GENESISINTERMEDIA COM INC
Form 10-K
April 16, 2001

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

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

001-15029
(Commission file number)

GENESISINTERMEDIA.COM, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	95-4710370
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

5805 SEPULVEDA BOULEVARD, VAN NUYS, CA 91411
(Address of principal executive offices) (Zip Code)

(818) 902-4100
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

TITLE OF EACH CLASS
COMMON STOCK, $.001 PAR VALUE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant at April 12, 2001 was $31,908,524. The number of shares outstanding of the registrant's Common Stock as of April 12, 2001 was 21,222,767.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated herein by reference: Part III -- The Registrant's Proxy Statement for its 2001 Annual Meeting (the "2001 Proxy").

PART I

This Annual Report on Form 10-K contains statements that are forward-looking, including statements relating to anticipated operating results, growth, financial resources, the development of new markets, the development, distribution, and commercial acceptance of new products and new applications for GenesisIntermedia.com, Inc.'s existing product lines. Investors are cautioned that, although we believe that our expectations are based on reasonable assumptions, forward-looking statements involve risks and uncertainties which may affect our business and prospects, including changes in economic and market conditions, acceptance of ours products, maintenance of strategic alliances and other factors discussed under the caption "Risk Factors" in our Registration Statement on Form SB-2, No. 333-66281 filed with the Securities and Exchange Commission and declared effective on June 14, 1999.

ITEM 1. BUSINESS

THE COMPANY

GenesisIntermedia.com, Inc. was incorporated in Florida on October 28, 1993 under the name Genesis Media Group, Inc., and re-incorporated in Delaware under the name GenesisIntermedia.com, Inc. on December 3, 1998. GenesisIntermedia.com, Inc. uses its core competencies to develop technologies and technology-related companies to market and sell products and services in strategically identified market segments. We own distinct marketing channels, and through CENTERLINQ, are a leading provider of public Internet access portals in shopping malls. We have been establishing an infrastructure to build, develop and nurture new companies and technologies, with an emphasis on matching traditional products, services and businesses with compatible technologies. We market our products and services, which we develop, license exclusively or distribute for third parties, utilizing traditional media, including network and cable television, radio, newspapers and magazines, as well as newer technologies, including the Internet and our CENTERLINQ network. As we have done with CENTERLINQ, we leverage our strength in operations, marketing and the deployment of traditional and new media to advance new and innovative technologies within strategically identified market segments.

Historically, our operation has consisted of the marketing, advertising and sales of our own products and those of our clients utilizing traditional marketing channels. While we continue to utilize conventional media to fulfill our marketing needs and those of our clients, our focus more recently has been on investing in and bringing to market innovative technology-based concepts that center around use of emerging technologies, including the Internet.

We intend to continue to search for market segments in which we believe marketing and technology strategies can be applied to leverage growth and efficiency. As we identify these segments, we intend to develop, acquire or otherwise apply technologies or our marketing capabilities to achieve growth and increased market share. We may do this through the acquisition of businesses, as we have done with Car Rental Direct.com, Inc., through services agreements where we make our technologies and marketing available to third parties or for our own products, as we do with the Men are From Mars, Woman are From Venus products, or through the development of new technologies to create new market opportunities, as we have done with CENTERLINQ.

CENTERLINQ is an integration of equipment and software that creates an attractive physical presence in retail malls, allowing for interactive advertising and retailing. CENTERLINQ is also accessible through the Internet at www.CENTERLINQ.com. Advertising displayed on large screen monitors on and adjacent to the public access kiosks enhances network usage and revenues. We have invested heavily to support the operational needs of CENTERLINQ and to attain a leadership position as a network of public Internet portals.

At December 31, 2000, CENTERLINQ was deployed and operating in 32 shopping malls across the United States. Traffic at these malls could enable CENTERLINQ to create up to approximately 33 million impressions per month. We foresee CENTERLINQ network expansion in additional malls through North America, and are discussing expansion in Europe and Latin America.

Even though we are entering emerging markets and have begun to generate revenue from CENTERLINQ and Car Rental Direct.com, we continue to rely on marketing products for a substantial part of our revenues. Proprietary products sold by us through integrated marketing capabilities including audio and video tapes and companion material products based on the book Men Are From Mars, Women Are From Venus, by John M. Gray, Ph.D., and other new products we have recently acquired. We expect that revenue from marketing products will continue to account for a major percentage of our revenues in the foreseeable future but, while revenues are expected to rise, the overall percentage of revenues that can be attributed to the these marketing activities will decline as we make additional investments and acquisitions and generate additional growth from technology-related enterprises.

Our CENTERLINQ experience has helped prove our model of how to apply technology and marketing development standards and resources to targeted industry segments to achieve an effective rollout of product. We believe our best opportunity to create and enhance long-term shareholder value will be our ability to identify targeted market segments, businesses and products where our marketing and technology capabilities can be a catalyst for rapid growth and market leadership. In addition to identifying businesses or products that may benefit by our marketing and technology capabilities, our acquisition candidates will include companies whose core competencies include the development of communications and information technologies, networking solutions, interactive concepts and a variety of other technologies that can be integrated to create new or significantly expanded market opportunities. We also examine joint venture and strategic alliance candidates. We will focus on acquiring or forming alliances with relatively well-established, revenue producing, e-commerce businesses, or businesses that can be marketed and sold effectively in e-commerce, that will complement our existing capabilities. Key personnel who possess technical expertise will be encouraged to remain with us on a long-term basis.

We acquired Car Rental Direct.com, Inc. ("CRD") in the spring of 2000. CRD competes primarily in the replacement car rental market. The replacement segment of the auto rental industry consists of rental to temporarily replace vehicles that have been sold, stolen or are being repaired for mechanical or accident reasons. CRD operates locations in Southern California and Arizona and currently maintains a fleet of approximately 1,000 cars. CRD has established vehicle fleet financing lines to build its vehicle inventory and is in discussions with lenders for short-term credit facilities to support equipment necessary to open additional locations CRD recently diversified into the automobile retailing sector, with the opening of a facility in Southern California to sell pre-owned and retired rental vehicles. An important part of our strategy in acquiring CRD was the opportunity to bring on-line efficiencies to the business. CRD intends to augment their service by allowing consumers the opportunity to complete a rental transaction entirely on-line and have the car delivered to their chosen destination.

In May 2000, we acquired Dynatype Design and Graphics Centers, Inc. ("DynaMedia"), a full-service integrated marketing, communications and design film. Effective December 31, 2000, we sold DynaMedia back to its original owner.

In April 2000, the Company purchased the assets of DoWebsites.com, Inc. for 72,000 shares of common stock valued at $1,224,000. The principal asset purchased was goodwill. The Company wrote off the goodwill established as a result of the acquisition of DoWebsites.com as the Company believes that the market for services offered by DoWebsites.com has decreased substantially due to the recent closures of many Internet related companies.

CENTERLINQ

CENTERLINQ is an integration of equipment and software that creates an attractive physical presence in retail malls, allowing for interactive advertising and retailing. CENTERLINQ combines an interactive touch screen with state-of-the-art large plasma overhead video screens that allow advertisers and retailers to deliver focused content to consumers.

We believe structural changes are occurring throughout the retailing industry. Retailers and retail real estate owners are seeking to compete more effectively by creating closer relationships with shoppers and knowing how each person likes to shop. We believe that improving the shopping experience is an important objective for retailers and owners of retail centers. CENTERLINQ, with its strategic location in the retail center and its strong technology applications, can become an important portal to deliver information and content to the shopper. We see CENTERLINQ as a platform for transacting business such as ticket sales, as an aggregator of information with respect to shopping preferences (customized shopping lists), as a site for distributing advertising messages and promotional campaigns and as a content portal for themes such as movie trailers, music videos or sporting events.

CENTERLINQ uses 40-inch elevated plasma screens to deliver high-energy advertising using a combination of visual and audio content. This is augmented by a more interactive experience using a touch screen format on a 20-inch touch screen component of kiosks located throughout each mall. Through the interactive touch screen, advertisers deliver advertising copy and conduct business with consumers through promotional discount campaigns, affinity programs, streaming media-rich content or by attracting the consumer to the sponsor's web site. CENTERLINQ delivers these features in an attractive and engaging modular format. Using CENTERLINQ, advertisers are able to influence a consumer decision in an environment conducive to an immediate retail transaction. Print, radio and television cannot achieve this, as their channels are more remote.

Currently, 32 malls are deployed with CENTERLINQ kiosks and we estimate 33 million impressions per month are generated at CENTERLINQ stations. Additional malls are scheduled for deployment over the next several months and we are in conversation with mall owners for the deployment in 115 new malls in 2001 and 2002. We have contracts with some of the country's largest mall owners, including The Taubman Company, Forest City Enterprises, Urban Retail Properties, Colonial Properties and Crown American Realty Trust.

The CENTERLINQ platform will generate revenue from several different sources. We believe it can offer advertisers a flexible configuration capable of incorporating video, rich media, data mining, banner advertising and interactivity. Advertising and transactions from data mining will be the prime source of revenue during the initial deployment of the CENTERLINQ network. However, we believe that e-commerce revenues from participation in commercial transactions taking place through CENTERLINQ can be an additional source of downstream revenue.

In 2000, we entered into a marketing and sales agreement with Infinity Outdoor, Inc. ("Infinity Outdoor"), a subsidiary of Infinity Broadcasting Corporation (NYSE: INF), which is owned by Viacom, Inc. (NYSE: VIA). Infinity Outdoor, which has contractual relationships with several hundred malls in the US, operates approximately 117,000 bulletin, poster, mall and transit advertising display faces and sports marketing services in 90 metropolitan areas in the United States, 13 metropolitan markets in Canada and 44 metropolitan markets in Mexico.

BUSINESS OVERVIEW

As retailers redesign their strategies to create a closer relationship with their shoppers, technology is expected to be at the forefront of their efforts. Technology can allow retailers and retail real estate owners to become more attuned to shopping patterns and to deliver value-added services. We believe the bricks-and-mortar retail presence will continue to be an important link to shoppers who will demand an improved shopping experience. We see CENTERLINQ as a platform for transacting business such as ticket sales, as an aggregator of information with respect to shopping preferences (customized shopping lists), as a site for distributing advertising messages and promotional campaigns and as a content portal for themes such as movie trailers, music videos or sporting events. By entering into long-term leases for exclusive presence in strong retail centers, CENTERLINQ is positioned to be the portal for such delivery.

We have to position CENTERLINQ as a tool for retailers and advertisers to customize their messages to shoppers. This will be achieved by promoting CENTERLINQ's Affinity Shopping Program. The Affinity Shopping Program (Platinum Reward Card) encourages shoppers to use CENTERLINQ to earn discounts on merchandise and participate in promotional programs, allowing CENTERLINQ to gather data on shopping preferences. We intend to use this information in several ways, including, for example, providing the shopper lists to YesMail.com in connection with its permission-based e-mail program, and to provide advertisers and retailers a more informed and direct connection to shoppers.

As the deployment program evolves, CENTERLINQ will be positioned as a more dynamic portal allowing a retailer additional points of contact within a mall setting through a unique platform that is designed for flexibility in the advertising message. Malls are going through significant structural changes whereby space is being retooled. Malls are being wired with fiber optics to link retailers and allow them to create a more efficient form of transacting business. This will allow retailers to manage their inventory and back-office operations more efficiently and will also provide opportunities to market to consumers more efficiently. CENTERLINQ provides a platform for interactive delivery that saves the retailer the investment in the development of the platform and allows them to focus on development of content. CENTERLINQ gives the advertiser and retailers access to a consumer in a setting that other more traditional media, such as print, radio and television, cannot provide. Further, with centralized control of the individual kiosk content, CENTERLINQ can provide retailers real-time opportunities to deliver information to consumers.

MARKET

We believe we have forged a leading position in the marketplace. Thirty-two malls in 18 states are currently deployed with CENTERLINQ systems. All of the systems are operational and feature our latest 3.9 generation software. The 3.9 version upgrade provides a significantly expanded feature set and supports rich media content. We support the installed base with

mission-critical centralized system architecture. Significant time and expense have been expended in developing this backbone infrastructure. We believe any serious competitor would have to expend similar time and resources to compete effectively. We believe this gives CENTERLINQ a significant time-to-market advantage. We have been successful in entering into contracts with respected mall owners for CENTERLINQ deployment. Now that the network infrastructure is in place, an installed base has been deployed and mall owners have signed on, we are at the threshold of aggressive mall deployment, which has created a commanding position in the marketplace.

We have aggressively marketed our product to major mall portfolio owners. With two notable exceptions, most mall owners appear reluctant to tackle the technical complexities and the major cost of developing their own captive systems. This contrasts with other real estate e-commerce initiatives, where major property owners have formed consortiums to control access to their real estate assets. We believe that providing an attractive system and good support services to the equipment in the malls is important in gaining the confidence of mall owners. More importantly, however, we offer strong economic motivations for mall owners to enter into contracts with us.

Contracts with mall owners take the form of lease contracts. The lease contracts are typically multi-year contracts providing for (with one exception) exclusive rights to deploy video and interactive advertising platforms in the malls. A majority of the leases call for a base lease rate and percentage rent based on a percentage of revenues over a threshold level. Mall owner economic participation can be significant and provides strong motivation to accommodate deployment and to promote a high profile in the malls. Most malls in the installed base have on average, six kiosk systems and twenty television/plasma screens deployed in high traffic areas.

The following is a list of the 32 malls where CENTERLINQ is currently deployed:

Alabama:	Bel Air Mall, Mobile
Arizona:	Fiesta Mall, Mesa
	Tucson Mall, Tucson
California:	Antelope Valley Mall, Palmdale
	Beverly Center, Los Angeles
	Galleria at Tyler, Riverside
	Hilltop, Richmond
	Lakewood Center, Lakewood
	MainPlace, Santa Ana
	Santa Monica Place, Santa Monica
	Stoneridge, Pleasanton
	Stonestown Galleria, San Francisco
	Sunvalley, Concord
	The Galleria at South Bay, Redondo Beach
	The Promenade Mall in Temecula, Temecula
Colorado:	Park Meadows, Littleton
Florida:	Orlando Fashion Square, Orlando
	University Mall, Tampa
Illinois:	Fox Valley Shopping Center, Aurora
Indiana:	Circle Centre, Indianapolis
Michigan:	Great Lakes Crossing, Auburn Hills
	Twelve Oaks, Novi
Nevada:	Galleria at Sunset, Henderson

New Jersey:	Jersey Gardens, Elizabeth
New York:	Boulevard Mall, Amherst
No. Carolina:	Colonial Mall Greenville, Greenville

Ohio:	The Avenue at Tower City, Cleveland
Oregon:	Lloyd Center, Portland
Pennsylvania:	Exton Square, Exton
Texas:	Valley View Center, Dallas
Virginia:	Ballston Common Mall, Arlington
Washington:	SuperMall of the Great Northwest, Auburn

INFRASTRUCTURE

A sophisticated infrastructure supports the CENTERLINQ system. This includes network architecture, information services, installation teams, field maintenance and client service personnel, programming and creative services, research and development, quality assurance, and the build-out of physical space and infrastructure to support the operations. The infrastructure provides important benefits, such as the ability to update and maintain software upgrades, centrally monitor individual kiosks and react immediately to problems, automate the advertising display and deliver system mall performance to mall owners in real time. A reliable support system facilitates more rapid deployment of kiosk equipment. The existing base of malls, installed while the system infrastructure was being developed, took an average of two weeks to deploy per mall. We estimate that, as a result of our recent efforts to streamline the process, it now takes only two days to fully deploy a new mall. Approximately 60 employees comprise the infrastructure support functions.

We have invested over $20 million in these activities since the acquisition of CENTERLINQ. We believe it is the industry leader in terms of overall system development, and that the complexity and size of investment in a network of this nature represent major impediments to competitors.

COMPETITION

There are several companies that have or are contemplating offering a kiosk-based product within shopping malls. These products range from digital mall directories to single terminals with controlled access to the Internet to multiple unit entertainment destinations with unlimited access to the Internet. Selected independent competitors include BigFatWow, Inc., CyberExpo, Golden Screens and ScreenZone. To the best of our knowledge, none of the competitors have received significant funding to date. We believe we have a sufficient headstart with respect to the number of malls deployed, malls under contract and investment in the network infrastructure to sustain a high quality service to the mall owners.

According to PriceWaterhouseCoopers, the on-line advertising industry has experienced dramatic growth over the last two years, from just under $1 billion in revenue for 1997 to $4.6 billion in revenue for 1999, and just under $2.0 billion in revenue for the first quarter of 2000. The on-line industry is populated by Internet portals such as AOL and Yahoo and by ad banner servers, such as DoubleClick, GoTo, Engage and ValueClick, who profile users and assist advertisers in reaching target consumer audiences on-line. The Internet provides a focused delivery mechanism, allowing for precise and efficient target advertising on a per user basis.

Several research organizations publish analyses of the online advertising industry including Jupiter Communications, Forrester Research, Internet Advertising Bureau and Veronis Suhler. Forrester Research forecasts that online marketing per company will rise from $550,000 this year to $1 million in 2003. It expects a new wave of online ad spending to power a recovery in 2003 that could propel U.S. digital marketing, not just impression-based advertising, to $63 billion in 2005, according to a report issued January 22, 2001. AdRelevance, a division of Jupiter Media Metrix, found that online ad impressions, or the number of times an ad appears online, increased in December 2000 by 21 percent from November 2000, revealing an all-time high of more than 65 billion impressions.

In late July 2000, the Clinton administration and online advertising firms reached an important agreement aimed at outlining rules governing tracking of web surfers. Under the agreement between the Federal Trade Commission, the Commerce Department and members of the Network Advertising Initiative, on-line advertisers agreed to self regulation on business practices regarding the aggregation of personal information. Among other elements of the agreement, on-line advertisers agreed to refrain from combining online data collected with off-line banks of information.

MEDIA AND INFOMERCIAL DIVISION

We began by producing infomercials and performing telemarketing services for our own products and for products owned by others. More recently, we have diversified our product offerings and have acquired the rights to market and distribute new consumer products developed by third parties.

MARKET

The demand for targeted marketing strategies has continued through the development of new marketing channels. We believe that many businesses will be unable to ignore the competitive challenge posed by the emerging e-commerce market and, as a result, will demand that their marketing strategies target a generation accustomed to the fast-paced power of the Internet and other interactive technologies, as well as those individuals who continue to rely on conventional media for information and entertainment. Systems that enable a business to deliver customized messages to customers in an interactive format and to instantaneously evaluate the success of their promotional activities address that demand.

As a creator and implementer of multi-disciplinary marketing, we are pro-actively developing and deploying strategies that use the Internet and other interactive platforms, as well as more traditional marketing-based strategy. We also benefit from having the ancillary support services necessary to ensure the success of our clients' marketing and distribution efforts.

We provide multi-disciplinary marketing for our proprietary products and for those of our clients. These include television and print advertising, business-to-consumer and business-to-business outbound telemarketing services and inbound telemarketing services that typically involve responding to customer inquiries and electronic order processing.

The success of these campaigns depends on the ability to rapidly develop positive customer response to the products and services marketed. Future results in product sales will be dependent upon our ability to rapidly generate positive customer response to products and services. This is particularly the case with directly marketed products. Customer response to direct marketing depends on many variables, including:

- the appeal of the products being marketed,
- the effectiveness of the marketing medium chosen and the marketing script,
- the availability of competing products, and o the timing and frequency of consumer presence, phone contacts and airtime.

Television and Print Advertising. Television and print advertisements convey marketing information to a large number of consumers and position a product within a broad market context. When the client's, or product's, marketing strategy calls for coverage to the public at large, we develop and implement marketing that uses these forms of traditional media.

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Telemarketing Services. Business-to-consumer and business-to-business outbound telemarketing services involve the use of client-generated, electronically transmitted lists of customers selected to match the demographic profile of the targeted customer for the offered product or service. We specialize in marketing products at price points that typically range from $100 to $5,000, with an average of approximately $2,000.

We invest in improved computer and telecommunications technology to supplement our telemarketing business and to enable us to expand this segment of the business. This technology assists telemarketers to more accurately identify and contact potential customers and provides telemarketing sales representatives with more complete on-line guidance and support. The computerized call management systems use predictive dialers to:

- automatically dial telephone numbers;
- determine if a live connection is made; and
- present connected calls to a telephone sales representative who has been specifically trained for the particular sales program.

Our ability to train and retain sales personnel is critical to our success because of the need to develop an in-depth knowledge of the complex products typically sold. Such factors serve to differentiate us from many of our competitors. Sales personnel are compensated by salary, commissions and bonuses based on individual performance and overall profitability.

Inbound telemarketing services typically include:

- the electronic receipt and processing of all sales information;
- the communication of necessary sales information to a contracted order fulfillment center; and
- the administration of customer order and service inquiries.

Infomercial production and teleservices for proprietary products are still performed by us. We also perform these services for products owned by other companies and typically we are compensated by retention of total sales revenue for these services. The pricing for inbound teleservices may vary, depending upon several factors, including the time spent, the number of calls received by personnel and sales-based performance fees. We also work on a fee-for-service basis.

Per our normal course of business, we enter into various agreements under which we are obligated to pay royalties on the products we sell. The royalties vary by agreement and are based on percentages of net revenue generally not to exceed 25% or a percentage of the net profits of the venture generally not to exceed 50%.

An in-house product development and marketing department researches, develops and analyzes products and product ideas. The development of relationships with third parties and the active solicitation of new clients seeking multi-disciplinary marketing opportunities augment the activities of the product development and marketing department. This fuels our objective of creating additional profit centers by seeking out innovative consumer products to market and distribute.

Our marketing operations are dependent on a continuing ability to develop or obtain rights to new products to supplement or replace existing products as they mature through their product life cycles. Historically, most products in the direct marketing industry generate their most significant revenue in their introductory year. We have brought on additional products to supplant, supplement and eventually replace those that are expected to experience slowdown in their lifecycles.

Future results of operations will also depend on the ability to spread revenue stream over a larger number of products in a given period and to more effectively exploit the full revenue potential of each product introduced through all levels of consumer marketing, whether directly or through third parties. The future revenues of the business will depend substantially on our ability to:

- create and maintain an effective, integrated organization that develops, introduces and markets products that address changing consumer needs on a timely basis;
- establish and maintain effective delivery platforms for products; and
- develop new and expand established geographic markets.

COMPETITION

Our competitors include a wide span of companies and organizations, including Internet software, content providers, technology companies, telecommunication providers and developers of e-commerce enterprises.

We also compete with operators of traditional off-line media, such as print and television for a share of the advertisers' total advertising expenditures. There can be no assurances that we will be able to compete sufficiently against our current or future competitors or that competition will not have a material adverse effect on our business, results of operation or financial conditions.

Because the market for "new media" being relatively new and subject to rapid technological change, we anticipate that overall competition will persist, intensify and increase in the future. There are relatively low barriers to entry into this market. We rely heavily on the skill of our personnel and the quality of our client service and there is no patented technology that would preclude or inhibit competitors from entering the market. We expect to face additional competition from new entrants into the market in the future. Principal competitive factors include:

- a company's creative reputation,
- knowledge of media,
- financial controls,
- geographical coverage and diversity,
- relationships with clients,
- technological capability, and
- quality and breadth of services.

If existing or future competitors develop or offer services that provide significant performance, price, creative or other advantages over those offered by us, then we anticipate that our business, results of operations and financial condition would be negatively affected.

Some current and potential competitors have longer operating histories, larger installed customer bases and longer relationships with clients and significantly greater financial, technical, marketing and public relations resources than we do. These competitors could decide at any time to increase their resource commitments to compete directly with us in certain markets or offer similar products.

INTELLECTUAL PROPERTY

Our trademarks, trade secrets and similar intellectual property are regarded as critical to our success. Although we currently have no registered

copyrights, trademarks or patents covering any of our proprietary technology, we currently rely on a combination of common law copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and contractual provisions with employees and with third parties to establish and protect our proprietary rights. For the development of marketing channel capabilities and technologies, we intend to rely upon unpatented trade secrets and know-how and on the expertise of our employees. These steps may not be adequate to protect our proprietary technology.

We intend to pursue the registration of our copyrights and trademarks based upon anticipated use internationally. We may not be able to secure copyright or trademark registrations for all of our marks in the United States or other countries. We filed trademark claims for "Genesis Intermedia" and "Show Super Star Interactive Video Presentation Systems," which is an interactive media presentation software product developed for the entertainment industry.

Owners of other registered or unregistered copyrights, trademarks or service marks could bring potential copyright or trademark infringement claims. If our technology infringes on the rights of other companies, we may be required to seek licenses from third parties. However, we may not be able to do so on commercially reasonable terms, if at all. In addition, we may be subject to litigation to defend against claims of infringement of the rights of others or to determine the scope and validity of the intellectual property rights of others. Likewise, and particularly because of our acquisition and growth strategy, disputes may arise with respect to ownership of technology developed by current employees who were previously employed by other companies.

If competitors prepare and file applications in the United States that claim trademarks used or registered by us, we may oppose those applications and be required to participate in proceedings before the United States Patent and Trademark Office to determine priority of rights to the trademark, which could result in substantial costs. Similarly, actions could be brought by third parties claiming that our products or technology infringe patents or copyrights owned by others. An adverse outcome could require us to license disputed rights from third parties or to cease using a trademark or infringing product or technology. Any litigation regarding proprietary rights could be costly and divert management's attention, result in the loss of some of proprietary rights, require us to seek licenses from third parties and prevent us from selling our products and services.

We generally license intellectual property from third parties, such as the rights to John M. Gray, Ph.D.'s book Men Are From Mars, Women Are From Venus for creation and marketing of the video and audio products that we directly market. We have also licensed the rights to produce and market other products. We are dependent upon the protection of these intellectual properties by their licensors and are responsible for protecting them as well. In addition, we anticipate that we will license our content, or a portion thereof, from third parties in the future. As a result, exposure to copyright infringement actions may increase because we must rely upon those third parties for information as to the origin and ownership of the licensed content. We intend to obtain representations as to the origin and ownership of licensed content and to indemnification to cover any breach of any representations. However, the representations may not be accurate and the indemnification may not adequately protect us.

REGULATION

Advertising is regulated by the government, by private organizations, including self-regulatory bodies and trade associations, and by consumer groups.

The Federal Trade Commission Act

The Federal Trade Commission may seek cease and desist orders, impose monetary penalties, or pursue other remedies in the event that an advertising company violates the Federal Trade Commissions Act's rules or regulations pertaining to false, misleading and unfair advertising. We believe that we are in compliance with this Act and the regulations promulgated under this Act.

The Federal Telemarketing and Consumer Fraud and Abuse Prevention Act

A variety of deceptive, unfair or abusive practices in telemarketing sales have been prohibited under the Federal Telemarketing and Consumer Fraud and Abuse Protection Act. Generally, these rules prohibit misrepresentations of the cost, quantity, terms, restrictions, performance or characteristics of products or services offered by telephone solicitation or of refund, cancellation or exchange policies. The regulations also regulate the use of prize promotions in telemarketing to prevent deception and require that a telemarketer identify promptly and clearly the seller on whose behalf the telemarketer is calling, the purpose of the call, the nature of the goods or services offered and, if applicable, that no purchase or payment is necessary to win a prize. The regulations also require that telemarketers maintain records on various aspects of their business. We believe that we are in compliance with this Act and the regulations promulgated under this Act.

Violation of the rules and regulations applicable to telemarketing practices may result in injunctions against violative operations, monetary penalties or disgorgement of profits. Violations may also give rise to private actions for damages.

The Federal Telephone Consumer Protection Act of 1991

The Federal Telephone Consumer Protection Act of 1991imposes restrictions on unsolicited automated telephone calls to residential telephone subscribers. Under this Act it is unlawful to initiate telephone solicitations to residential telephone subscribers before 8:00 a.m. or after 9:00 p.m., local time at the subscriber's location, or to use automated telephone dialing systems or artificial or prerecorded voices to call specified subscribers. Additionally, this Act requires teleservice firms to develop a written policy that:

o clearly delineates the types of calls that the firms are prohibited from making under this Act,

- lists specific individuals or groups of individuals that the firms are prohibited from contacting under this Act, and
- prohibits its personnel from making the calls.

Our call management system has been modified to eliminate some of our capabilities to help prevent violations of this Act. These modifications prevent personnel from initiating telephone calls during restricted hours or to individuals listed on a "do not call" list. We also educate our personnel on the restrictions and prohibitions of this Act.

State Regulation

Most states have enacted statutes similar to the Federal Trade Commission Act prohibiting unfair or deceptive acts and practices. A number of states have enacted legislation and other states are considering enacting legislation to regulate telemarketing. For example, telephone sales in some states are not final until a written contract is delivered to and signed by the buyer, and that contract may often be canceled within three business days. At least one state also prohibits telemarketers from requiring credit card payment and several other states require some telemarketers to obtain licenses, post bonds or submit sales scripts to the state's attorney general. State regulation has not materially affected our operations as we currently conduct them and we do not presently anticipate that state regulation will materially and adversely affect our operations in the future.

International Regulation

Advertising is subject to regulation in countries other than the United States in which we may choose to do business. We will need to review any of these regulations before conducting business in any other country.

Self-Regulatory Bodies, Trade Associations and Consumer Groups

Self-regulatory activities have become significant in the advertising business. The Council of Better Business Bureaus has created the National Advertising Division and the National Advertising Review Board. These are private organizations that review and process allegations that a company has violated state or federal rules or regulations pertaining to advertising. Additionally:

- the national television networks and various other media have adopted extensive regulations for advertising that is acceptable for broadcast or publication,
- trade associations in some industries publish advertising guidelines for their members, and o various consumer groups have been and continue to be powerful advocates of increased regulation of advertising.

Industry Regulation

Some industries served by us are also subject to government regulation. Our employees who complete the sale of insurance products are required, for example, to be licensed by various state insurance commissions and to participate in regular continuing education programs. We provide this continuing education to our employees and believe that we have, in all material respects, complied with this and other relevant industry regulations. We may also be subject to regulation by the Commodity Futures Trading Commission, which regulates commodities trading. The Commission has initiated an investigation that may affect the infomercial titled Success and You based on Jake Bernstein's Trade Your Way To Riches product.

The Communications Decency Act of 1996

The Communications Decency Act of 1996 was enacted in 1996. Although those sections of this Act that, among other things, proposed to impose criminal penalties on anyone distributing "indecent" material to minors over the Internet were held to be unconstitutional by the U.S. Supreme Court, similar laws may be proposed and adopted. Although we do not currently distribute the types of materials that this Act may have deemed illegal, the nature of this legislation and the manner in which it may be interpreted and enforced cannot be fully determined. Legislation similar to the Communications Decency Act could subject us to potential liability, which in turn could have an adverse effect on our business. These types of laws could also damage the growth of the Internet generally and decrease the demand for our products and services.

Regulatory Compliance

We have developed internal review procedures to help ensure that our work product is accurate and fairly disclose the nature of the products marketed and sold by us. We believe we are in compliance with federal, state and local laws and regulations pertaining to advertising and the pre-clearance procedures of the broadcast media.

CAR RENTAL DIRECT

Car Rental Direct is based in Southern California which is home to the top five replacement and suburban car rental markets in the country. Currently, CRD is open for business with 15 locations including 11 in Southern California and four in the Phoenix AZ area. We anticipate opening a minimum of nine additional locations during 2001, primarily in Southern California and Arizona. Our facilities are located within strip malls, as well as in freestanding buildings. There are also CRD locations in hotels and car dealerships. In all cases, the locations are within high-traffic areas. One distinguishing feature that all our locations have in common is the manager's office within plain view of the reception area and counters. This ensures that management is apprised, at all times, of conditions at the counters and that our customer service index remains high. All locations have a reception area, an accounting office and two counters with one each for returns and rentals. The 15 locations currently open are as follows:

ARIZONA

- 477 N. Cooper Rd, #2, Gilbert
- 1911 W. Broadway, Mesa
- 14950 N. 83 Pl., Scottsdale
- 7970 S. Autoplex Loop, Tempe

SOUTHERN CALIFORNIA

- 1301 West Main St., Alhambra
- 1444 East Valley Blvd., Alhambra
- 17639 Bellflower Blvd., Bellflower
- 1525 South Brand Blvd., Glendale
- 1517 South Western Av., Los Angeles
- 1500 N. Sepulveda Blvd., Manhattan Beach
- 18330 Colima Rd. #A1, Rowland Heights

- 2305 Pacific Highway, San Diego
- 1433 Camino del Rio South, San Diego
- 21333 Hawthorne Blvd., Torrance
- 5 Auto Center Dr., Tustin

We currently maintain a fleet of approximately 1,000 cars in the 15 facilities and will increase the fleet as we increase unit utilization. Our fleet mix consists of 3% luxury class cars, such as Lexus, BMW and Mercedes Benz, 12% truck and SUV rentals, such as 15- and 8- passenger vans as well as Ford Expeditions and Chevrolet Suburbans, 10% premium car rentals, which include VW Beetles, Ford Crown Victoria, Ford Mustangs and convertibles with the remainder of the fleet consisting of standard full sized cars to subcompacts.

We intend to expand our operating base in the following four areas:

- Development of new facilities;
- Creation of Exotic and Studio Rentals division;
- Acquisition and roll-up of independent rental car operations; and
- Implementation of the Toyota Rent a Car management program.

Development of new facilities: We intend to identify new locations that will require minimal startup capital and that are convenient to our core market. These types of facilities include new car dealers, automotive garages and body shops, hotels and easily converted freestanding facilities.

Creation of Exotic and Studio Rentals division: Capitalizing on the strategic advantages of our Southern California location, we are opening exotic car rental locations in our home market, where the demand is high. Renting cars to film and television studios is a niche already being exploited.

Acquisition and roll-up of independent rental car operations: There are currently 14,427 independent rental car locations that have a total vehicle fleet of approximately 226,350 rental vehicles and generate approximately $18.3 billion in revenue. We are currently evaluating a number of acquisition candidates.

Implementation of the Toyota Rent a Car program (TRAC): Operations are commencing at two facilities in Tempe, Arizona and Manhattan Beach, California. More TRAC facilities will follow, as start-up costs are 50% to 75% less than a normal CRD location, and the Toyota dealer finances all Toyota inventory for the operation. The cars can be optionally purchased after an initial period at a favorable cost to be rented at our other locations.

BUSINESS OVERVIEW

The CRD business model is unique. Although selecting and reserving a car through a rental agency via the Internet is now commonplace, we are moving the process forward. Not only will a CRD consumer be able to choose and reserve cars online, but they will also be able to pay for and arrange delivery of their rental car through the Internet. Furthermore, we intend to build a competency into our operations that will allow us to accept and verify driver's license information online. By arranging the entire rental agreement through the Internet, the customer's first face-to-face interaction with a CRD employee would be upon delivery of the vehicle to the consumer's home or office.

We will combine this comprehensive online functionality with locations in the suburban and neighborhood areas where the general population lives and works. This will enable a higher degree of walk-in business than if we had chosen to locate near airports.

A key contributor to growth will be our established and authorized relationships with major insurance carriers. We have already established two such relationships and intend to continue to gain additional relationships for authorized billing. We view this as an important facet of the operation for development of business with customers, body shops and insurance agencies. The ability to bill directly to insurance companies and other vendors is an option that is not available to small independent operators. Customers and auto body shops prefer a direct billing method, as it relieves them of the paperwork and logistics.

To augment growth, we have partnered with AutoNation and Van Tuyl Automotive Investment Group, two of the largest dealership groups in the country. AutoNation owns and operates over 244 dealerships nationwide and is the largest publicly traded company in the new car dealership sector. We currently have two facilities on site at AutoNation dealerships, and are negotiating for space in an additional 10 locations. Van Tuyl Automotive Investment Group, which owns and operates over 70 dealerships nationwide, is the largest privately held dealership group. We have an agreement to put facilities on two of their dealerships and are negotiating for an additional six locations.

Our Advanced Innovations Management Group division operates and manages the Toyota Rent A Car facilities under license from Toyota. Under an exclusive agreement with Toyota, we are supplied with facilities, cars and financing by Toyota dealers. Most of the vehicles ordered have no interest costs for the first six months. All billing and receipts are collected by the Toyota dealership, which in turn pays Advanced Innovations Management Group 97.5% of the gross revenue.

We intend to use our extensive industry experience to target and acquire both major and independent local and replacement car rental companies. We plan to grow through acquisition and through internal growth strategies.

MARKET

The car rental industry, exclusive of truck rentals, is valued at $18.3 billion per year. There are an aggregate of 23,338 rental car locations with 1,733,391 vehicles. Enterprise Rent a Car has the largest market share, or nearly 23%, with revenues of $3.85 billion from approximately 400,000 cars in 3600 locations.

Enterprise dominates the local and replacement segment of the auto rental industry. The remainder of the major car rental companies, such as Hertz and Avis, focus on the leisure and business segments of the car rental industry.

The local and replacement auto rental segment of the industry consists of rentals for the purpose of temporary fleet enhancement and temporary replacement of vehicles that have been sold, stolen or are being repaired. The replacement auto rental segment has lower administrative and marketing costs as well as higher fleet utilization factors than the business and leisure travel segment, thereby creating a higher gross margin and return on investment.

We are currently advertising Car Rental Direct over the CENTERLINQ network. CENTELINQ is a rapidly expanding unified network that is accessible via the world wide web and through public access touch-screen Internet kiosks in shopping malls. We are in the enviable position of obtaining Internet exposure to a large consumer base at relatively little cost. In addition, as the

CENTERLINQ network expands to new markets, it creates an instant introduction for CRD into those potential markets and eases our need to allocate funds for promotion.

With access to production facilities for television spots, as well as inexpensive access to media time with which to run such television spots as trailers to our other marketing messages, we can take advantage of our position within the GenesisIntermedia family. Genesis Media Group holds media time on several nationally broadcast cable television networks as well as television stations, including major network affiliates, in key US markets.

One of the distinct advantages that characterizes our operations and our ability to gain additional business is our accessibility to the insurance industry. Our Claim Center Rental Control program increases the productivity of insurance claims adjustors, thereby increasing the opportunity for us to gain additional volume. By providing the insurance claims adjustor with access to our database and the ability to update "work in process" folders, cases can be closed faster and at less expense to the insurance company. With the average replacement rental currently requiring seven or more telephone calls from start to finish, and the average claims adjustor handling a load of approximately 150 cases, our streamlined information sharing process is a strategic advantage welcomed by the insurance industry.

COMPETITION

We consider Enterprise Rent A Car to be our primary competitor and believe that it is essential to understand the chemistry and perception of Enterprise. Over the past 10 years, Enterprise has built its operations by allowing young entrepreneurs to run a business. Enterprise allows each office manager to run their location however they like as long as they follow the same corporate strategy and philosophy. This flexibility has proven successful for Enterprise and has allowed it to grow and gain market dominance. Following the same strategy will create opportunities for us to secure a significant market share.

Referral sources have often had no a choice but to send Enterprise their business since no reliable alternative was available. This is a key component in understanding how to gain market share. Our entire organization will have the "real" and "profitable" experience needed to gain trust from various referral sources. We believe that this factor will open several doors immediately for us.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Because our revenues depend on a limited number of products and clients, we must retain our current products and clients or attract new ones

Our revenues to date have been derived from a relatively small number of products and clients. If there is a significant reduction in product sales or if we lose one of our larger products, our business will be adversely impacted. In addition, a decrease in the marketing expenditures of our clients or the loss of a major client would also have an adverse affect on our business. In 2000, approximately 34% of our revenues came from the sale of one product. In addition, our products and the sales of media time are frequently based on oral agreements that may be terminated at any time. Our failure to diversify our product line and expand our client base could adversely affect our results of operations.

If our new products are not successful or if we are unable to continue to sell media time to third parties, our business will be adversely affected

We only began to market new products that we acquired from third parties in 1998. Prior to that, in 1997, approximately 41% of our revenues were derived from media sales to a corporation that is owned by a majority

stockholder of ours. In 1998, approximately 25% of our revenues were derived from media sales to this corporation. In addition, revenue from telemarketing for products owned by this client accounted for approximately 78% of our total telemarketing revenues in 1997 and approximately 90% in 1998. In 2000, none of our media sales and none of telemarketing revenues were derived from transactions with this client. We must begin to derive significant revenues from our new products and, to the extent we continue our media sales business, continue to make media sales to third parties for our business to succeed.

Recent expansion into new interactive multimedia markets has not yet generated significant revenue

Since 1998, we have expanded our media offerings to include interactive multimedia technologies, including the Internet, and interactive kiosks through the CENTERLINQ network to businesses seeking to conduct electronic commerce. The expansion included the formation of our Genesis Intermedia, Inc. subsidiary. However, revenue generated by this subsidiary has not been significant and capital investments to develop and deploy the CENTERLINQ network have been substantial. We expended approximately $7 million in 1999 and $17 million in 2000 on CENTERLINQ network development. We expect that we will continue to invest in the building of our infrastructure and expansion. As a result, we expect to experience losses in these areas in 2001.

Our ability to compete effectively will be adversely affected if our marketing channels and technologies do not gain acceptance

We are developing multidisciplinary marketing that we believe will be competitive. This development includes choices about the marketing channels we employ and using the appropriate technology to exploit those channels. If our marketing channels are not successful or if we fail to effectively exploit those channels, our business will be adversely affected.

Our ability to expand our business will be significantly limited if we cannot obtain additional financing

To accomplish our plans to expand CENTERLINQ, purchase new products and media time to advertise these products, we need substantial additional capital which we may not be able to obtain. We are currently negotiating with lenders to obtain additional financing, but this additional financing may not be available on terms that are favorable to us, or at all. If adequate funds are not available, or are not available on acceptable terms, our ability to implement our expansion plans will be significantly limited.

Reliance on external sales force

Our strategy has been to concentrate on developing the infrastructure supporting CENTERLINQ and the technology needed to make the system work properly. Efforts are now under way to bolster the management team with marketing and sales personnel. We have placed significant reliance on our strategies and the effectiveness in selling advertising on the CENTERLINQ network. Should we fall short in our expectations or the timing in selling advertising be delayed, we could experience a significant decline in our projected CENTERLINQ operations.

Threat of mall owners sponsoring competing platforms

The real estate community has been characterized by property owner consortiums and efforts by larger capitalization owners to sponsor their own e-commerce platforms. There is some risk that kiosk-based platforms will be offered by mall owners. The Simon Property Group and General Growth Properties have both announced intentions to sponsor such interactive advertising in their malls.

Ability to sign up additional malls.

We have recently entered into lease contracts with mall owners for deployment of CENTERLINQ systems and are pursuing contracts for additional

malls. There is no assurance that we will be successful in signing additional mall contracts or renewing our existing contracts on acceptable terms. Failure to enter into new contracts for deployment of CENTERLINQ on acceptable terms could negatively impact capital raising and could adversely affect or operating results.

Our success depends on our ability to retain Ramy El-Batrawi and other key personnel.

We believe that the development of our business to date has been largely the result of the services of our chief executive officer, Ramy El-Batrawi. Although we are developing a management team, the loss of Mr. El-Batrawi's services would have a detrimental impact on the further development of business. Our success also depends on our ability to hire and retain other qualified employees. We may not be able to locate and hire those employees because of the intense competition in our industry for personnel with the requisite skills.

Dependence on a small number of clients and products

A relatively small number of clients and products have historically contributed significantly to our revenues. If there is a significant reduction in product sales or in a large client's marketing expenditures or the loss of one or more of our largest products or clients, and this is not replaced by new products or client accounts or an increase in business from existing products or clients, then this will have a significant adverse impact on us. However, because we intend to continue to rely on broad-or multi-market products like the Men From Mars products, it is possible that the dependence on revenues from a limited number of products will continue in the future. If we do not diversify our product lines and client base, we may put ourselves in a position of risk that the loss or under-performance of a single product or client may adversely affect us.

Related party transactions have historically generated a substantial portion of our revenue

Selling media time to Trade Your Way To Riches, Inc., a corporation owned by our majority stockholder, represented none of our revenue in 1996, approximately 41% in 1997 and approximately 25% in 1998. In addition, in 1997 and 1998, revenue from Trade represented approximately 90% and 78% of our revenue from telemarketing for products owned by our clients. Although total revenue related to Trade in 1999 and 2000 declined to less than 1% of total revenue, and we anticipate that Trade-related revenue will continue to represent less than 1% of future revenue, we have only since October 1998 begun to sell media time to a significant number of new clients. In addition, we have recently begun marketing the new products we acquired in the late 1998. Any inability to continue media sales to third parties or failure of our new products could significantly and adversely affect us.

Our current business structure may not be successful in addressing quarterly fluctuations

Our management believes that our business structure of offering multi-disciplinary marketing for our own and third parties' disparate products and services is unique. We believe the uniqueness of this structure, as well as

the inherent uncertainty of forecasting product sales generally will make quarterly forecasts difficult and quarterly results will fluctuate. These quarterly fluctuations and resulting deviations from forecast results may cause volatility in the price for the common stock that may not reflect long-term results or prospects. We expect these fluctuations to be exaggerated as we execute our acquisition strategy, which will involve direct expenses, as well as new product development and marketing expenses. The magnitude and timing of these expenses will vary. Integration of disparate products, services and distribution channels that are developed internally, acquired or contracted with third parties to market will also contribute to the unpredictability of quarterly results.

Acceptance of marketing channels and technologies are key to our ability to compete

We are developing multi-disciplinary marketing that we believe will be competitive. This development includes choices about the right marketing channel--such as CENTERLINQ and its versatile kiosk system for deployment in regional shopping malls and other public access areas--and the right technology to exploit that channel--the Internet and the interface of the kiosks. A number of factors related to those choices may adversely affect competitiveness, including:

- rapid technological changes that make these or future offerings obsolete;
- changes in, or mistakes in gauging user and client requirements and preferences; and
- frequent new product and service introductions by others or evolving industry standards and practices in emerging markets that may promote adoption of technologies other than those chosen by us.

The oral agreements on which much of our business relies are terminable at will

We frequently market products on the basis of oral agreements that may be terminated by either party at any time, and there are no written contracts relating to the sale of media time to clients. Because of those terminable arrangements, any of our clients may discontinue utilizing their services at any time in the future.

Future expansion is dependent on raising additional capital

We are currently negotiating to obtain additional financing for the expansion of CENTERLINQ. If the negotiations do not materialize and we are unable to obtain additional financing, the future expansion of CENTERLINQ will be slowed significantly and will adversely affect us.

We are also seeking additional financing to expand our existing business to purchase new products and purchase media time to advertise for these products. If we are unable to obtain this financing, our ability to purchase media time to advertise our products will be significantly limited.

Future sales of our common stock by existing stockholders or sales by us to new investors could depress our stock price

As of March 22, 2001, after giving effect to a 3-for-1 stock split of our common shares, we had 21,224,685 shares of common stock outstanding, and approximately 3,988,932 additional shares of common stock were issuable upon the exercise of outstanding employee stock options, of which 1,977,816 where exercisable. All of the shares underlying those options have been registered for resale on Form S-8. Dilution of existing shareholders' interests may occur if we issue additional shares of common stock underlying outstanding shares of our preferred stock. Dilution of existing shareholders' interests may also occur if we issue additional shares of common stock through private placements.

Sales of a substantial number of shares of our common stock in the public market, or the perception that substantial sales might occur, could cause the market price of our stock to decrease significantly. This could also make it more difficult for us to raise capital by selling stock or use our stock as currency in acquisitions.

International expansion may result in new business risks

If we expand internationally, this expansion could subject us to new business risks, including:

- adapting to the differing business practices and laws in foreign commercial markets;
- difficulties in managing foreign operations;
- limited protection for intellectual property rights in some countries;
- difficulty in accounts receivable collection and longer collection periods;
- costs of enforcement of contractual obligations;
- impact of recessions in economies outside the United States;
- currency exchange rate fluctuations; and
- potentially adverse tax consequences.

Market volatility may have an adverse effect on our stock price

The trading price of our common stock has fluctuated widely in the past and, like most stocks, it will continue to fluctuate in the future. The price could fluctuate widely based on numerous factors, including:

- quarter-to-quarter variations in our operating results;
- changes in analysts' estimates of our earnings or our competitors' earnings;
- announcements by us or our competitors of technological innovations or new services;
- general conditions in the commercial real estate industry;
- developments or disputes concerning copyrights or proprietary rights;
- regulatory developments; and
- economic or other factors.

In addition, in recent years, the stock market in general, and the shares of Internet-related and other technology companies in particular, have experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of the specific companies.

Stock ownership by executive officers and directors provides substantial influence over matters requiring a vote of stockholders

Our executive officers and directors beneficially own a sufficient number of our outstanding common stock to exercise substantial influence over the election of directors and other matters requiring a vote of stockholders. This concentrated ownership might delay or prevent a change in control and may impede or prevent transactions in which stockholders might otherwise receive a premium for their shares.

EMPLOYEES

As of March 30, 2001, we had 450 full-time employees. None of these employees are covered by collective bargaining agreements and we believe that our relations with our employees are good.

ITEM 2. PROPERTY

Prior to September 1999, we owned an office building at 13063 Ventura Boulevard, Studio City, California 91604-2238. The building consisted of 6,300 square feet and was entirely occupied by us. In July 1999, we purchased an 80,000 square foot building at 5805 Sepulveda Boulevard, Van Nuys, California 91411 to house our expanding business and sold our previous corporate office in Studio City, California. The new office building gives us room to expand as we continue to increase our workforce. We occupy approximately 60% of the new building and sublease the remaining 40% under lease arrangements ranging from one to four years. Most of our administrative, telemarketing and media time operations are conducted at our Van Nuys, California location. We lease production facilities for the production of direct marketing programming on an as-needed basis from third parties on commercially available terms. We also operate a call center in St. George, Utah, in approximately 2,000 square feet of space under a lease ending May 31, 2001. The lease provides for monthly rental payments of $6,720.

ITEM 3. LEGAL PROCEEDINGS

The Company may also be involved from time to time in various other claims and legal actions incident to its operations, either as plaintiff or defendant. The Company vigorously defends itself against all lawsuits filed by plaintiffs. The Company is not aware of any current litigation that would have a material impact on the financial position or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock commenced trading on the Nasdaq National Market under the symbol "GENI" on June 14, 1999. The following table sets forth, for the periods indicated, the high and low closing sales prices per share of our common stock on the Nasdaq National Market.

	HIGH	LOW
For the quarter ended December 31, 2000	$6.12	$5.00
For the quarter ended September 30, 2000	$5.63	$5.00
For the quarter ended June 30, 2000	$6.58	$5.00
For the quarter ended March 31, 2000	$9.33	$1.88
For the quarter ended December 31, 1999	$2.60	$1.33
For the quarter ended September 30, 1999	$2.94	$1.50
June 14, 1999 to June 30, 1999	$2.85	$1.92

RECENT SALES OF UNREGISTERED SECURITIES; USE OF PROCEEDS OF UNREGISTERED SECURITIES

In September 2000, as part of a settlement release agreement, we issued 150,000 shares of our common stock at an exercise price of $5.33 to a previous investor as liquidated damages under an earlier securities purchase agreement. The issuance of the shares was based, in part, upon representations and warranties of the investor, including a representation as to the status as "accredited" investors (as such term is defined in Rule 501(a) of the Securities Act of 1933, as amended (the "Act") and to their status as not a U.S. person as defined in Rule 902(k) of the Act. These sales were exempt from the registration requirements of the Act pursuant to Regulation S promulgated by the Securities and Exchange Commission under Section 5 of the Act.

On November 2000, we issued a warrant to purchase up to 600,000 shares of our common stock which was issued to The Macerich Partnership, L.P. at an exercise price of $5.00 per share. The warrants were issued pursuant to a space lease agreements with affiliates of Macerich as additional consideration for leasing space in shopping malls owned or operated by Macerich as part of our Centerlinq expansion. The issuance of the warrants was based in part, upon representations and warranties of the recipient of the warrants, including a representation as to the status as "accredited" investors (as such term is defined in Rule 501(a) of the Act and to their status as not a U.S. person as defined in Rule 902(k) of the Act. These sales were exempt from the registration requirements of the Act pursuant to Regulation D promulgated by the Securities and Exchange Commission under Section 4(2) of the Act.

RECORD HOLDERS

The last reported sale price of our common stock on the Nasdaq National Market on March 30, 2001 was $7.53. As of March 30, 2001, there were approximately 1,957 stockholders of record of our common stock.

DIVIDENDS

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds for use in our business and therefore do not anticipate paying any cash dividends in the foreseeable future. Any future determination relating to dividend policy will be made in the discretion of our Board of Directors and will depend on a number of factors, including the future earnings, capital requirements, financial condition and our future prospects and such other factors as our Board of Directors may deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes certain selected consolidated financial data, which should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere herein and with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS." The selected consolidated financial data as of December 31, 2000, 1999, 1998, 1997, and 1996 and for each of the five years in the period ended December 31, 2000 have been derived from our internally prepared unaudited financial statements and from the audited financial statements of GenesisIntermedia.com Inc. The audited financial statements, which are included elsewhere in this Annual Report, have been audited by Singer Lewak Greenbaum & Goldstein, LLP, our independent auditors.

STATEMENT OF OPERATIONS DATA

	For the Years Ended December 31,			
	2000	1999	1998	1997
	(in thousands, except per share data)			
Revenue	$ 42,322	$ 31,671	$ 14,906	$ 18,164
Cost of Revenue	12,636	8,270	5,135	7,158
Gross Profit	29,686	23,401	9,771	11,006
Operating expenses	58,910	31,202	8,179	8,571
Income (loss) from operations	(29,224)	(7,801)	1,592	2,435
Other income (expenses)	(4,307)	(496)	(135)	(33)
Income (loss) before taxes	(33,531)	(8,297)	1,457	2,402
Provision for income taxes(1)	-	-	583	961
Net income (loss) (1)	$ (33,531)	$ (8,297)	$ 874	$ 1,441
Basic earnings (loss) per share	$ (1.85)	$ (0.63)	$ 0.08	$ 0.12
Diluted earnings (loss) per share	$ (1.85)	$ (0.63)	$ 0.08	$ 0.12
Weighted average shares outstanding	18,111	13,150	11,543	11,651

(1) prior to 1999 we were taxed as an "S" corporation. The provision for income taxes and net income for the years ended December 31, 1998, 1997 and 1996 are

presented in the above table as pro forma information as if we were taxed as a "C" corporation for those years.

BALANCE SHEET DATA

	As of December 31,				
	2000	1999	1998	1997	
					(una
	(in thousands)				
Working capital (deficit)	$ (2,964)	$ (1,855)	$ 2,449	$ 3,037	$
Current assets	22,924	9,064	6,690	5,523	
Total Assets	57,177	29,859	9,988	6,714	
Long-term debt	38,757	9,717	1,056	609	
Stockholders' equity (deficit)	(7,468)	9,223	4,691	3,619	

ITEM 7. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related footnotes for the year ended December 31, 2000 included in this Annual Report on Form 10-K. The discussion of results, causes and trends should not be construed to imply any conclusion that such results or trends will necessarily continue in the future.

We acquired Car Rental Direct.com, Inc ("CRD") in the spring of 2000. CRD competes primarily in the replacement car rental market. The replacement segment of the auto rental industry consists of rentals to replace temporarily vehicles that have been sold, stolen or are being repaired for mechanical or accident reasons. CRD operates locations in Southern California and Arizona, and currently maintains a fleet of approximately 1,000 cars. CRD has established vehicle fleet financing lines to build its vehicle inventory and is in discussions with lenders for short-term credit facilities to support equipment necessary to open additional locations. CRD recently diversified into the automobile retailing sector, with the opening of a facility in Southern California to sell pre-owned and retired rental vehicles. An important part of our strategy in acquiring CRD was the opportunity to bring on-line efficiencies to the business. CRD intends to augment their service by allowing consumers the opportunity to complete a rental transaction entirely on-line and have the car delivered to their chosen destination. We issued 260,000 shares of our common stock valued at $4,420,000 for all the issued and outstanding shares of CRD. The transaction was accounted for using the purchase method of accounting; accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the estimated fair value of the net assets acquired is attributed to goodwill, which is being amortized over seven years.

In May 2000, we acquired Dynatype Design and Graphics Centers, Inc. ("DynaMedia") DynaMedia is a 20-year-old full-service integrated marketing, communications and design film. DynaMedia provides its clients with a comprehensive scope of services including branding, signage, point of sale, point of purchase and packaging expertise. Additionally, the firm is a leading participant in web design, new media and presentation graphics. Its clients include leading brand name organizations such as IBM, Bank of America, Warner Brothers, Gateway, Toshiba and Norwest. Effective December 31, 2000, we sold DynaMedia back to its original owner. We issued 90,000 shares of our common stock for all of the issued and outstanding shares of common stock of DynaMedia. However, effective December 31, 2000, we sold back to the original stockholder of DynaMedia all the issued and outstanding shares of common stock of DynaMedia in exchange for the 90,000 shares originally issued in this transaction. At December 31, 2000 we had an intercompany receivable of $293,210 due from DynaMedia which will be forgiven in connection with the sale back to the original owners. For the year ended December 31, 2000, DynaMedia reported a net loss of $26,721 on revenues of $1,501,715.

In April 2000, we purchased the assets of DoWebsites.com, Inc. for 72,000 shares of common stock valued at $1,224,000. The principal asset purchased was goodwill. At December 31, 2000, we wrote off the goodwill established as a result of the acquisition of DoWebsites.com as we believe that the market for services offered by DoWebsites.com has decreased substantially due to the recent closures of many Internet related companies.

We plan to aggressively grow our business both internally and through strategic acquisitions. We are aggressively looking to acquire business that will fit into our business model.

RESULTS OF OPERATIONS

Year Ended December 31, 2000 vs. Year Ended December 31, 1999

	YEAR ENDED 12/31/2000 (in thousands)	YEAR ENDED 12/31/1999	% OF REVENUE 2000	% OF REVENUE 1999
REVENUE	$ 42,322	$ 31,671	100.0%	100.
COST OF REVENUE	12,636	8,270	29.9%	26.
GROSS PROFIT	29,686	23,401	70.1%	73.
OPERATING EXPENSES				
Selling, general and administrative expenses	52,548	29,500	124.2%	93.
Depreciation and amortization	4,818	1,702	11.4%	5.
Loss from operations of Dynamedia	27	-	0.1%	0.
Loss on sale of Dynamedia	293	-	0.7%	0.

Write down of goodwill	1,224	-	2.9%	0.
Total operating expenses	58,910	31,202	139.2%	98.
INCOME (LOSS) FROM OPERATIONS	(29,224)	(7,801)	-69.1%	-24.
OTHER INCOME (EXPENSES)				
Gain on sale of assets	-	282	0.0%	0.
Other income	43		0.1%	0.
Interest expense	(3,804)	(670)	-9.0%	-2.
Financing costs	(546)	(108)	-1.3%	-0.
Total other income (expenses)	(4,307)	(496)	-10.2%	-1.
INCOME (LOSS) BEFORE TAXES	(33,531)	(8,297)	-79.2%	-26.
INCOME TAXES	-		0.0%	0.
NET INCOME (LOSS)	$(33,531)	$ (8,297)	-79.2%	-26.

Revenue for the year ended December 31, 2000 increased by $10,651,000 or 33.6% from $31,671,000 for the year ended December 31, 1999 to $42,322,000 for the same period in 2000. The increase in revenue was due to the following:

o Product sales increased $3,236,000 or 13.9% principally as a result of our success in selling our new products, principally, DietZX;

o Car rental revenue from our newly acquired subsidiary Car Rental Direct from the date of acquisition on April 1, 2000 to December 31, 2000 was $4,269,000.

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o Commissions and royalties increased from $1,915,000, for the year ended December 31, 1999 to $8,747,000 for the same period in 2000. These commissions are amounts received from the sale of other companies' products primarily through our call center in St. George, Utah. We normally receive commissions of 20% to 50%.

o Media sales to unrelated third parties decreased from $5,793,000 in 1999 to $1,340,000 in 2000 due to us finding new products and services we can sell that have higher margins than the margins from selling media time;

Cost of revenue for the year ended December 31, 2000 increased by $4,366,000 or 52.8% from $8,270,000 for the year ended December 31, 1999 to $12,636,000 for the same period in 2000. The increase in cost of revenue was due to the following:

o Direct product costs for the year ended December 31, 2000 increased by $3,248,000 or 97.3% from $3,337,000 for the year ended December 31, 1999 to $6,585,000 for the same period in 2000. The increase was due to increased product sales during 2000, principally the sale of our new product, DietZX. Direct product costs as a percentage of product sales increased from 14.3% for the year ended December 31, 1999 to 24.8% for the same period in 2000. The increase is due to higher product costs associated with our new products and programs when compared to the products sold by us during 1999.

o Media purchases for the year ended December 31, 2000 decreased by $3,619,000 or 74.6% from $4,849,000 for the year ended December 31, 1999 to $1,230,000 for the same period in 2000. The decrease was due to less media time sold to unrelated third parties in 2000.

o Cost of renting vehicles was $3,541,000 in 2000. There was no such cost in 1999. The cost of renting a vehicle compared to the revenue generated from such rental for 2000 was 82.9%.

Selling, general and administrative expenses for the year ended December 31, 2000 increased by $23,048,000 or 78.1% from $29,500,000 for the year ended December 31, 1999 to $52,548,000 for the same period in 2000. The increase was due principally to an increase in payroll and related benefits of $4,622,000 and an increase in selling related expenses of $13,792,000. Selling related expenses include the cost of acquiring customer names, purchasing media time for airing of infomercials, royalties and telemarketing costs. We expensed $13,831,000 in media airtime during 2000 compared to $9,867,000 in 1999.

Depreciation and amortization expense for the year ended December 31, 2000 increased by $3,116,000 or 183.1% from $1,702,000 for the year ended December 31, 1999 to $4,818,000 for the same period in 2000. The increase in depreciation and amortization expense is due to the increase of our depreciable assets, especially our CENTERLINQ kiosks, and the amortization of the customer list purchased in the second quarter of 2000 and the goodwill associated with the Car Rental Direct acquisition. Depreciation expense of $1,441,000 related to the vehicle fleet is included in cost of revenue.

In 2000 we acquired DynaMedia and effective December 31, 2000, we sold DynaMedia back to its original owner. For the year ended December 31, 2000, DynaMedia reported a net loss of $26,721 on revenues of $1,501,715. Since we owned Dynamedia during 2000, we have recorded the loss incurred by Dynmedia in our consolidated statement of operations. At December 31, 2000 we had an intercompany receivable of $293,210 due from DynaMedia which will be forgiven in connection with the sale back to the original owners and recognized as an expense on our consolidated statement of operations.

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In April 2000, we purchased the assets of DoWebsites.com, Inc. for 72,000 shares of common stock valued at $1,224,000. The principal asset purchased was goodwill. We wrote off the goodwill established as a result of the acquisition of DoWebsites.com as we believe that the market for services offered by DoWebsites.com has decreased substantially due to the recent closures of many Internet related companies.

Interest expense for the year ended December 31, 2000 increased by $3,134,000 or 467.8% from $670,000 for the year ended December 31, 1999 to $3,804,000 for the same period in 2000. The increase in interest expense was due to the issuance of a note payable secured by our new corporate office building in Van Nuys, California, an increase in our line of credit resulting from the acquisition of Car Rental Direct and the significant increase in notes payable.

Financing costs for the year ended December 31, 2000 increased by $438,000 or 405.6% from $108,000 for the year ended December 31, 1999 to $546,000 for the same period in 2000. The increase is principally due to the issuance of stock in February to secure a $1,000,000 bridge loan and the issuance of warrants in connection with a note payable.

Net loss for the year ended December 31, 2000 increased by $25,234,000 or 304.1%

from $8,297,000 for the year ended December 31, 1999 to $33,531,000 for the same period in 2000. The increase in the net loss is principally due to significantly higher sales offset by significantly higher selling, general and administrative expenses incurred to promote our new products and programs and to expand our CENTERLINQ network of kiosks.

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Year Ended December 31, 1999 vs. Year Ended December 31, 1998

	YEAR ENDED 12/31/1999	YEAR ENDED 12/31/1998	% OF REVENUE 1999	% OF REVENUE 1998
	(in thousands)			
REVENUE	$ 31,671	$ 14,906	100.0%	100.0%
COST OF REVENUE	8,270	5,135	26.1%	34.4%
GROSS PROFIT	23,401	9,771	73.9%	65.6%
OPERATING EXPENSES				
Selling, general and administrative expenses	29,500	8,037	93.1%	53.9%
Depreciation and amortization	1,702	142	5.4%	1.0%
Total operating expenses	31,202	8,179	98.5%	54.9%
INCOME (LOSS) FROM OPERATIONS	(7,801)	1,592	-24.6%	10.7%
OTHER INCOME (EXPENSES)				
Gain on sale of assets	282	-	0.9%	0.0%
Interest expense	(670)	(135)	-2.1%	-0.9%
Financing costs	(108)	-	-0.3%	0.0%
Total other income (expenses)	(496)	(135)	-1.6%	-0.9%
INCOME (LOSS) BEFORE TAXES	(8,297)	1,457	-26.2%	9.8%
INCOME TAXES	-	30	0.0%	0.2%
NET INCOME (LOSS)	$ (8,297)	$ 1,427	-26.2%	9.6%

Revenue for the year ended December 31, 1999 increased by $16,765,000 or 112.5% from $14,906,000 for the year ended December 31, 1998 to $31,671,000 for the same period in 1999. The increase in revenue was due to the following:

o Product sales increased $17,295,000 or 273.4% principally as a result of our success in selling our new products and programs;

o Media sales to unrelated third parties increased from $1,220,000 in 1998 to $5,793,000 in 1999 due to us hiring personnel with media buying experience and contacts in the industry. We retained several large customers who began purchasing media time in the latter part of 1998 and increased their media buys during 1999;

- o Media sales to a company owed by our majority stockholder decreased from $3,703,000 for the year ended December 31, 1998 to $0 for the same period in 1999. We have discontinued selling media to this affiliate; and

- o Commissions and royalties decreased from $1,789,000, for the year ended December 31, 1998 to $0 for the same period in 1999. These commissions were amounts received from the sale of mentoring programs for the Trade Your Way To Riches products during the year ended December 31, 1998. There were no Trade-related sales for the same period in 1999. During the fourth quarter of 1998 we discontinued selling the mentoring programs for Trade Your Way To Riches, Inc.

Cost of revenue for the year ended December 31, 1999 increased by $3,135,000 or 61.1% from $5,135,000 for the year ended December 31, 1998 to $8,270,000 for the same period in 1999. The increase in cost of revenue was due to the following:

- o Media purchases for the year ended December 31, 1999 increased by $651,000 or 15.5% from $4,198,000 for the year ended December 31, 1998 to $4,849,000 for the same period in 1999. The increase was due to more media time sold in 1999. Media purchases as a percentage of media sales decreased from 85.3% for the year ended December 31, 1998 to 83.7% for the same period in 1999. The increase is in the profit margin is due to the sale to unrelated third parties at higher margins.

- o Direct product costs for the year ended December 31, 1999 increased by $2,484,000 or 265.1% from $937,000 for the year ended December 31, 1998 to $3,421,000 for the same period in 1999. The increase was due to significant increased product sales during 1999, principally the sale of our new products and programs. Direct costs as a percentage of product sales decreased from 14.8% for the year ended December 31, 1998 to 14.5% for the same period in 1999. The decrease is due to lower product costs associated with our new products and programs when compared to the products sold by us during 1998.

Selling, general and administrative expenses for the year ended December 31, 1999 increased by $21,463,000 or 267.1% from $8,037,000 for the year ended December 31, 1998 to $29,500,000 for the same period in 1999. The increase was due principally to an increase in payroll and related benefits of $4,591,000 and an increase in selling related expenses of $8,270,000. Selling related expenses include the cost of acquiring customer names, purchasing media time for airing of infomercials, royalties and telemarketing costs. We expensed $9,867,000 in media airtime during 1999. Our general and administrative costs increased as a result of expanding operations through the creation of Genesis Intermedia. Most of the expenses incurred by Genesis Intermedia to develop our CENTERLINQ network are classified as general and administrative expenses. We significantly expanded our CENTERLINQ network of kiosks in shopping malls during the latter part of 1999. By the end of 1999, we had installed our kiosks in 20 shopping malls.

Depreciation and amortization expense for the year ended December 31, 1999 increased by $1,560,000 or 1,098.6% from $142,000 for the year ended December 31, 1998 to $1,702,000 for the same period in 1999. The increase in depreciation and amortization expense is due to the increase of our depreciable assets, especially our CENTERLINQ kiosks, and the amortization of the customer list purchased in the second quarter of 1999.

During the third quarter of 1999, we sold our corporate office building in

Studio City, California that resulted in a gain on sale of $282,000. In July 1999, we purchased a new corporate office building in Van Nuys, California.

Interest expense for the year ended December 31, 1999 increased by $535,000 or 396.3% from $135,000 for the year ended December 31, 1998 to $670,000 for the same period in 1999. The increase in interest expense was due to the issuance of a note payable secured by our new corporate office building in Van Nuys, California, an increase in our line of credit and notes payable and capitalized lease obligations assumed as a result of the purchase of Vision Digital assets and as part of the expansion of CENTERLINQ.

Financing costs for the year ended December 31, 1999 increased by $108,000 from $0 for the year ended December 31, 1998 to $108,000 for the same period in 1999. The increase is due to the amortization of commissions and other expenses paid in connection with three notes payable we issued in May of 1999.

Income taxes for the year ended December 31, 1999 decreased by $30,000 from $30,000 for the year ended December 31, 1998 to $0 for the same period in 1999. Due to the loss incurred in 1999, the current income tax expense recognized during the first six months of 1999 was reduced to $0. Prior to January 1, 1999 we were taxed as an S corporation.

Net income for the year ended December 31, 1999 decreased by $9,724,000 or 681.4% from net income of $1,427,000 for the year ended December 31, 1998 to a net loss of $8,297,000 for the same period in 1999. The decrease is principally due to significantly higher sales offset by higher selling, general and administrative expenses incurred to promote our new products and programs and to expand our CENTERLINQ network of kiosks.

LIQUIDITY AND CAPITAL RESOURCES

We financed our operations initially from cash generated from operations. More recently, we have financed our operations through the sale of common and preferred stock in private placement offerings, sale of common stock in our initial public offering, a long-term mortgage, a line of credit, and borrowings from a related party.

In January and April 1999, we sold a total of 750,000 shares of common stock and warrants to purchase an additional 750,000 shares of common stock in a private placement at $2.33 per share for an aggregate of $1,750,000, with underwriting commissions and expenses of $201,250.

In April 1999, we sold 142,858 shares of convertible preferred stock and warrants to purchase 428,574 shares of common stock in a private placement at $3.40 per share for an aggregate of $1,000,000 with underwriting commissions and expenses of $115,000.

In May 1999, we issued three notes payable in a private placement for aggregate proceeds of $550,000, net of commissions and expenses of $108,000. In connection with these three note payable agreements, we also issued warrants to purchase 235,713 shares of common stock.

In June 1999, we sold 6,000,000 shares of common stock in our initial public offering at $2.83 per share for an aggregate of $17,000,000 with underwriting commissions and expenses of $1,870,000 and offering expenses of $2,722,803.

In July 1999, we purchased an office building in Van Nuys, California for $11,100,000 for which we issued a note payable in the amount of $7,856,250.

In the third quarter of 1999, we increased our $750,000 line of credit to $1,500,000 from a major financial institution that is collateralized by substantially all of our assets, except our office building. The loan is guaranteed by our majority stockholder. This line of credit was not renewed and we repaid the outstanding balance in full during the second quarter of 2000.

From November 1999 to December 2000, we borrowed $44,617,705 from debentures from Ultimate, a significant stockholder and repaid $9,335,439 during the same period. In connection with the debenture secured in November 1999, we issued warrants to purchase 2,100,000 shares of common stock with an exercise price of $2.33. The warrant for 2,100,000 was exercised in August 2000. The exercise price for these warrants of $4,900,000 was paid via a reduction of the debenture.

In February 2000, we issued a convertible debenture in the amount of $1,000,000 along with a warrant to purchase 67,500 shares of common stock at an exercise price of $4.00 and the issuance of 45,000 shares of our common stock. The debenture is convertible into common stock at $1.67 per share if it is held to maturity. The debenture was due on April 7, 2000 and has been repaid. We took a charge to earnings for the 45,000 common shares issued in connection with this debenture in the amount of $103,125.

Also in May 2000, we issued 4,000 shares of our Series B Convertible Preferred Stock to two investors for gross proceeds of $4,000,000. The Series B Convertible Preferred Stock has a liquidation preference of $1,000 per share and carries a 5% cumulative dividend payable at the end of each calendar quarter. We also issued to the investors warrants to purchase an aggregate of 336,000 shares of our common stock at $5.91 per share, which represents 115% of the market value of our stock at the closing date. The Series B Convertible Preferred Stock is convertible into common stock at 110% of the market value of our common stock at the closing date ("Fixed Price") if converted within 45 days after the closing date, and the lesser of the Fixed Price or the market value of our common stock at the conversion date if converted 45 days or more after the closing date. In November 2000, the 4,000 shares of Series B Convertible Preferred Stock were converted into 968,400 shares of our common stock. In addition, the 336,000 warrants issued in connection with the private placement were exercised in November 2000 which resulted in proceeds to us of $1,824,880.

In connection with our acquisition of Car Rental Direct.com, Inc. in April 2000, we assumed a convertible debenture in the amount of $244,000 and lines of credit to purchase vehicles. The convertible debentures were paid in cash during 2000. The outstanding balance on these lines of credit as of December 31, 2000 was $9,225,946.

On March 14, 2001, we entered into a Securities Purchase Agreement whereby we issued 7% convertible debentures in the amount of $3,000,000. The debentures are convertible into our common stock at the lesser of $7.00 per share or if the average closing price for the five day period immediately preceding April 14, 2001 is less than $6.67, the conversion price is 105% of the average price for the five business days preceding April 14, 2001. The debenture is to be repaid either in cash or by conversion to common stock as follows: $1,000,000 on each of April 15, May 15 and June 15, 2001. In addition, we issued warrants to purchase 300,000 shares of our common stock at $7.67 per share that expire on March 15, 2004.

On January 5, 2001 and April 16, 2001, we entered into additional note payable agreements with Ultimate whereby Ultimate has agreed to loan us an additional $5,000,000 and $15,000,000, respectively, on terms similar to the previous note payable agreements with Ultimate.

During the year ended December 31, 2000, we spent $11,879,301 on capital expenditures and used $24,171,482 in operations.

We expect to spend additional capital to expand our product lines and our telemarketing division, and to make strategic acquisitions. We anticipate spending $15 to 20 million over the next 18 months to develop and deploy interactive multimedia kiosks in regional shopping malls across the United States and in other entertainment centers.

We believe that our current cash and cash equivalents on hand, together with existing credit facilities, principally the note agreements with Ultimate, the cash flow expected to be generated from operations and cash generated from future sales of our equity, will be adequate to satisfy our current and planned operations through the middle of 2002. We just recently issued another note to Ultimate in the amount of $15,000,000 and we have also received a signed letter of intent from an investment banker for a proposed private placement offering of our common stock. We are also negotiating a sale-leaseback of our office building, which will help to finance future operations and acquisitions. If we are not successful in raising additional capital, our ability to expand CENTERLINQ and make strategic acquisitions will be adversely affected.

QUARTERLY RESULTS

The following table sets forth some of our selected consolidated financial information for our eight most recent quarters. In the opinion of management, this unaudited financial information has been prepared on the same basis as the audited financial information, and includes all adjustments, consisting only of normal, recurring adjustments, necessary to present this information fairly when read in conjunction with our consolidated financial statements and notes thereto contained elsewhere in this annual report on this Form 10-K.

	2000			
	Q1	Q2	Q3	
	(in thousands, except per share data)			
Revenue	$ 7,896	$ 7,625	$ 16,691	$ 10
Cost of Revenue	1,895	3,143	4,174	3
Gross Profit	6,001	4,482	12,517	6
Net loss	$ (5,133)	$ (7,340)	$ (4,247)	$ (16
Basic and diluted loss per share	$ (0.32)	$ (0.43)	$ (0.23)	$ (

	1999		
	Q1	Q2	Q3

(in thousands, except per share data)

Revenue	$ 7,798	$ 6,068	$ 8,782	$ 9
Cost of Revenue	3,873	1,485	1,779	1
Gross Profit	3,925	4,583	7,003	7
Net income (loss)	$ 383	$ 248	$ (2,272)	$ (6
Basic and diluted earnings (loss) per share	$ 0.04	$ 0.02	$ (0.14)	$ (

Our results of operations have historically fluctuated on a quarterly basis. We expect these fluctuations to be exaggerated as we execute our expansion strategy, which will involve direct expenses, as well as new product development and marketing expenses. The magnitude and timing of these expenses will vary. Integration of disparate products, services and distribution channels that are developed internally, acquired or contracted with third parties to market, will also contribute to the unpredictability of quarterly results.

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FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Stockholders are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, our ability to install new kiosks, general market conditions, competition and pricing. Although we believe the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements contained in the report will prove to be accurate.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have invested excess funds in equity securities of other publicly traded companies that are classified as trading securities. The main risk associated with these investments is the fluctuation of the market price which can be affected by the performance of the companies offering the equity securities or the perception of the general economic condition by investors or both.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

GENESISINTERMEDIA.COM, INC. AND SUBSIDIARIES
INDEX

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders
GenesisIntermedia.com, Inc.

We have audited the accompanying consolidated balance sheet of GenesisIntermedia.com, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of GenesisIntermedia.com, Inc. and subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2000 in conformity with generally accepted accounting principles.

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California
April 11, 2001, except for Note 13

as to which the date is April 16, 2001

GENESISINTERMEDIA.COM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

ASSETS

	2000
CURRENT ASSETS	
Cash and cash equivalents	$ 858,848
Marketable securities at market	1,926,746
Accounts receivable - trade, net of allowance for doubtful accounts of $594,313 and $10,000	3,846,453
Inventory	1,383,620
Revenue earning equipment	8,435,359
Prepaid advertising	2,461,928
Advances receivable	1,201,348
Deposits and other prepaid assets	2,809,428
Total current assets	22,923,730
PROPERTY AND EQUIPMENT, net	28,133,574
CUSTOMER LISTS, net	955,287
GOODWILL, net	4,479,560
OTHER ASSETS	684,430
TOTAL ASSETS	$ 57,176,581

The accompanying notes are an integral part of these financial statements.

GENESISINTERMEDIA.COM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	2000
CURRENT LIABILITIES	

Current portion of notes payable	$ -
Current portion of capital lease obligations	745,973
Line of credit	9,225,946
Accounts payable	8,329,734
Accrued payroll taxes	859,833
Accrued interest - related party	2,053,490
Other accrued liabilities	1,913,863
Due to stockholder	2,693,993
Income taxes payable	65,000
Total current liabilities	25,887,832
NOTES PAYABLE, net of current portion	7,856,250
NOTES PAYABLE TO RELATED PARTY	30,382,266
CAPITAL LEASE OBLIGATIONS, net of current portion	518,172
Total liabilities	64,644,520
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY (DEFICIT)	
Convertible preferred stock, $0.001 par value 5,000,000 shares authorized 71,429 and 142,858 shares issued and outstanding ($7.00 per share liquidation preference, dividends of $80,209 in arrears)	71
Common stock, $0.001 par value 25,000,000 shares authorized 20,971,560 and 15,930,000 shares issued and outstanding	20,972
Additional paid-in capital	35,752,544
Common stock committed	-
Accumulated deficit	(41,827,177)
Treasury stock	(2,402,483)
Accumulated comprehensive income	988,134
Total stockholders' equity (deficit)	(7,467,939)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 57,176,581

The accompanying notes are an integral part of these financial statements.

GENESISINTERMEDIA.COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999

REVENUE	$ 42,321,596	$ 31,671,263
COST OF REVENUE	12,636,179	8,269,841
GROSS PROFIT	29,685,417	23,401,422
OPERATING EXPENSES		
Selling, general, and administrative expenses	52,547,856	29,499,681
Depreciation and amortization	4,817,824	1,702,456
Loss from operations of DynaMedia	26,721	-
Loss on sale of DynaMedia	293,210	-
Write down of goodwill	1,224,000	-
Total operating expenses	58,909,611	31,202,137
INCOME (LOSS) FROM OPERATIONS	(2	