

## Executive Summary

Vic Davidson Music & Pro Multimedia, Inc. is a privately owned talent representation and entertainment recording facility with principal offices located in New York City. Vic Davidson Music & Pro Multimedia, Inc. (VDM) was formed in August of 2000 to fill a void in the entertainment industry by offering talent representation, consulting, and digital music film productions and distribution networks for aspiring actors/actresses, models, artists, musicians, and extreme athletes. The Company will establish a dominating presence in the industry by providing superior consulting and production work for entertainers, utilizing state of the art technology, a superior workforce, and constantly introducing new artists to the world.

Vic Davidson Music & Pro Multimedia, Inc. is poised to become the leading consulting, representation, and production firm in New York City before expanding nationwide. This will be accomplished by offering personalized service, continuously investing in the training and development of clients and staff members, and creating a high level of visibility and awareness for the Company's services and artists.

The founder and management team have over 75 years of combined experience in the entertainment, music, and fashion industry as performers, artists, and managers. The management team has worked together over the last year to develop close relationships with national management and training companies as well as the Greater New York Chamber of Commerce. Vic Davidson Music & Pro Multimedia, Inc. has proposed partnered with a leading modeling industry management company, Tracy Michelle Model Management (in Naples, Florida), and experienced trainer, Scott Powers, to provide their clients with unsurpassed direct representation to network and production companies.

### HIGHLIGHTS of Vic Davidson Music & Pro Multimedia, Inc.

**Management Experience.** The Management team is highly qualified and knowledgeable in areas of entertainment, music production, marketing, artist promotion, and music related services.

**Industry Knowledge.** Vic Davidson Music & Pro Multimedia, Inc. will leverage its knowledge of the industry to establish a dominating presence in its delivery of music production and talent representation services in the New York City region.

**Diverse Sources of Revenues.** Vic Davidson Music & Pro Multimedia, Inc. will generate revenues from diverse sources including: talent representation, sponsorship, domestic/foreign sales of records (in all formats) via the Internet; domestic/foreign music video sales (in all formats) via the Internet; digital performance of sound recordings; licensing; Internet (mym3.com); retail merchandise.

**Aggressive Marketing.** Management is positioning Vic Davidson Music & Pro Multimedia, Inc. to grow aggressively through strategic alliances, innovative marketing and branding programs, and first mover initiatives.

**Growing Market Segment.** In 1999 the music industry grossed over \$14 billion in the US.

**Customer Service.** Vic Davidson Music & Pro Multimedia, Inc. offers a high level of excellence in quality, customer service, and personalization.

**Value Proposition.** Vic Davidson Music & Pro Multimedia, Inc. offers competitive rates, state of the art equipment/recording studio, technical advances, and video artistry.

The Company has identified separate music and talent industry specific competitors in the New York City area. However, these companies do not offer both music and talent services afforded by Vic Davidson Music & Pro Multimedia, Inc. Vic Davidson Music & Pro Multimedia, Inc. will take advantage of the lack of competition to launch its services and capture a sizable market share in the New York City region.

Management has developed a clear and defined path that will help establish the Company as the leading talent representation and music recording Company. At the forefront of its model is the establishment of strategic alliances with various industry leaders that will help enhance the image of Vic Davidson Music & Pro Multimedia, Inc. and provide access to established distribution channels. While the Company fully expects outside threats to materialize in some form, management also believes its business model will mitigate outside threats and capitalize on the identified opportunity gaps such as geographic location, superior customer service, and a high tech studio.

Vic Davidson Music & Pro Multimedia, Inc. is seeking first round financing in the net amount of \$1,000,000 and second round financing of \$5,000,000 to be used for the following: advertising, marketing, salaries, office space, studio, artist development (posters, studio time, promotional product and videos, etc.), professional services, and working capital.

## **Company Description**

Vic Davidson Music & Pro Multimedia, Inc. (VDM) is an “C” corporation based in New York City. The Company is owned and operated by Mr. Victor Della Rossa. Victor formed the Company in August of 2000 to fill a void in the entertainment industry by offering talent representation, consulting, and digital music/film productions and distribution networks for aspiring actors/actresses, models, artists, musicians, and extreme sport athletes.

Vic Davidson Music & Pro Multimedia, Inc. has spent the last several years researching the entertainment industry and the options available for the performers, artists, actors, musicians, models, dancers, and extreme sport athletes. Each year millions of aspiring entertainers, actors/actresses, models, artists, and musicians travel to New York City seeking stardom. Unfortunately, the majority of these would-be celebrities hire agents, managers, and representatives who charge outrageous fees and offer nothing but promises.

According to the Better Business Bureau, modeling and talent agency scams are the fastest growing category of scams in New York City. These scams will continue to rise as unsuspecting aspiring actors, models, artists, musicians, and dancers continue to flock to New York City searching for fame and fortune. Typical scams involve agencies that promise jobs to prospective clients but require upfront fees. Aspiring actors and models are sent to “open auditions”, which they could have attended without representation, to compete against other hopefuls. In the end, they have paid high upfront fees for information available through any New York newspaper’s classified section. Vic Davidson Music & Pro Multimedia will offer aspiring actors, models, artists, dancers, musicians, and extreme sport athletes the opportunity to train with experienced professional as well as the opportunity to showcase their work and talent.

## **Mission and Vision**

The mission of Vic Davidson Music & Pro Multimedia, Inc. is to offer the highest quality consultation, personal representation and promotion of talented artists, models, and performers. Vic Davidson Music Studio will create and produce their client’s digital music audio/video productions for broadcast and distribution via the Internet and to recording, network, and production companies. The Company’s web site will market their client’s digital music and film productions, art work, and merchandise. The Company will deliver a high level of practical experience, know-how, and confidentiality in an environment where clients will be provided with professional, personalized service that will enable them to get their ideas, works, and products out to the public.

For its employees, Vic Davidson Music & Pro Multimedia provides an excellent place to work, a professional environment that will be challenging, rewarding, creative, and respectful of individuals and ideas. Vic Davidson Music & Pro Multimedia ultimately provides excellent value to its customers and fair reward to its owners and employees.

## **Legal Business Description**

Vic Davidson Music & Pro Multimedia is an “C” Corporation, owned by Victor Della Rossa. The Company is registered in the State of **New York** and its principal offices are located at 1186 Broadway, New York, New York 10001. This location of over \_\_\_\_\_ square feet will house the Company’s production facility and consultation offices.

## **Overview**

Vic Davidson Music & Pro Multimedia is an innovative player in the entertainment, consulting and music industry whose target market is the general public. The launch of Vic Davidson Music & Pro Multimedia marks a new era in artistic entertainment, consulting, audio and video production. The Company will specialize in recording, audio and music mixing using state of the art recording equipment. The Company’s music facility will feature the latest music ranging from Classical Symphony and Contemporary Instrumental Orchestra, Classic Rock and Pop Artists/Bands, Progressive Instrumental Rock (Metal), Progressive Instrumental Classical/Jazz Artists/Groups, Popular Jazz Bands, Big Band Jazz, Contemporary Popular Vocalists (American Idol), Soft and Light Contemporary Rock and Pop, Country, Rythym & Blues, Gospel, (and possibly other limited or exclusive artists with significantly “prime-time only” potential in the Alternative/RAP/HipHop genre). In addition to music recording, VDM will also serve as a talent agency, consulting aspiring actors/actresses, musicians, artists, models, dancers, extreme sport athletes and entertainers.

### Goals

The Company's initial strategy is to focus on clients in New York City. The Company's will target individuals from many different artistic genres. Initially, the Company plans to consult artists, models, actors/actresses, musicians, dancers, and extreme sport athletes. Additional goals include:

- Generating sales of \$695,000 in fiscal year one.
- Increase clients to 2,000 digital music customers, talent representation to 5,000 actors, artists, and musicians, and increase retail sales of merchandise through web site to 1,000 customers.
- Raise a net amount of \$1,000,000 through a 505 Reg D Private Placement Memorandum followed by \$4,000,000 through a Private Placement offering.

### Investment Highlights

The most common and easily available form of technology is the Internet. Vic Davidson Music & Pro Multimedia, Inc. has already put this medium to use with the web site for Company services ([www.vicdavidsonmusic.com](http://www.vicdavidsonmusic.com)). This site not only allows the Company to communicate with prospective clients throughout the world, but showcase client's work via digital music files, digital pictures, and video. The web site will also market artist's merchandise including: t-shirts, watches, mugs, binders, cosmetics, make-up products, and other accessory items related to agency artists and their promotions to casting agencies, producers, publishers and recording production companies.

### Market

New York City, the "Big Apple", the "entertainment capital of the world", draws masses of aspiring entertainers, actors/actresses, models, artists, dancers, and extreme sport athletes every year seeking representation. A breakdown of the entertainment industry is as follows:

- **Theatrical Producers and Services** - (SIC 7922) In 1997 there were 6,792 establishments in the theatrical producers and services industry. This industry employed 91, 200 individuals creating \$5,401,400,000 in revenue.
- **Entertainers** – (SIC 7929) In 1997 there were 85,400,000 employed in the Entertainment industry within 8,080 establishments generating \$5,404,900,000. New York City represents 13.8% of all of the entertainment industry establishments in the United States with 1,115, employing 3,036 or 11.2% of the nations entertainers and \$931,400,000 in revenue.
- **Music Industry** – According to the Recording Industry Association of America (RIAA), the overall size of the US sound recording industry based on the manufacturers' shipments at suggested list prices for 2001 was \$13,740,890,000. Of the music industry sales, 42.5% of sales were through a record store, 42.4% other stores (discount), 6.1% to tape/record clubs, 3% through TV, newspaper, magazine ads or 800 numbers, and 2.9% from the Internet. While the 2.9% Internet sales seems insignificant, it is almost a 3,000% increase from the 0.3% Internet sales of 1997. 89.2% of all recorded music was in the form of CDs and 1.1% as music videos/DVDs. The music industry has increasingly grown as teenagers and generation "X"ers spend a large portion of their expendable income on music entertainment. Based on current music industry analyses, the Company has decided to focus its creative and promotional efforts in the genre of Rock Music. According to the RIAA's 2000 research of music consumers age 12 to 54:
  - ❖ **Modern Rock** saw an 11% increase from 1999 to 2000 with 57% of music consumers ranking this genre as their favorite.

- **Extreme Sport Athletes** - According to Melissa Gullotti, Director of Media Services, ESPN X Games, Extreme Sports became an official to be televised sport in 1993 when executives of ESPN scheduled the first Extreme Games to be held in Providence, Middletown, and Newport, Rhode Island on from June 24 to July 1, 1995. At the time athletes competed in nine categories including: bungee jumping, wind surfing and mountain biking. The Games drew 198,000 spectators and seven sponsors including: Nike, Mountain Dew, Advil, Taco Bell, Chevy Trucks, AT&T, and Miller Lite Ice. On August 17, 2001, Philadelphia hosted the seventh annual X Games with more than 300 athletes from around the world competing for nearly \$1,000,000 in total prize money. Events have grown to include: Downhill BMS, Aggressive In-Line Skating, Bicycle Stunt, Moto X, Skateboarding, Street Luge, Speed Climbing and Wakeboarding. X Games also includes winter games with participation in the following events: Skiing Slopestyle and Skiing SuperPipe. Snowboarding Big Air, Snowboarder X and Slopestyle, FreeSkiing, Skiboarding, SnoCross and Snow Mountain Bike Racing. In another report the National Sporting Goods Association (NSGA) noted that only three sports witnessed a growth in participation for boys aged 7-17 from 1995 to 2000. Two of those sports are X Games cornerstones and they lead the list – skateboarding (129.6% increase from 1995 to 2000) and snowboarding (119.3% increase); the other was golf (31.8%). Perhaps not coincidentally, 1995 was the first year of the X Games.

### Products and Services

Vic Davidson Music & Pro Multimedia provides quality, professional development, consulting, talent representation, casting, digital music and film production, and merchandise. The VDM plans to create a Company where potential artists, musicians, models, designers, and actors/actresses can seek professional development through individualized consultation, promotion, and representation. Individual services can be classified according to the following:

- **Consulting** - Through working with clients one on one, Vic Davidson Music & Pro Multimedia's professional talent development will guide artists in their career training, enhancement, and ultimately promotion to top professional contractors, producers, agents, publishers, and directors. Through their strategic alliance with professional, Scott Power, VDM will provide clients training courses to enhance their camera work for print, commercial, advertising, and commercial print.
- **Talent Representation and Casting** – VDM will sign representation agreements with musicians, models, actors, dancers, extreme sport athletes, and artists and receive commissions for each professional booking or casting through the agency.
- **Digital Music and Film Production** – Utilizing their state of the art recording studio with computerized editing software, digital sound / video recording and editing equipment, and the knowledge and experience of a qualified management team, Vic Davidson Music & Pro Multimedia will produce, record, and distribute CDs and DVDs via the Internet.
- **Merchandise** – In addition to distributing client specific merchandise – t-shirts, posters, and mugs, VDM web site will offer a wide range of products including cosmetics and other accessory items related to agency artists and their promotion. VDM will also use their web site to promote (1) the prominent apparel designer, Yvonne Della Rossa which will include her contemporary and couture designs as well as one-of-a-kind miniature mannequin dolls and (2) the “Circle of 5ths”, a patented watch which accurately depicts a perfect musical circle of fifths schematic on the face.

### Competition

The Company has identified separate music and talent industry specific competitors in the New York City area. However, these companies do not offer both music and talent services afforded by Vic Davidson Music & Pro Multimedia, Inc. VDM will take advantage of the lack of competition to launch its services and capture a sizable market share in the New York City region.

**Funding Requirements and Uses**

Vic Davidson Music & Pro Multimedia, Inc is seeking financing through two phases, a 506 Reg D Private Placement in Phase I for the net amount of \$1,000,000 to be used for the purchase of equipment and the development of its infrastructure. The Company will require an additional \$4,000,000 in Phase II for advertising, marketing, management gaps, office space, studio, artist development (posters, studio time, promotional product and videos, etc.), professional services, web site development and additional working capital.

Use of Proceed	Dollar Amount		Percentage	
	Minimum	Maximum	Minimum	Maximum
Website	\$ 20,000	\$ 100,000	1.72%	1.72%
Land (1)	\$ 200,000	\$ 1,000,000	17.2%	17.2%
Installation (2)	\$ 20,000	\$ 100,000	1.72%	1.72%
Admin	\$ 60,000	\$ 300,000	5.16%	5.16%
Legal / CPA (3)	\$ 100,000	\$ 500,000	8.6%	8.6%
Advertising (4)	\$ 20,000	\$ 100,000	1.72%	1.72%
Equipment / Furnishings	\$ 80,000	\$ 400,000	6.88%	6.88%
Technical Support	\$ 20,000	\$ 100,000	1.72%	1.72%
Networking Equipment (5)	\$ 200,000	\$ 1,000,000	17.2%	17.2%
Inventory	\$ 20,000	\$ 100,000	1.72%	1.72%
Marketing (6)	\$ 100,000	\$ 500,000	8.6%	8.6%
<b>Total Expense</b>	<b>\$ 840,000</b>	<b>\$ 4,200,000</b>	<b>72.24%</b>	<b>72.24%</b>
Working Capital (7)	\$ 160,000	\$ 800,000	13.76%	13.76%
Commissions (8)	\$ 162,791	\$ 813,953	14%	14%
<b>GROSS PROCEEDS</b>	<b>\$ 1,162,796</b>	<b>\$ 5,813,954</b>	<b>100.0%</b>	<b>100.0%</b>
<b>NET PROCEEDS</b>	<b>\$ 1,000,005</b>	<b>\$ 5,000,000</b>	<b>86%</b>	<b>86%</b>

Notes

1. Studio location, either located in New Jersey or Manhattan
2. Expenditure for Manhattan office and remote studio location
3. Includes commission and amount owed to agents outside sales persons, training and travel for presentations, website updates,
5. Includes, but is not limited to equipment for studio location talent represented
7. The Company owes \$60,000 in back payroll as of the date of this Private Placement

## Financial Pro Forma

						Five-Year Income Projection	
	Year 1	Year 2	Year 3	Year 4	Year 5	Total: 5 Years	%
<b>Revenue</b>	<b>205,400</b>	<b>496,400</b>	<b>771,800</b>	<b>1,460,200</b>	<b>1,774,600</b>	<b>4,708,400</b>	<b>100.00%</b>
Models	65,000	78,000	93,600	114,400	137,800	488,800	10.38%
Actors	13,000	18,200	23,400	28,600	36,400	119,600	2.54%
Musicians	91,000	127,400	163,800	200,200	254,800	837,200	17.78%
Artists	23,400	39,000	46,800	62,400	78,000	249,600	5.30%
Dancers	5,200	10,400	13,000	15,600	20,800	65,000	1.38%
Surfers	2,600	7,800	10,400	13,000	15,600	49,400	1.05%
Skaters	2,600	7,800	10,400	13,000	15,600	49,400	1.05%
Bikers	2,600	7,800	10,400	13,000	15,600	49,400	1.05%
Circle of 5ths	0	200,000	400,000	1,000,000	1,200,000	2,800,000	59.47%
<b>Direct Variable Expense</b>	<b>92,500</b>	<b>62,500</b>	<b>73,000</b>	<b>141,000</b>	<b>170,500</b>	<b>539,500</b>	<b>11.46%</b>
Models	37,500	7,500	9,000	12,000	13,500	79,500	1.69%
Actors	7,500	3,000	3,000	3,000	4,500	21,000	0.45%
Musicians	25,000	10,000	10,000	10,000	15,000	70,000	1.49%
Artists	15,000	10,000	5,000	10,000	10,000	50,000	1.06%
Dancers	3,000	3,000	1,500	1,500	3,000	12,000	0.25%
Surfers	1,500	3,000	1,500	1,500	1,500	9,000	0.19%
Skaters	1,500	3,000	1,500	1,500	1,500	9,000	0.19%
Bikers	1,500	3,000	1,500	1,500	1,500	9,000	0.19%
Circle of 5ths	0	20,000	40,000	100,000	120,000	280,000	5.95%
<b>Gross Profit</b>	<b>112,900</b>	<b>433,900</b>	<b>698,800</b>	<b>1,319,200</b>	<b>1,604,100</b>	<b>4,168,900</b>	<b>88.54%</b>
<b>Variable Expense</b>	<b>65,000</b>	<b>93,721</b>	<b>116,395</b>	<b>143,605</b>	<b>176,860</b>	<b>595,581</b>	<b>12.65%</b>
Marketing & Advertising	65,000	93,721	116,395	143,605	176,860	595,581	12.65%
Print	15,000	21,628	26,860	33,140	40,814	137,442	2.92%
Radio & Television	35,000	50,465	62,674	77,326	95,233	320,698	6.81%
Trade Shows	5,000	7,209	8,953	11,047	13,605	45,814	0.97%
Web Site	5,000	7,209	8,953	11,047	13,605	45,814	0.97%
Internet Advertising	5,000	7,209	8,953	11,047	13,605	45,814	0.97%
<b>Fixed (Adminstrative)</b>	<b>396,441</b>	<b>437,281</b>	<b>561,548</b>	<b>693,923</b>	<b>874,497</b>	<b>2,963,690</b>	<b>62.94%</b>
Office Supplies	1,500	1,545	1,591	1,639	1,688	7,964	0.17%
Lease	45,000	46,350	47,741	49,173	50,648	238,911	5.07%
Taxes & Insurance	5,400	5,562	5,729	5,901	6,078	28,669	0.61%
Utilities	3,600	3,708	3,819	3,934	4,052	19,113	0.41%
Internet	600	618	637	656	675	3,185	0.07%
Professional Services	5,000	10,000	15,000	20,000	25,000	75,000	1.59%
Gen. Maintenance, Repair	2,054	4,964	7,718	14,602	17,746	47,084	1.00%
Permits and Licenses	500	515	530	546	563	2,655	0.06%
Supplies	2,400	2,472	2,546	2,623	2,701	12,742	0.27%
Misc	2,054	4,964	7,718	14,602	17,746	47,084	1.00%
Salaries	255,000	283,250	395,185	513,582	680,933	2,127,950	0.45%
Depreciation	73,333	73,333	73,333	66,667	66,667	353,333	7.50%

**Total Operating Expense**      **461,441** **531,002**   **677,943**   **837,528**   **1,051,357**   **3,559,272**   **75.59%**

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<b>Net Operating Income</b>	<b>(348,541)</b>	<b>(97,102)</b>	<b>20,857</b>	<b>481,672</b>	<b>552,743</b>	<b>609,628</b>	<b>12.95%</b>
Other Income	0	0	0	0	0	0	0.00%
Other Expense (interest expense)	0	0	0	0	0	0	0.00%
<b>Net Income Before Tax</b>	<b>(348,541)</b>	<b>(97,102)</b>	<b>20,857</b>	<b>481,672</b>	<b>552,743</b>	<b>609,628</b>	<b>12.95%</b>
Federal Tax	(69,708)	(19,420)	4,171	96,334	110,549	121,926	2.59%
State Tax	(31,369)	(8,739)	1,877	43,350	49,747	54,867	1.17%
Local Tax	(13,942)	(3,884)	834	19,267	22,110	24,385	0.52%
<b>Net Income After Tax</b>	<b>(233,523)</b>	<b>(65,059)</b>	<b>13,974</b>	<b>322,720</b>	<b>370,338</b>	<b>408,451</b>	<b>8.67%</b>

Note

1. Direct variable expenses include portfolio development, demo records, training classes, headshot/photos, screen tests, voice tests
2. Circle of 5th products will be under development through the first year of operations
3. Marketing & Advertising cost is increased year to year based on the ratio of total artist represented