shares and the rightful ownership of these shares. The uncertainty affects 325,000 shares (after reverse split) of common stock not included in the outstanding shares as of September 30, 2001. Depending on the outcome of this action, the number of outstanding shares may increase causing dilution of the present shareholders. During the three months ended June 30, 2001, the defendants filed a counter claim. The Company has moved to dismiss the counter claim.

On October 19, 2001, the Company reached a settlement agreement with Mr. Acquaviva and paid \$4,500. Mr. Acquaviva filed a stipulation for dismissal with prejudice and the case was dismissed.

The Company filed a motion to dismiss the KMS complaint against certain officers of the Company. This motion was denied. The court did not rule on the breach of contract claim against the Company. Efforts by the Company at mediation and settlement negotiations have not been successful.

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

This Quarterly Report on Form 10-QSB contains forward-looking statements. Any statements that are not statements of historical fact should be regarded as forward-looking statements. For example, the words "intends," "believes," "anticipates," "plans," and "expects" are intended to identify forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated by such forward-looking statements. These factors include without limitation those factors contained in our Form 10-KSB for the year ended December 31, 2000, filed with the Securities and Exchange Commission. In addition, the recent terrorist attacks on the United States, possible responses by the U.S. government, the effects on consumer demand, the financial markets and other conditions increase the uncertainty inherent in forward-looking statements. Finally, recent government action and the surrounding publicity regarding ephedra-containing products may make it difficult for us to obtain and maintain product liability insurance for our products containing ephedra at current premiums. This could cause our actual results to differ materially from those indicated by such forward-looking statements.

The following discussion of our results of operations and financial condition should be read together with our unaudited Financial Statements contained in Part I, Item 1 and the related Notes in this Form 10-QSB, and our audited Financial Statements and the related Notes contained in our Form 10-KSB for the fiscal year ended December 31, 2000 filed with the Securities and Exchange Commission.

OVERVIEW

During the third quarter of 2001, we continued to implement the Company's strategic plan to diversify our product line by developing and promoting new products, Acutrim Natural A.M. and P.M., Fat Cutter and Carbolizer. This strategy is aimed at minimizing the impact of a shift in consumer preferences with regard to any one of our products, a change in retailer attitude with respect to any of our products, or any other cause of reduced sales either for a particular product or in a particular geographical area. Our third quarter operating results continue to show the impact of our significant marketing expenditures associated with the launch of these new products.

Although our revenue in the third quarter 2001 increased 22% over revenue in the third quarter 2000, we are cautious about our fourth quarter results of operations in light of the deteriorating economic environment and the uncertain effects of the terrorist attacks of September 11, 2001. Like most consumer businesses, our business is affected by general economic, political and public safety conditions that impact consumer confidence and spending. The impact of these terrorist attacks and the government's response to them have had short-term and may have long-term adverse effects on our revenues, results of operations, financial condition and prospects. The terrorist attacks have had an immediate impact on our business as a result of the contraction in consumer confidence and a negative impact on the retail environment generally. We, as well as most other companies operating in the same market sector may see a decline in sales due to a consumer perception that under these present circumstances the purchase of diet-related products is marginally less important than other household expenditures. Additional terrorist attacks or

related events, such as bioterrorism, could adversely impact all consumer businesses, including ours. It is not possible at this time to predict the longer-term effects of the attacks, or the impacts of actions taken in response to the attacks, on general economic, political and public safety conditions and our results of operations.

As we have previously disclosed, we are dependent on factoring our receivables in order to support our working capital needs. Our contract with Bank of America expired September 6, 2001 and was not renewed. We presently factor certain of our accounts receivable pursuant to a new agreement with Alliance Financial Capital. See "Liquidity and Capital Resources."

Recent events have also included renewed interest by the FDA with regard to regulating ephedra. This interest has been accompanied by adverse publicity. As of September 30, 2001, 20% of our gross revenue was generated by sales of products containing ephedra. We cannot predict the effects of these events on our revenues, results of operations, financial condition and prospects. See "Commitments and Contingencies."

RESULTS OF OPERATIONS

REVENUE FROM SALES:

Revenue from sales for the three month period ended September 30, 2001 were \$1,449,703, which is an increase of \$256,647 or 22 %, as compared to revenue from net sales of \$1,193,056 for the three months ended September 30, 2000. The increase was due to sales of our new products, Acutrim Natural A.M. and P.M., Carbolizer and Fat Cutter. It should be noted, however, that the increase was partially offset by significant decreases in sales of Carbcutter (20%) and Thin Tab (80%) as compared to sales of those products for the three months ended September 30, 2000. For the third quarter of 2001, GNC accounted for \$416,402 or 29% of sales, Target accounted for \$180,147 or 12% of sales, and Walgreens accounted for \$166,059 or 12% of sales. No other account represented more than 10% of sales during the third quarter of 2001.

Revenue from sales for the nine month period ended September 30, 2001 were \$4,390,014, which is an increase of \$370,524 or 9%, as compared to net sales of \$4,019,490 for the nine months ended September 30, 2000. The increase was due to sales to new retailers and sales of additional product lines to existing retailers. This increase was partially offset by the significant decrease in sales of Carbcutter (35%) and Thin Tab (68%) as compared to sales of those products for the nine months ended September 30, 2000. For the nine month period ended September 30, 2001, GNC accounted for \$773,116 or 18% of sales, Rite aid accounted for \$517,568 or 12 % of sales, Walgreens accounted for \$508,060 or 12% of sales, and Eckerdts accounted for \$459,310 or 10% of sales. No other account represented more than 10% of sales during the period.

COST OF SALES:

Cost of sales for the three month period ended September 30, 2001 was \$378,969 or 26 % of net sales, as compared to \$270,740 or 23% of net sales for the three months ended September 30, 2000. The increase in cost of sales as a percentage of net sales was primarily attributable to new

sales during the third quarter of the recently-acquired Acutrim(R) branded products, which have a higher cost of goods as a percentage of sales than our other product lines.

Cost of sales for the nine month period ended September 30, 2001 was \$1,335,993 or 30% of net sales as compared to \$1,002,576 or 25% of net sales for the nine months ended September 30, 2000. The increase in cost of sales as a percentage of net sales was primarily attributable to new sales during the period of Acutrim(R) branded products, which have a higher cost of goods as a percentage of sales than our other product lines.

GROSS PROFIT:

Gross profit for the three month period ended September 30, 2001 was \$1,070,734, which is an increase of \$148,418 or 16%, as compared to gross profit of \$922,316 for the three months ended September 30, 2000. The increase in gross profit is primarily due sales of our new products Acutrim Natural A.M. and P.M., Carbolizer and Fat Cutter, partially offset by the decrease in sales of Carbcutter. As a percent of net sales, gross profit was 74% for the three months ended September 30, 2001, compared to 77% for the three month period that ended September 30, 2000. The decrease in gross profit as a percent of sales was primarily due to the lower gross profit margin of our new Acutrim(R) product line.

Gross profit for the nine month period ended September 30, 2001 was \$3,054,021, which is an increase of \$37,107 or 1%, as compared to gross profit of \$3,016,914 for the nine months ended September 30, 2000. The increase in gross profit is primarily due to sales of our new products: Acutrim Natural A.M. and P.M., Carbolizer and Fat Cutter, offset by a decrease in sales of Carbcutter. As a percent of net sales, gross profit was 70% for the nine months ended September 30, 2001, as compared to 75% for the nine months ended September 30, 2000. The decrease in gross profit as a percent of sales is primarily due to the lower gross profit margin of our new Acutrim(R) product line.

OPERATING EXPENSES:

Operating expenses were \$1,053,834 for the three month period that ended September 30, 2001, representing an increase of \$13,597, as compared to \$1,040,237 for the three months ended September 30, 2000. As a percent of net sales, operating expenses were 73% for the three months ended September 30, 2001, compared to 87 % for the three months ended September 30, 2000. The decrease in operating expenses as a percentage of sales was primarily attributable to the reduction in personnel expenses and marketing expenses for the third quarter of 2001.

Operating expenses were \$3,493,386 for the nine months ended September 30, 2001, representing an increase of \$821,679, as compared to \$2,671,707 for the nine months ended September 30, 2000. As a percent of net sales, operating expenses were 80% for the nine months ended September 30, 2001, compared to 66% for the nine months ended September 30, 2000. The increase in operating expenses was attributable to a variety of factors, including increased marketing expenses, legal expenses and sales expenses.

NET PROFIT (LOSS) FROM OPERATIONS:

Net profit from operations was \$16,900 for the three month period that ended September 30, 2001, as compared to a net loss from operations of \$(117,921) for the three months ended September 30, 2000. Net profit was \$11,178 or \$.003 per share for the three months ended September 30, 2001, as compared to a net loss of \$(141,599) or \$(-.04) per share for the three months ended September 30, 2000. The increase in income from operations was primarily due to sales of our new products, our success in using new retailers and reduced operating expenses.

Net loss from operations was \$(439,365) for the nine months ended September 30, 2001, as compared to a net profit from operations of \$345,207 for the nine months ended September 30, 2000. Net loss was \$(415,160) or \$(-.12) per share for the nine months ended September 30, 2001, as compared to a net profit of \$284,861 or \$.08 per share for the nine months ended September 30, 2000. The decrease in income from operations was due to a variety of factors, including higher marketing expenditures to support the launch of our new products, legal expenditures relating to ongoing litigation, sales expenses, and accounting expenditures.

LIQUIDITY & CAPITAL RESOURCES

At September 30, 2001, we had a working capital surplus of \$28,238 compared to a working capital surplus of \$538,027 at September 30, 2000. The decrease in working capital is primarily due to a year to date net loss and an increase in accounts payable.

Net cash used in operating activities for the nine month period that ended September 30, 2001 was \$(75,333), compared to net cash provided by operating activities of \$157,309 for the nine months ended September 30, 2000. The decrease in cash is primarily due to a net operating loss year to date, increased marketing expenditures for the launch of our new products and increased legal expenditures.

Cash used in investing activities was \$(28,525) for the nine months ended September 30, 2001, as compared to \$19,285 that was used in investing activities for the nine months ending September 30, 2000. Cash used for investing activities this year was mainly used to purchase the Acutrim trademark. Cash used for the comparable period ending September 30, 2000 was used for the purchase of equipment.

Net cash provided by financing activities for the nine months ended September 30, 2001 was \$58,570, as compared to \$(20,934) cash used in financing activities for the nine months ended September 30, 2000. During the nine month period ending September 30, 2001, the company received the proceeds of a \$100,000 bank loan that is collateralized by a certificate of deposit owned by Steve Pomerantz, the Company's Chief Executive Officer. Interest accrues at a rate of 7.73% per annum and the loan matures January 12, 2002. The unpaid balance at September 30, 2001 was \$86,667. That amount was reduced during November by approximately \$25,000, which the Company borrowed under a second bank loan which is secured by the Company's certificate of deposit. Mr. Pomerantz has advised the Company that he intends to retrieve his collateral on the maturity date of this loan. Accordingly, the Company will be required to repay the loan to the bank on its maturity date. In the event that the Company is unable to repay the loan, the bank will use the proceeds from Mr. Pomerantz' certificate of deposit to satisfy the

Company's debt. The second bank loan matures on December 15, 2001. The Company expects that the bank will extend the maturity date of the loan to December 15, 2002 on the same terms and conditions. In the event the bank does not, the Company would use its certificate of deposit to pay off the loan.

Our factoring agreement with Bank of America expired September 6, 2001. We need to continue to factor our large pharmacy chain accounts and large health food store accounts because we do not have sufficient working capital to sustain operations if we collect these accounts receivable ourselves. Accordingly, we negotiated a new factoring agreement and now sell most of our large pharmacy chain accounts receivable and large health food store accounts receivable to Alliance Financial Capital. Alliance Financial Capital will advance to us eighty percent of the value of those accounts, up to a maximum of \$1,000,000 of receivables. The reserve of twenty percent will be rebated to us as the receivables are paid, subject to a discount equal to: (i) Prime Rate plus 1.75% on net funds employed on the last day of each calendar month, plus (ii) (a) 1.75% for the initial 30 days per invoice amount and (b) 1.60% for each subsequent 30 day period or part thereof per invoice amount. The agreement also permits Alliance Financial Capital to reduce the amount advanced to us (and thereby increase the reserve) in the event of certain contingencies. We pay an annual facility fee equal to one percent of the \$1,000,000 credit limit. This agreement expires September 12, 2002, but shall renew automatically unless we terminate it. Our CEO, Steve Pomerantz, and our President, Chris Tisi, have personally indemnified Alliance Financial Capital regarding the validity of the accounts receivable being factored and certain other related matters.

We will continue to be dependent on factoring our receivables in order to support our working capital needs for the foreseeable future. There is no assurance that we will be able to factor our accounts receivable in the future at commercially reasonable discount rates that will provide us sufficient working capital or allow us to make a profit. Our inability to factor our receivables at commercially reasonable terms would have a material adverse effect on our results of operations.

Under current cash flow conditions, there is no assurance that we will be able to meet payment terms from suppliers. Our inability to meet such payment terms would have a material adverse effect on the company.

It is possible that the Company's current cash and cash flow from operations may be insufficient to meet its anticipated cash needs. To the extent our internal cash flow, supplier credit lines and factoring arrangement are not sufficient, we may need to raise additional capital in order to meet working capital needs. We may attempt to raise additional equity or capital, either through private placements or asset based loans. We have no current arrangements with respect to sources of additional equity financing and there can be no assurance that additional equity or debt financing will be available to us on commercially reasonable terms, or at all. In the event our internal cash flow, supplier credit lines, factoring arrangement and capital raising are inadequate to meet our cash flow requirements, we may need to curtail operations.

Commitments and Contingencies

Regulatory Matters - Our products Fatcutter, ThinTab and Carbolizer, contain ephedra, also known as "Ma Huang," an herb which contains naturally-occurring ephedrine. These products

represented approximately 20% of our gross revenue for the nine months ended September 30, 2001. Ephedra containing products have been the subject of adverse publicity in the United States and other countries relating to alleged harmful effects.

In April 2000, the FDA withdrew most of the provisions of its proposed rule regarding dietary supplements that contain ephedrine alkaloids. The proposed rule, which was published in 1997, would have significantly limited our ability to sell Fatcutter, ThinTab and Carbolizer if it had been made effective. The FDA's withdrawal of the provisions removed most, but not all, of the limitations. This action was prompted largely by a report issued by the United States General Accounting Office ("GAO") in which the GAO criticized as faulty the scientific basis for the proposed rule and the FDA's evaluation of approximately 900 reports of adverse events supposedly related to the consumption of dietary supplements containing ephedrine alkaloids. The FDA made available for public inspection most of the adverse event reports on April 3, 2000.

On October 25, 2000, several trade organizations for the dietary supplement industry submitted a petition to the FDA which concerned the remaining provisions of the proposed rule regarding dietary supplements that contain ephedrine alkaloids. The petition requested the FDA to: (1) withdraw the remaining provisions of the proposed rule, and (2) adopt new standards for dietary supplements that contain ephedrine alkaloids, which were set forth in the petition. The FDA has not publicly responded to this petition.

The FDA will, most likely, attempt to issue a new proposed rule with respect to dietary supplements that contain ephedrine alkaloids. However, it is uncertain what restrictions the new proposed rule might contain or when a new proposed rule will be issued. In the Company's opinion, it is unlikely that a final regulation will be issued by the FDA during 2001. Consequently, management is unable at the present time to predict the ultimate resolution of these issues, or their ultimate impact on the Company's results of operations or financial condition.

Product Liability - We, like other marketers of products that are intended to be ingested, face the inherent risk of exposure to product liability claims in the event that the use of our products results in injury. We maintain product liability insurance coverage. It may become increasingly difficult to obtain and maintain product liability insurance coverage for products containing ephedra at current premiums.

Although no material product liability claims have been asserted against us, if they are in the future, our product liability insurance coverage could prove to be inadequate and these claims could result in material losses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Sam Acquaviva vs. HNS International Marketing, Inc.

As previously reported, the Company was named as a defendant in Sam Acquaviva vs. HNS International Marketing, Inc. et al., Case No. 99 CVS 7343 filed in Mecklenburg County, North Carolina Superior Court on May 13, 1999. On October 19, 2001, a settlement agreement was reached. Although we denied any liability to Mr. Acquaviva, to avoid the uncertainty and expense of litigation we paid \$4,500.00 to Mr. Acquaviva. Mr. Acquaviva has filed a stipulation of dismissal with prejudice with the court and the case has been dismissed.

Health and Nutrition Systems, International, Inc., Steven Pomerantz and Anthony F. Musso, Plaintiffs, vs. Milton H. Barbarosh, Ricki Barbarosh, Stenton Leigh Group, Inc., Stenton Leigh Capital Corp., and EAI Partners, Inc., Defendants

As previously disclosed, the Company and two of its officers and shareholders, Steven Pomerantz and Anthony Musso, sued Milton H. Barbarosh and Ricki Barbarosh (Milton's wife) and three corporations which are owned or controlled by Mr. Barbarosh, Stenton Leigh Group, Inc., Stenton Leigh Capital Corp., and EAI Partners, Inc. in state court (the Fifteenth Judicial Circuit of Florida in and for Palm Beach County). Mediation is scheduled in that case for early December 2001.

J.C. Herbert Bryant, III and KMS-Thin Tab 100, Inc.

The Company has previously reported that it and three of its officers were sued in state court by KMS-Thin Tab 100, Inc. ("KMS"). On May 8, 2001, a judge sitting in the Fifteenth Judicial Circuit of Florida in and for Palm Beach County granted HNS's motion to dismiss all counts in KMS's complaint against certain officers of the Company without prejudice. Subsequently, KMS revised and re-filed its complaint. On August 8, 2001 the judge heard oral arguments on the motion to dismiss KMS's re-filed complaint against those officers and, without making any determination on the merits, denied the motion. The Court did not consider or rule on KMS's breach of contract claim against HNS. Efforts by the Company at mediation and through settlement negotiations have thus far proven unsuccessful.

In addition to the particular legal matters discussed above, the Company, from time to time, is a party to routine litigation incidental to its business. Management does not believe that any of these pending legal proceedings, individually or in the aggregate, will materially impact the Company's financial condition or results of operations.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Index and Exhibits:

10.1 Accounts Receivable Financing Agreement between Alliance Financial Capital, Inc., and the Company dated September 12, 2001.

(b) Reports on Form 8-K during the fiscal quarter ended September 30, 2001: None.

SIGNATURE

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 14, 2001

HEALTH & NUTRITION SYSTEMS
INTERNATIONAL, INC., a Florida corporation
(Registrant)

/s/ STEVEN POMERANTZ

Steven Pomerantz
Chief Executive Officer and Treasurer

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.

FORM 10-Q QUARTERLY REPORT

FOR THE FISCAL QUARTER ENDED:

SEPTEMBER 30, 2001

EXHIBITS

Exhibit 10.1

ACCOUNTS RECEIVABLE FINANCING AGREEMENT

Alliance Financial Capital, Inc. (hereby "AFC"), a California corporation, having its offices at 700 Airport Boulevard, Burlingame, California 94010 and the undersigned SELLER (hereafter "SELLER") hereby agree as follows:

A. On a transaction-by-transaction basis and at each party's sole and absolute discretion, AFC hereby agrees to buy SELLER'S accounts receivable (hereafter "accounts") on a discounted basis, including, without limitation, full power to collect, compromise, sue for, assign, or in any manner enforce collection thereof, in the name of AFC, or otherwise. Each transaction for said purchase and sale of accounts should be on a daily batch basis, which is defined as all original invoices submitted to AFC by SELLER on a particular day. AFC shall purchase said accounts, subject to the foregoing, as a group (hereafter "BULK") and each of said Bulks shall be treated as a separate transaction on AFC's books and records, which shall be accounted for as between AFC and SELLER separately and independently from all other such transactions entered into between AFC and SELLER. Each of said transactions shall be supported by a Bulk Assignment Schedule, an exemplar of which is attached hereto and made a part hereof by this reference as Exhibit "A," executed by SELLER, setting forth the transaction amount, (which is defined as the total gross face amount of all invoice(s) included in each transaction), the consideration (hereafter "ADVANCE") paid by AFC therefor, the contingency reserve, and the discount, therefor. Each of said Bulk Assignment Schedules shall be deemed a separate sale and assignment of accounts, regardless of the number of invoices listed therein, and shall incorporate the terms, conditions and provisions of this agreement.

B. AFC shall advance to SELLER toward the purchase of said accounts, the following percentage of each BULK, less sales tax, so long as SELLER is not in breach of this agreement: eighty percent (80%) up to the Account Credit Limit, (defined as the maximum amount of accounts purchased and unpaid at any time), of one million dollars (\$1,000,000.00).

C. SELLER makes the following representations, warranties and covenants with respect to each such transaction which may be entered into between AFC and SELLER hereafter:

1. SELLER shall be the sole and absolute owner of said account(s), and shall have the full legal power to make said sales, assignments and transfers.
2. Said accounts shall be presently due and owing to SELLER with terms not to exceed net sixty (60) days, the amount(s) thereof shall not be in dispute, the payment of said account(s) shall not be in dispute, or contingent upon the fulfillment of this, or any other contract(s), past or future, and SELLER shall not know, or have reason to believe that the account debtor(s) is unable to remit payment within terms.

3. There shall not be any set-off or counterclaims against said account(s), and said account(s) shall not have been previously assigned or encumbered by SELLER in any manner whatsoever.
4. AFC shall have the right to reduce contingencies (the total of each Bulk, less ADVANCE and net discount) and to apply contingencies, as defined hereafter, from any transactions to any other transaction(s) between the parties by the amount of any dispute(s), discount(s), return(s), defense(s), or offset(s) taken by any account debtor(s). If contingencies are inadequate, AFC shall have the right to deduct said amount(s) from any other billing rights purchased by AFC from SELLER to demand payment of any other accounts receivable of SELLER, whether or not purchased by AFC, and/or demand reimbursement from SELLER.
5. Said account(s) shall be the property of and shall be collected by AFC, but if for any reason any amount(s) thereof should be paid to SELLER by any of said account debtor's, SELLER shall immediately deliver all such checks or other instruments in kind to AFC.
6. AFC shall have the power of endorsement for any purpose on any and all checks, drafts, money orders, or any other instruments in AFC's possession and payable to SELLER. SELLER hereby appoints AFC its agent for said purpose.

7. SELLER shall promptly advise AFC, in writing, if SELLER's place of business is changed, a new place is added or record keeping is changed.
8. SELLER shall provide to AFC an accounts receivable/accounts payable aging report on the first and the fifteenth day of each month, and a current income statement, balance sheet and bank account(s) statement(s) by the fifteenth day of each month, for the previous month.
9. SELLER will comply with and perform any term, obligation, covenant, or condition contained in this agreement, or in any of the related documents, and will comply with and perform any term, obligation, covenant or condition contained in any other agreement between SELLER and AFC.
10. Any warranty, representation or statement made or furnished to AFC by SELLER, or on SELLER's behalf under this agreement, or the related documents, shall not be false or misleading in any material respect, either now or at the time made or furnished, or will become false or misleading at any time thereafter.

D. A gross discount of twenty percent (20%) shall be held in a reserve account (Reserve) by AFC from the collection of each invoice. SELLER however shall be entitled to a rebate (gross discount less net discount) regarding each invoice, which shall be deducted from said gross discount, if such invoice amount is paid within 90 days by said account debtor(s), subject to retention by AFC of such amount as AFC deems appropriate to secure all of SELLER's obligations to AFC. The net discount shall be computed as follows:

NET DISCOUNT:

Prime Rate plus one and three quarter percent (1.75%) on net funds employed. This portion of the net discount shall be deducted from the Reserve on the last day of each calendar month during the term of this agreement and shall be based on a three hundred and sixty (360) day year. (For the purpose of this Agreement, the Prime Rate is as published every day in the Wall Street Journal. Should the Prime Rate be published in more than one section of the Wall Street Journal, the rate that is highest will be valid. Should the published Prime Rate change from the previous day, the Prime Rate of this Agreement so shall change to match the published rate, effective that day.) Additional discount of one and three quarter percent (1.75%) for the initial thirty (30) days or a part thereof per invoice amount, and one and six tenths percent (1.6%) for each subsequent thirty (30) day period or a part thereof, per invoice amount. Redirected payment fee: If a payment for any purchased invoice is sent by an account debtor directly to SELLER, a fee equal to fifteen percent (15%) of the invoice amount shall be deducted by AFC from the reserve account of SELLER, unless the payment is sent to AFC, in its original form, within five (5) business days. This fee is not a penalty, but is liquidated damages, to compensate AFC for additional administrative and collection expenses, interest costs and other damages resulting from such action. SELLER agrees and acknowledges that fifteen percent (15%) is a fair estimate of those damages. Annual facility fee of one percent (1%) of the account credit limit. For each funding request less than five thousand dollars (\$5,000) a charge of two hundred and fifty dollars (\$250) will be deducted from the reserve account of SELLER. Should SELLER request an expedited funding, which is defined as an advance taking place on the same day as the invoices are presented, a charge equal to the greater of one half of one percent (.5%) of the amount presented for financing, or two hundred and fifty dollars (\$250) will be deducted from the reserve account of SELLER.

TERM:

The term of this agreement shall be for twelve (12) months from the date of the initial advance with a minimum average net funds employed balance equal to twenty percent (20%) of the account credit limit for each calendar month. (\$200,000) If the minimum average daily account balance is not met in any month, AFC will charge additional fees to be deducted from the reserve account. The additional fees will be calculated by deducting the average daily balance in any calendar month and subtracting it from the minimum average daily account balance as set forth in this agreement. The result, if a positive number, will be multiplied by the net discount calculated by assuming this amount was outstanding and accruing fees for each day of the calendar month, and will be deducted from the Reserve. This term shall renew automatically in twelve (12) month increments unless a written request for termination is received by AFC, sent certified mail, return receipt requested, at least thirty (30) days prior to the renewal date. Should SELLER request a termination of this agreement at any time and for any reason, SELLER acknowledges that AFC has the right to

collect minimum monthly fees by assuming that the minimum average daily balance was outstanding and accruing fees for each month remaining in the term, not as a penalty, but as liquidated damages, to compensate AFC for loss of profits, recovery of expenses and other damages resulting from such

premature termination. SELLER agrees and acknowledges that it would be very difficult or impossible to calculate such amounts, and that full payment of the minimum monthly fee for each month in the remainder of the term is a fair estimate of those damages. For any portion of any month remaining in the term, the minimum monthly obligation shall be prorated accordingly.

All checks received by AFC will be credited on the actual date of receipt. The collection period, regarding each specific invoice, shall be calculated by counting the days from the date of each ADVANCE through and including five (5) business days after the date upon which the total monies collected from said account debtor(s), is equal to or greater than the sum of the ADVANCE and the net discount (gross discount less rebate). AFC shall remit to SELLER its contingency reserve (all sums collected in excess of a sum equal to the net discount and advance) regarding each invoice, providing SELLER is not in default or breach of this agreement.

E. Should any of the above warranties expressed by SELLER be inaccurate, or if a material adverse change occurs in SELLER's financial or other condition, or AFC believes the prospect of payment or performance of this agreement is impaired, and AFC declares SELLER to be in default of this agreement, fees shall accrue at one and one half times the contractually negotiated rate until such time as AFC, at its sole discretion, declares the default to be cured. Should any of the above warranties expressed by SELLER be inaccurate, and it becomes necessary for AFC to utilize an attorney to enforce its rights against SELLER, SELLER agrees that such attorneys' fees shall be borne by SELLER. This includes, but is not limited to, AFC's attorney's fees and, AFC's legal expenses, whether or not there is a lawsuit, associated with the voluntary or involuntary bankruptcy of SELLER or the principal(s) of SELLER, including efforts to modify or vacate any automatic stay or injunction, petitions for the use of cash collateral, reorganization of SELLER, fees incurred by AFC in the collecting of an account for which there has been a breach of any representations, warranties or covenants as set forth in this agreement, or a partial or total failure or delay in payment by an account debtor for any reason, including insolvency, bankruptcy, or the financial inability to pay, or other actions, including appeals, on behalf of SELLER or AFC. Seller also will pay any court costs, in addition to all other sums provided by law.

F. SELLER hereby authorizes AFC, at its sole discretion, and on prior written notice to SELLER, to set funding limits for each account debtor. AFC may, in its sole discretion, elect to reduce the advance percentage of any account debtor as part of its credit evaluation of the account debtor, AFC shall have the right in its sole discretion after 90 days from the invoice date, or if any of the representations, warranties or covenants are inaccurate, and reasonable notice to SELLER, to demand payment from SELLER, for any unpaid invoices sold, assigned and transferred to AFC by SELLER, pursuant to the terms and conditions hereof, or to proceed against SELLER or against any account debtor(s) for the collection or offset of any unpaid invoice or amount due. SELLER agrees that in the event an invoice goes past 90 days of the invoice date, or if any account debtor asserts at any time any deduction, dispute, contingency, offset, or counterclaim with respect to any invoice. SELLER shall remunerate AFC with additional verified invoices or financial reimbursement for the amount advanced with respect to a particular invoice, plus all accrued fees with respect to a particular invoice, plus an adjustment fee of one percent (1%) of the amount of the invoice. As security for the payment of AFC's fees and other charges and for the payment of advances made by AFC to or on behalf of SELLER. SELLER hereby grants a security interest in and to the following described property, whether now or hereafter owned or existing, leased, consigned by or to, acquired by Seller and regardless of where located: (1) All accounts, deposit accounts, contract rights, chattel paper, general intangibles, instruments, documents, letters of credit, bankers acceptances, drafts, claims, causes of action, rights in and under insurance policies, rights to tax refunds and inventory and all proceeds of the foregoing, including Seller's rights to any returned or rejected goods; (2) All Seller's rights to monies, refunds, and other amounts, due from whatever source, including Seller's right of offset and recoupment; (3) All goods, including but not limited to equipment, farm products, machinery, furniture, furnishings, fixtures, tools, supplies, motor vehicles, and (4) All proceeds of the foregoing, whether due to voluntary or involuntary disposition, including insurance proceeds and reserving the right to file and prosecute lawsuits, pertaining thereto, in SELLER's or AFC's name or otherwise; (5) All books and records relating to the same; (6) Seller irrevocably appoints Buyer and any of Buyer's officers as Seller's attorney to execute such financing statements, continuations and amendments and to take such other actions as Buyer deems appropriate to perfect and continue the perfection of the security interest granted hereunder.

G. AFC warrants that it will use its best efforts to collect the amounts due under this Agreement, and SELLER agrees that AFC may, in its sole discretion,

settle, compromise, or otherwise accept payment of less than the full

amount, if in its judgment such action is necessary to effect collection. SELLER agrees that the amount of such reduction shall be applied as a reduction of the contingency reserve.

H. If it should become necessary for AFC to enforce its rights against the account debtor(s) SELLER agrees that AFC may apply a maximum sum equal to the total unpaid contingency reserve of SELLER, to compensate AFC for its attorney's fees therefore. AFC may correct patent errors herein or in any BULK Assignment Schedule executed by SELLER and fill in blanks. Any provision hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. The laws of the State of California shall govern the validity, interpretation, enforcement and effect of this agreement, and SELLER hereby consents to the exclusive jurisdiction of all courts in the County of San Mateo, in the State of California. AFC AND SELLER EACH HEREBY WAIVE ITS RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CONTROVERSY OR CLAIM. SELLER acknowledges receipt of a true copy and waives acceptance hereof. If the SELLER is a corporation, this agreement is executed pursuant to the authority of its Board of Directors. AFC and SELLER as used in this agreement include the heirs, executors, or administrators, successors or assigns of those parties. The obligations of SELLER and guarantors herein shall be joint and several. AFC is hereby authorized to obtain periodic Experian credit reports concerning all signatories hereof. AFC may inspect and audit SELLER's and guarantor's books and records during normal business hours, the actual cost of which shall be reimbursed by SELLER to AFC.

I. SELLER agrees to reimburse AFC for any of its out-of-pocket incidental costs and expenses, including but not limited to costs for wire transfers of funds, credit reports, delivery services, lockbox maintenance, document searches, postage, quarterly on site account auditing fees (not to exceed five hundred and seventy five dollars (\$575) per day, maximum of three (3) days) per audit, and other services. Quarterly off site auditing consists of auditing of the accounts receivable and financial statements, bank statements, accounts receivable/payable aging reports, and any other reports that may be required to provide AFC with information necessary to the audit process. Failure by SELLER to provide any documentation as stipulated in Paragraph C, Number 8 of this Agreement will result in SELLER being liable for the maximum charge for on site auditing during that quarter, whether an on site audit has taken place or not. Should SELLER provide all documentation as stipulated in Paragraph C. Number 8 of this Agreement, an on site audit will not take place unless the SELLER is declared in default by AFC, or there is a material deterioration in the performance of SELLER. For purposes of this agreement, each quarter will be each ninety (90) day period of time from the date of the initial advance. Should SELLER wish to dispute any action taken by AFC at any time during the term of this agreement, SELLER must request a review in writing of the action within ninety (90) days of its occurrence. Should SELLER fail to submit its request for a review within ninety (90) days, SELLER waives any right to have the action reviewed. SELLER authorizes AFC to initiate any credits to my account(s), or debits from my account(s) via wire transfer or Automated Clearing House (ACH) transfer for the purpose of making advances, or to disburse other bindings, or to correct any errors that may have been made in connection with the transfer of any funds into my account(s).

J. This agreement contains the entire agreement between the parties with respect to the contemplated transactions, and it may not be modified or any of its terms waived, except by an instrument in writing signed by the party or parties to be charged, and no collateral representations, whether oral or written, shall survive execution of this agreement.

IN WITNESS, WHEREOF, the parties have duly executed this ACCOUNTS RECEIVABLE FINANCING AGREEMENT this 12th day of September 2001 at Burlingame, California.

ALLIANCE FINANCIAL CAPITAL, INC. (SELLER) Health & Nutrition Systems International, Inc.

By: _____ By: /s/ Steven Pomerantz
(Signature) (Signature)
Its: _____ Its: CEO
(Title) (Title)
Witness: /s/ Albert Dugan

VALIDITY INDEMNIFICATION

Re: Health & Nutrition Systems International, Inc. ("SELLER") and Alliance Financial Capital, Inc. (AFC) Accounts Receivable Financing Agreement and related documents of even date.

The undersigned are the officers of SELLER and in order to induce AFC to extend factoring accommodations to the "SELLER", pursuant to the Agreements with the "Seller", the undersigned hereby warrants, represents and promises to AFC as follows:

The undersigned acknowledges and agrees that "Seller" has made the following representations, warranties and promises to AFC:

1. All "Seller" accounts which have been or will be reported to AFC by or on behalf of the "Seller" under the Agreements and in which AFC holds a security interest ("Accounts"), whether such reports are in the form of accounts receivable aging reports, invoices, transmittals, shipping documents, collateral reports or financial statements, are genuine and in all respects what they purport to be, represent bona fide obligations of "Seller's" customers arising out of the sale and completed delivery of merchandise and or services sold by the "Seller" (the Sold Goods/Services") in the ordinary course of its business and in accordance with and in full and complete performance of customer's (each, and "Account Debtor") order therefore.
2. All original checks, drafts, notes, letters of credit, acceptances and other proceeds of the Accounts, received by the "Seller," will be held in trust for AFC and will immediately be forwarded to AFC upon receipt, in kind, in accordance with the terms of the Agreements.
3. None of the Accounts are or will be the subject of any offsets, defenses or counterclaims of any nature whatsoever, other than those offsets, defenses or counterclaims disclosed in writing by SELLER and the undersigned, prior to the sale to AFC of the invoice(s) subject to the offsets, defenses or counterclaims, and "Seller" will not in any way impede or interfere with the normal collections and payment of the Accounts. The disclosure of every offset, defense or counterclaim must state in writing the maximum potential dollar value of the offset, defense or counterclaim that could be taken by an account debtor against an invoice or series of invoices prior to submission for sale.
4. "Seller" is presently solvent. "Solvent" means "Seller's" assets exceed its liabilities and "Seller" is able to pay its debts as they come due.
5. The Sold Goods/Services are and will be up to the point of sales, the sole and absolute property of the "Seller," and the Accounts and Sold Goods Services will be free and clear of all liens and security interests, except the security interest of "Seller."
6. The due dates of the Accounts will be as reported to AFC by or on behalf of the "Seller."
7. "Seller" will promptly report to AFC all disputes, rejections, returns and resale of Sold Goods/Services and all credits allowed by the "Seller" upon all Accounts.
8. All reports that AFC receives from the "Seller," including BUT NOT LIMITED TO those concerning its Accounts and its inventory, will be true and accurate except for minor inadvertent errors.
9. "Seller" will not sell its inventory except in the ordinary course of business.
10. "Seller" understands and acknowledges that in the event a bankruptcy petition is filed by or against "Seller", "Seller" cannot sell to AFC any receivables without first obtaining bankruptcy court approval. "Seller" agrees to immediately notify AFC if "Seller" files or has filed against it any petition for relief under bankruptcy laws. "Seller" agrees it will not sell any receivables or accept any advance from AFC after Seller becomes subject to any bankruptcy law without first having obtained bankruptcy court approval on terms satisfactory with Purchaser.

The undersigned hereby indemnities AFC and holds AFC harmless (continuously and irrevocable for so long as the "Seller" is indebted to AFC), from any direct or indirect damage or loss including any costs (including reasonable attorney's fees and expenses) incurred by AFC in relation to such damage or loss which AFC may sustain as a result of the breach of any of the above representations, warranties or promises or of Alliance Financial Capital Inc.'s reliance (whether or not such reliance was reasonable) upon any misstatement (whether or not intentional), fraud, deceit, or criminal act on the part of any officer, employee, or agent of the "Seller." The undersigned also agrees to reimburse AFC for any costs (including reasonable attorney's fees and expenses) incurred by AFC in the enforcement of this Validity Indemnification, provided AFC prevails in its dispute against the Validity Indemnitors. All such sums will be paid by the undersigned to AFC on demand. Nothing herein contained shall be in any way impaired or affected by any change in or amendment of any of the Agreements. This agreement shall be binding upon the undersigned, and the undersigned's personal representatives, successors, and assigns. The laws of the State of California shall govern the validity, interpretation, enforcement and effect of this agreement, and SELLER hereby consents to the exclusive jurisdiction of all courts in the County' of San Mateo, in the State of California.

Upon receipt of a certified letter, return receipt requested, notifying AFC that the employment with the SELLER of any of the undersigned has been terminated for any reason, AFC will immediately suspend funding. The responsibilities of the undersigned relative to this indemnification will extend only to invoices purchased up to the date of the receipt of this letter.

IN WITNESS WHEREOF, the parties have duly executed this VALIDITY INDEMNIFICATION this 6th day of September, 2001 at Burlingame, California.

Christopher Tisi

Steven Pomerantz

(Print Name of Validity Indemnitor)

(Print Name of Validity Indemnitor)

/s/ Christopher Tisi

/s/ Steven Pomerantz

(Signature of Validity Indemnitor)

(Print Name of Validity Indemnitor)

(Social Security Number)

(Social Security Number)

(Driver's License Number)

(Driver's License Number)