
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2013

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-05707

GENERAL EMPLOYMENT ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Illinois

36-6097429

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

184 Shuman Blvd., Suite 420, Naperville, IL

60563

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (630) 954-0400

One Tower Lane, Suite 2200, Oakbrook Terrace, IL 60181

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, no par value

NYSE MKT

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant 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 the Form 10-K.

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of shares of common stock held by non-affiliates of the registrant on March 28, 2013 was 4,471,171 x 0.38 = \$1,699,045.

The number of shares outstanding of the registrant's common stock as of January 13, 2014 was 22,799,675.

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PART I

Forward Looking Statement

This Annual Report on Form 10-K includes 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 (the "Exchange Act"). The Company has based these forward-looking statements on the Company's current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us and the Company's subsidiaries that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue" or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a material difference include, but are not limited to, those discussed elsewhere in this Annual Report, including the section entitled "Risk Factors" and the risks discussed in the Company's other Securities and Exchange Commission filings. The following discussion should be read in conjunction with the Company's audited Financial Statements and related Notes thereto included elsewhere in this report.

Item 1. Business.

General

General Employment Enterprises, Inc. (the "Company", "us", "our" or "we") was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. In 1987, the Company established Triad Personnel Services, Inc., a wholly-owned subsidiary, incorporated in the State of Illinois. In June 2010, the Company purchased certain assets of On-Site Services, a temporary staffing agricultural business. In December 2010, the Company purchased certain assets of DMCC Staffing, LLC ("DMCC") and RFFG of Cleveland, LLC ("RFFG of Cleveland") an industrial staffing business located in the state of Ohio. In August 2011, the Company purchased certain assets of Ashley Ellis, LLC ("Ashley Ellis"), a professional staffing and placement business. The principal executive office of the Company is located at 184 Shuman Blvd., Suite 420, Naperville, Illinois.

Services Provided

The Company provides the following distinctive services: (a) professional placement services specializing in the placement of information technology, engineering, and accounting professionals for direct hire and contract staffing, (b) temporary staffing services in the agricultural industry, which was discontinued as of July 7, 2013, and (c) temporary staffing services in light industrial staffing.

The Company provides staffing services through a network of branch offices located in major metropolitan areas throughout the United States. The Company's professional staffing services provide information technology, engineering and accounting professionals to clients on either a regular placement basis or a temporary contract basis. The Company's industrial staffing business provides weekly temporary staffing for light industrial clients in Ohio and Pennsylvania.

The percentage of revenues derived from each of the Company's continuing operations is as follows:

	Year Ended September 30,	
	2013	2012
Industrial contract services	64%	63%
Professional contract services	20%	20%
Direct hire placement services	16%	17%

Marketing

The Company markets its services using the trade names General Employment Enterprises, Omni One, Business Management Personnel, Ashley Ellis, Triad Personnel Services, Triad Staffing, Generation Technologies, BMCH, and BMCHPA. As of September 30, 2013, it operated twenty-one branch offices in downtown or suburban areas of major U.S. cities in eleven states. The offices were located in Arizona, California (3), Florida (2), Georgia, Illinois (2), Indiana, Massachusetts, North Carolina, Ohio (7), Pennsylvania and Texas.

The Company markets its staffing services to prospective clients primarily through telephone marketing by its recruiting and sales consultants, and through mailing of employment bulletins, which list candidates available for placement and contract employees available for assignment.

There was no customer that represented more than 10% of the Company's consolidated revenue in fiscal 2013 or in fiscal 2012.

Competition

The staffing industry is highly competitive. There are relatively few barriers to entry by firms offering placement services, while significant amounts of working capital typically are required for firms offering contract services. The Company's competitors include a large number of sole-proprietorship operations, as well as regional and national organizations. Many of them are large corporations with substantially greater resources than the Company.

The Company's professional and industrial staffing services compete by providing highly qualified candidates who are well matched for the position, by responding quickly to client requests, and by establishing offices in convenient locations. As part of its service, the Company provides professional reference checking, scrutiny of candidates' work experience and optional background checks. In general, pricing is considered to be secondary to quality of service as a competitive factor. During slow hiring periods, however, competition can put pressure on the Company's pricing.

The agricultural staffing service was considered a niche business that required a high capital reserve to cover the weekly payroll. There were few businesses in this market. The Company discontinued this business as of July 7, 2013.

Recruiting

The success of the Company's services is highly dependent on its ability to obtain qualified candidates. Prospective employment candidates are generally recruited through telephone contact by the Company's employment consultants or through postings on the Internet. For Internet postings, the Company maintains its own web page at www.generalemployment.com and uses other Internet job posting bulletin board services. The Company maintains database records of applicants' skills to assist in matching them with job openings and contract assignments. The Company generally screens and interviews all applicants who are presented to its clients.

Employees

As of September 30, 2013, the Company had approximately 160 regular employees and the number of contract service employees varied week to week from a minimum of approximately 500 to a maximum of 4,000.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Exchange Act. The public may obtain these filings at the Securities and Exchange Commission (the "SEC") Public Reference Room at 100 F Street, NE, Washington DC 20549 or by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding the Company and other companies that file material with the SEC electronically. Copies of the Company's reports can be obtained, free of charge, electronically through our internet website, <http://www.generalemployment.com>.

Item Risk Factors.

1A.

WE HAVE EXPERIENCED LOSSES FROM OPERATIONS AND MAY NOT BE PROFITABLE IN THE FUTURE.

The Company experienced significant losses for the year ended September 30, 2013. There can be no assurance that the Company will not incur losses in the future. The Company's operating expenses have increased as the business has grown and can be expected to increase significantly because of expansion efforts. There is no assurance that the Company will be able to generate sufficient revenue to meet its operating expenditures or continue to operate profitably.

RECENT GLOBAL TRENDS IN THE FINANCIAL MARKETS COULD ADVERSELY AFFECT OUR BUSINESS, LIQUIDITY AND FINANCIAL RESULTS.

Recent global economic conditions, including disruption of financial markets, could adversely affect our business and results of operations, primarily through limiting our access to credit, our ability to refinance debt and disrupting our customers' businesses, which are heavily dependent on retail and e-commerce transactions. Although we currently believe that we will be able to obtain the necessary financing in the future, there is no assurance that these institutions will be able to loan us the necessary capital, which could have a material adverse impact on our business. In addition, continuation or worsening of general market conditions in the United States economy important to our businesses may adversely affect our customers' level of spending, ability to obtain financing for purchases and ability to make timely payments to us for our services, which could require us to increase our allowance for doubtful accounts, negatively impact our days sales outstanding and adversely affect our results of operations.

WE DEPEND ON ATTRACTING, INTEGRATING, MANAGING, AND RETAINING QUALIFIED PERSONNEL.

Our success depends upon our ability to attract, integrate, manage and retain personnel who possess the skills and experience necessary to fulfill our clients' needs. Our ability to hire and retain qualified personnel could be impaired by any diminution of our reputation, decrease in compensation levels relative to our competitors or modifications to our total compensation philosophy or competitor hiring programs. If we cannot attract, hire and retain qualified personnel, our business, financial condition and results of operations may suffer. Our future success also depends upon our ability to manage the performance of our personnel. Failure to successfully manage the performance of our personnel could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income.

ONE OF OUR BOARD OF DIRECTORS, TOGETHER WITH HIS AFFILIATES, CONTROLS A MAJORITY OF THE COMBINED VOTING POWER OF OUR COMMON STOCK, WHICH MAY GIVE RISE TO CONFLICTS OF INTERESTS.

Michael Schroering, our former Chief Executive Officer and current director, together with his affiliates, control approximately 70% of the Company's voting shares outstanding. As a result, Mr. Schroering and his affiliates are able to control all matters requiring the Company's shareholders' approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may delay, prevent or deter a change in control, and could deprive the Company's shareholders of an opportunity to receive a premium for their common stock as part of a sale of the Company or its assets. The interests of Mr. Schroering and his affiliates may not always coincide with your interests or the interests of other shareholders, and they may act in a manner that advances their best interests and not necessarily those of other shareholders.

WE MAY NOT BE ABLE TO COMPETE EFFECTIVELY.

Competition in the market for placement and staffing services is intense. The Company faces competition from many larger, more established companies. In addition, other companies could seek to introduce competing services and increased competition could result in a decrease in the price charged by the Company's competitors for their services or reduce demand for the Company's products and services, which would have a material adverse effect on the Company's business, operating results and financial condition. There can be no assurance that the Company will be able to compete successfully with its existing or potential competitors, which may have substantially greater financial, technical, and marketing resources, longer operating histories, greater name recognition or more established relationships in the industry than the Company. If any of these competitors provides competitive services to the marketplace in the future, the Company cannot be sure that it will have the resources or expertise to compete successfully.

CHANGES IN GOVERNMENT REGULATION COULD LIMIT OUR GROWTH OR RESULT IN ADDITIONAL COSTS OF DOING BUSINESS.

We are subject to the same federal, state and local laws as other companies conducting placement and staffing services, which is extensive. The adoption or modification of laws related to the placement and staffing industry, such as the Healthcare for America Plan, could harm our business, operating results and financial condition by increasing our costs and administrative burdens.

INTERRUPTION OF THE COMPANY'S BUSINESS COULD RESULT FROM INCREASED SECURITY MEASURES IN RESPONSE TO TERRORISM.

The continued threat of terrorism within the United States and the ongoing military action and heightened security measures in response to such threat has and may cause significant disruption to commerce. The U.S. economy in general is being adversely affected by terrorist activities and potential activities. Any economic downturn could adversely impact the Company's results of operations, impair the Company's ability to raise capital or otherwise adversely affect the Company's ability to grow the business. It is impossible to predict how this may affect the Company's business or the economy in the U.S. and in the world. In the event of further threats or acts of terrorism, the Company's business and operations may be severely and adversely affected or destroyed.

SUBSTANTIAL ALTERATION OF THE COMPANY'S CURRENT BUSINESS AND REVENUE MODEL COULD HURT SHORT-TERM RESULTS.

The Company's present business and revenue model represents the current view of the optimal business and revenue structure, which is to derive revenues and achieve profitability in the shortest period. There can be no assurance that current models will not be altered significantly or replaced with an alternative model that is driven by motivations other than near-term revenues and/or profitability (for example, building market share before the Company's competitors). Any such alteration or replacement of the business and revenue model may ultimately result in the deferring of certain revenues in favor of potentially establishing larger market share. The Company cannot assure that any adjustment or change in the business and revenue model will prove to be successful.

THE REQUIREMENTS OF BEING A PUBLIC COMPANY MAY STRAIN OUR RESOURCES AND DISTRACT MANAGEMENT.

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). These requirements are extensive. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting.

We may incur significant costs associated with our public company reporting requirements and costs associated with applicable corporate governance requirements. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

FAILURE TO ACHIEVE AND MAINTAIN EFFECTIVE INTERNAL CONTROLS IN ACCORDANCE WITH SECTION 404 OF THE SARBANES-OXLEY ACT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS AND OPERATING RESULTS. IN ADDITION, CURRENT AND POTENTIAL STOCKHOLDERS COULD LOSE CONFIDENCE IN OUR FINANCIAL REPORTING, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR STOCK PRICE.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed. We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. During the course of our testing, we may identify deficiencies which we may not be able to remediate in time for compliance with the requirements of Section 404. In addition, if we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time; we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to achieve and maintain an effective internal control environment could also cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price.

We cannot provide assurance as to the result of these efforts. We cannot be certain that any measures we take will ensure that we implement and maintain adequate internal controls in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

WE HAVE EXPERIENCED A SIGNIFICANT CHANGE IN THE COMPOSITION OF OUR BOARD OF DIRECTORS AND SENIOR MANAGEMENT, INCLUDING THE DEPARTURE OF OUR FORMER CHAIRMAN, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, AND PRESIDENT. FAILURE OF ANY NEW MANAGEMENT AND BOARD OF DIRECTORS MEMBERS TO INTEGRATE THEMSELVES INTO, AND EFFECTIVELY MANAGE, OUR BUSINESS COULD RESULT IN MATERIAL HARM TO THE COMPANY.

On February 22, 2013, Jarett A. Misch, our former Chief Financial Officer and Treasurer resigned from all positions with the Company. On January 31, 2013, Herbert F. Imhoff Jr., our former President and a director, retired from all positions with the Company. On December 26, 2012, Salvatore J. Zizza, our former Chief Executive Officer and Chairman of the Board, retired from all positions with the Company, and Mr. Schroering was appointed by the Board as Chief Executive Officer and Chairman of the Board. Mr. Schroering resigned his position as Chief Executive Officer and Chairman of the Board of Directors on November 3, 2013, however remains as a Board of Directors member. On October 2, 2012, Edward O. Hunter was appointed to the Board of Directors to fill the vacancy created by the resignation of Charles W.B. Wardell III on September 4, 2012. Andrew J. Norstrud was appointed Chief Financial Officer on March 29, 2013, and subsequently has assumed the Principle Executive Officer role upon Michael Schroering's resignation.

The failure of our directors or any new members of management to perform effectively or the loss of any of the directors or members of management could have a significant negative impact on our business, financial condition and results of operations. In addition, our Board of Directors and management may institute strategies that differ from those we are applying currently. If any new strategies are adopted, it may take management a significant amount of time to fully implement such new strategies. If any new strategies are unsuccessful or if we are unable to execute them successfully, there could be a significant negative impact on our business, financial condition, and results of operations.

WE HAVE NOT REGISTERED WITH THE SEC OR LISTED WITH THE NYSE MKT, THE SHARES UNDERLYING OPTIONS ISSUED UNDER OUR 2011 INCENTIVE PLAN.

We have issued options to purchase 1.3 million shares of our common stock under the 2011 Incentive Plan, all of which are fully vested and exercisable. We have not yet filed a registration statement on Form S-8, registering the shares underlying such options, nor have we listed such shares with the NYSE MKT. If we do not register these shares, the Company may be subject to civil or other penalties (including sanctions) by regulatory authorities and/or shareholders for certain violations of federal or state securities laws. We may also be subject to the suspension of trading in, or removal from listing from, the NYSE MKT for failure to comply with the NYSE MKT listing agreement.

WE ARE NOT CURRENTLY IN COMPLIANCE WITH THE NYSE MKT LLC'S REPORTING REQUIREMENTS AND FAILURE TO REGAIN AND MAINTAIN COMPLIANCE WITH THIS STANDARD COULD RESULT IN DELISTING AND ADVERSELY AFFECT THE MARKET PRICE AND LIQUIDITY OF OUR COMMON STOCK AND OUR ABILITY TO RAISE ADDITIONAL CAPITAL.

Our common stock is currently listed on the NYSE MKT LLC ("NYSE MKT"). Companies trading on the NYSE MKT must be reporting issuers under Section 12 of the Exchange Act and must be current in their reports filed under Section 13 of the Exchange Act. If we fail to remain current on our reporting requirements, we could be removed from the NYSE MKT.

On January 17, 2013 and February 21, 2013, the Company received notices from the NYSE MKT staff indicating that the Company is below certain of the NYSE MKT's continued listing standards due to the Company's delinquency in filing its Annual Report on Form 10-K for the fiscal year ended September 30, 2012, and the delinquency in filing its Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, as set forth in sections 134 and 1101 of the NYSE MKT Company Guide. The Company was afforded the opportunity to submit a plan of compliance to the NYSE MKT and on January 31, 2013, presented its plan for both reports to the NYSE MKT. On March 5, 2013, the NYSE MKT notified the Company that it accepted the Company's plan of compliance and granted the Company an extension until April 17, 2013, to regain compliance with the continued listing standards. The Company has since become compliant with all delinquencies in filings.

On June 6, 2013, the Company received a letter from NYSE MKT which stated, among other things, that the Company has equity less than \$4 million and has sustained losses from continuing operations and/or net losses in three of its four most recent fiscal years and, in the opinion of NYSE MKT, it is questionable as to whether the Company will be able to continue operations and/or meet its obligations as they mature based on its current overall financial condition, pursuant to Sections 1003(a)(ii) and 1003(a)(iv) of the NYSE MKT's Company Guide, respectively. The Company was afforded the opportunity to submit a plan of compliance to the NYSE MKT and on July 8, 2013, presented its plan to correct its deficiencies related to Sections 1003(a)(ii) and 1003(a)(iv) of the NYSE MKT's Company Guide. On August 27, 2013, NYSE MKT notified the Company that it accepted the Company's plan of compliance and granted the Company an extension until October 7, 2013, to obtain the necessary financing to provide the necessary cash flow to continue operations and/or meet its obligations as they mature and until June 6, 2014, to have the required \$4 million in equity. On October 29, 2013, the Company received a letter from the NYSE MKT stating that, based on the review of the information provided by the Company, the Company has made significant progress towards regaining compliance with Section 1003(a)(iv) of the Company Guide. Based on the Company's progress to date and actions the Company plans to implement in the future, in accordance with Section 1009 of the Company Guide, the NYSE MKT has determined to extend the Financial Impairment Plan Period until February 21, 2014. The foregoing is subject to the Company making a public announcement by November 4, 2013, continuing to provide updates to the NYSE MKT staff and continuing to show progress in regaining compliance. The plan period for the Company to regain compliance with Section 1003(a)(ii) remains June 6, 2014. On November 4, 2013, a press release announcing the acceptance by the NYSE MKT LLC of the plan was issued.

VOLATILITY OF THE MARKET PRICE OF THE COMPANY'S STOCK IS LIKELY TO OCCUR DUE TO THE LOW TRADING VOLUME OF OUR STOCK.

The market price of the Company's common stock may be volatile, which could cause the value of your investment to decline. Any of the following factors could affect the market price of our common stock:

- Changes in earnings estimates and outlook by financial analysts;
- Our failure to meet investors' performance expectations;
- General market and economic conditions; and
- Our small trading volume.

ACCORDING TO THE SEC, THE MARKET FOR PENNY STOCKS HAS SUFFERED FROM PATTERNS OF FRAUD AND ABUSE.

Such patterns include:

- Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "Boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- The wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

In addition, many of the risks described elsewhere in this "Risk Factors" section could adversely affect the Company's stock price. The stock markets have experienced price and volume volatility that have affected many companies' stock prices. Stock prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These types of fluctuations may affect the market price of our common stock.

APPLICABILITY OF LOW PRICED STOCK RISK DISCLOSURE REQUIREMENTS COULD DISCOURAGE BROKERS FROM MAKING A MARKET IN OUR STOCK.

The Company's common stock may be considered a low priced security under rules promulgated under the Exchange Act. Under these rules, broker-dealers participating in transactions in low priced securities must first deliver a risk disclosure document which describes that risks associated with such stock, the broker-dealer's duties, the customer's rights and remedies, and certain market and other information, and make a suitability determination approving the customer for low priced stock transactions based on the customer's financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing and provide monthly account statements to the customer, and obtain specific written consent of the customer. With these restrictions, the likely effect of designation as a low price stock would be to decrease the willingness of broker-dealers to make a market for the stock, to decrease the liquidity of the stock and to increase the transaction costs of sales and purchase of such stocks compared to other securities.

NO DIVIDENDS ANTICIPATED.

The Company intends to retain all future earnings for use in the development of the Company's business and does not anticipate paying any cash dividends on the Common Stock in the near future.

WE MAY NOT BE ABLE TO OBTAIN THE NECESSARY ADDITIONAL FINANCING TO ACHIEVE OUR STRATEGIC GOALS.

On September 27, 2013, the Company entered into agreements with Keltic Financial Partners II LP ("Keltic") that provide the Company with long term financing through a six million dollar (\$6,000,000) secured revolving note (the "Note"). The Note has a term of three years and has no amortization prior to maturity. The interest rate for the Note is a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus three and one quarter percent (3.25%), (B) the LIBOR Rate plus six and one quarter percent (6.25%), and (C) six and one half percent (6.50%), interest is paid on a monthly basis. Loan advances pursuant to the Note are based on the accounts receivable balance and other assets. Upon execution of the Note, approximately three million fifty thousand dollars (\$3,050,000) was advanced for the full repayment of debt owed to Wells Fargo and fees from Wells Fargo related to the early termination of their debt agreement. At the time of close, there was approximately nine hundred thousand (\$900,000) of availability under the new Note in excess of amounts paid to extinguish the debt and fees with Wells Fargo. The Company expects to incur certain cash expense and commitment fees related to obtaining the agreement of approximately \$170,000, which has been paid prior to the closing of the Note or will be paid over the next six months. The Note is secured by all of the Company's property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interests.

There is no guarantee that we will be able to obtain any additional financing that may be required to continue to expand our business. Our continued viability depends on our ability to raise capital. Changes in economic, regulatory or competitive conditions may lead to cost increases. Management may also determine that it is in our best interest to expand more rapidly than currently intended, to expand marketing activities, to develop new or enhance existing services or products, to respond to competitive pressures or to acquire complementary services, businesses or technologies. In any such case or other change of circumstance, additional financing will be necessary. If any additional financing is required, there can be no assurances that we will be able to obtain such additional financing on terms acceptable to us and at times required by us, if at all. In such event, we may be required to materially alter our business plan or curtail all or a part of our expansion plans.

WE MAY NOT BE ABLE TO MANAGE EXPECTED GROWTH AND INTERNAL EXPANSION.

We have not yet undergone the significant managerial and internal expansion that we expect will occur, and our inability to manage growth could hurt our results of operations. Expansion of our operations will be required to address anticipated growth of our customer base and market opportunities. Expansion will place a significant strain on our management, operational and financial resources. Currently, we have a limited number of employees. We will need to improve existing procedures and controls as well as implement new transaction processing, operational and financial systems, procedures and controls to expand, train and manage our employee base. Our failure to manage growth effectively could have a damaging effect on our business, results of operations and financial condition.

Item Unresolved Staff Comments.

1B.

Not applicable.

Item 2. Properties.

The Company's policy is to lease commercial office space for all of its offices. The Company's headquarters are located in a building near Chicago, Illinois. The Company leases approximately 5,000 square feet of space at that location under a lease that will expire in 2018.

The Company's staffing offices are located in downtown and suburban business centers in the following eleven states: Arizona, California, Florida, Georgia, Illinois, North Carolina, Indiana, Ohio, Texas, Massachusetts and Pennsylvania. Established offices are operated from leased space ranging from 800 to 2,000 square feet, generally for initial lease periods of one to five years, with cancellation clauses after certain periods of occupancy in some cases. Management believes that existing facilities are adequate for the Company's current needs and that its leasing strategies provide the Company with sufficient flexibility to open or close offices to accommodate business needs.

Item 3. Legal Proceedings.

As of September 30, 2013, there were no other material legal proceedings pending against the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Amended and Restated Purchase agreement with RFFG required the issuance of 1.1 million shares of common stock. The stock was officially issued on July 2, 2013. The stock price on July 2, 2013 was \$0.2999 and there were shares traded that day at that price. The value related to this transaction on July 2, 2013 was \$329,890.

Market Information

The Company's common stock is listed on the NYSE MKT and is traded under the symbol "JOB." The following table sets forth the quarterly high and low sales prices per share of the Company's common stock on the consolidated market for each quarter within the last two fiscal years.

	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Fiscal 2013:				
High	\$.47	\$.37	\$.56	\$.68
Low	.16	.27	.31	.42
Fiscal 2012:				
High	\$.33	\$.53	\$.69	\$.65
Low	.18	.22	.41	.25

Holdings of Record

There were approximately 600 holders of record of the Company's common stock on January 13, 2014.

Dividends

No dividends were declared or paid during the years ended September 30, 2013 and September 30, 2012. We do not anticipate paying any cash dividends for the foreseeable future.

During the two years ended September 30, 2013 and 2012, no equity securities of the Company were repurchased by the Company.

Securities Authorized for Issuance under Equity Compensation Plans

As of September 30, 2013, there were stock options outstanding under the Company's 1995 Stock Option Plan, Second Amended and Restated 1997 Stock Option Plan, 1999 Stock Option Plan and the 2011 Company Incentive Plan. All four plans were approved by the shareholders. The 1995 Stock Option Plan and the 1999 Stock Option Plan have expired, and no further options may be granted under those plans. During fiscal 2009, the Second Amended and Restated 1997 Stock Option Plan was amended to make an additional 592,000 options available for granting and as of September 30, 2013, there were no shares available for issuance under the Amended and Restated 1997 Stock Option Plan. As of September 30, 2013, there were no shares available for issuance under the 2011 Company Incentive Plan.

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On July 23, 2013, the Board of Directors approved the Company's 2013 Incentive Stock Plan (the "2013 Plan"), and resolved to cease issuing securities under all prior Company equity compensation plans. The 2013 Plan was approved by the Company's shareholders at the Annual Meeting of Stockholders on September 9, 2013. The purpose of the 2013 Plan is to provide additional incentives to select persons who can make, are making, and continue to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons, and to encourage and reward such contributions, by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restricted stock. The 2013 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2013 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2013 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an Award made under the 2013 Plan. The maximum number of shares that may be granted under the 2013 Plan is 10,000,000. This number is subject to adjustment to reflect changes in the capital structure or organization of the Company.

(number of shares in thousands)

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	1,478	\$ 0.40	10,000 ⁽¹⁾
Equity compensation plans not approved by security holders	—	—	—
Total	1,478	\$ 0.40	10,000⁽¹⁾

(1) Includes 10,000,000 shares issuable under the 2013 Plan.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion in conjunction with our consolidated financial statements and related notes included elsewhere in this report.

Overview

The Company was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. The Company provides the following distinctive services: (a) professional placement services specializing in the placement of information technology, engineering, and accounting professionals for direct hire and contract staffing, (b) temporary staffing services in the agricultural industry which was discontinued as of July 7, 2013, and (c) temporary staffing services in light industrial staffing.

The Company provides staffing services through a network of branch offices located in major metropolitan areas throughout the United States. The Company's professional staffing services provide information technology, engineering and accounting professionals to clients on either a regular placement basis or a temporary contract basis. The Company's industrial staffing business provides weekly temporary staffing for light industrial clients in Ohio and Pennsylvania.

Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. We believe our current segments complement one another and position us for future growth.

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As of July 7, 2013, the Company's Board of Directors determined that the best course of action related to the Agricultural Division was to terminate its operations, to liquidate its assets, and to focus the business on the light industrial and professional divisions. On July 7, 2013, all staffing was discontinued and the entire operations of the Agricultural Division were discontinued as of August 1, 2013. All employees have been terminated and a one-time expense of approximately \$150,000 was recognized as of September 30, 2013.

Results of Operations

Net Revenues

Consolidated net revenues are comprised of the following:

(In Thousands)	Year Ended September 30,	
	2013	2012
Industrial contract services	\$ 29,816	\$ 28,206
Professional contract services	9,371	9,132
Direct hire placement services	7,317	7,215
Consolidated net revenues	\$ 46,504	\$ 44,553

Consolidated net revenues increased approximately \$1,951 or 4% compared with the same period last year. The increase in revenue was primarily due to the work performed related to Hurricane Sandy. Management has taken significant action during the course of the year to improve both revenue growth and profitability, including the termination or replacement of senior management. The current management of the Company believes that the changes will eliminate several of the ongoing issues and strengthen the Company's revenue potential.

Cost of Contract Services

Consolidated cost of contract services are comprised of the following:

(In Thousands)	Year Ended September 30,	
	2013	2012
Industrial contract services	\$ 26,058	\$ 23,368
Professional contract services	6,260	7,363
Consolidated cost of contract services	\$ 32,318	\$ 30,731

Cost of services includes wages and related payroll taxes and employee benefits of the Company's employees while they work on contract assignments. Cost of contract services for the year ended September 30, 2013, increased by approximately 5% to approximately \$32 million compared with the prior year of approximately \$31 million. Cost of contract services, as a percentage of contract revenue, for the year ended September 30, 2013, remained consistent with the prior year. There have been significant increases in the workers compensation rates in Ohio, however this was offset in 2013 from a \$410,000 rebate received from the Ohio Bureau of Workers Compensation. The Company is in the process of increasing our rates in 2014 to account for the increases in workers compensation and the Affordable Care Act costs, however management believes that the overall gross margin will decrease as the Company will not be able to increase the rates and maintain the same profit as it has in the past.

Gross Profit percentage by segment:

	Year Ended September 30, 2013	Year Ended September 30, 2012
Gross Profit Margin %		
Direct hire placement services	100%	100%
Industrial contract services	14.3%	14.2%
Professional contract services	33.2%	28.4%
Combined Gross Profit Margin % (1)	<u>30.5%</u>	<u>31.0%</u>

(1) Includes gross profit from direct hire placements, which all associated costs are recorded as selling, general and administrative expenses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include the following categories:

- Compensation in the operating divisions, which includes commissions earned by the Company's employment consultants and branch managers on permanent and temporary placements. It also includes salaries, wages, unrecovered advances against commissions, payroll taxes and employee benefits associated with the management and operation of the Company's staffing offices.
- Administrative compensation, which includes salaries, wages, payroll taxes and employee benefits associated with general management and the operation of the finance, legal, human resources and information technology functions.
- Occupancy costs, which includes office rent, depreciation and amortization, and other office operating expenses.
- Recruitment advertising, which includes the cost of identifying job applicants.
- Other selling, general and administrative expenses, which includes travel, bad debt expense, fees for outside professional services and other corporate-level expenses such as business insurance and taxes.

The Company's largest selling, general and administrative expense is for compensation in the operating divisions. Most of the Company's employment consultants are paid on a commission basis and receive advances against future commissions. When commissions are earned, prior advances are applied against them and the consultant is paid the net amount. At that time, the Company recognizes the full amount as commission expense, and advance expense is reduced by the amount recovered. Thus, the Company's advance expense represents the net amount of advances paid, less amounts applied against commissions.

Selling, general and administrative expenses for the year ended September 30, 2013, increased by approximately \$1.3 million to approximately \$15.2 million as compared to the prior year of approximately \$13.9 million. The increase was primarily related to the significant increase in professional fees and a one-time expense for terminated employees and the San Mateo terminated lease. Management expects these higher than normal expenses to be significantly reduced in the first quarter of fiscal 2014 and overall expenses are not expected to continue to grow at a higher pace than revenue and should decrease significantly once the Company is able to capitalize on the consolidation of the acquisitions.

Amortization of intangible assets

For the year ended September 30, 2013, there was a decrease in the amortization of intangible assets of approximately \$74,000 which was primarily due to the impairment of a long term intangible asset in the prior year. During the year ended September 30, 2012, the Company wrote off the intangible assets and goodwill of approximately \$274,000 related to the Agricultural Division due to the loss of a large customer in 2012.

Interest expense

Interest expense for the year ended September 30, 2013, increased \$47,000, or 23% compared with the prior year primarily as a result of higher borrowings.

Discontinued Operations

As a result of terminating our Agricultural Division in July of 2013, we have reclassified the operations of that division to loss from discontinued operations, in the accompanying statement of operations. For the years ended September 30, 2013 and 2012 the Company recognized a loss of \$324,000 and \$109,000, respectively, for this division. There continues to be approximately \$238,000 of accounts receivable related to this division that management believes will be collected in 2014, however, if we are unable to collect this receivable, it would result in an additional \$238,000 of expense.

Taxes

There were no credits for income taxes as a result of the pretax losses incurred during the periods because there was not sufficient assurance that future tax benefits would be realized.

Liquidity and Capital Resources

The following table sets forth certain consolidated statements of cash flows data (in thousands):

	For the year ended September 30, 2013	For the year ended September 30, 2012
Cash flows (used in) provided by operating activities	\$ (1,112)	\$ 204
Cash flows used in investing activities	\$ (341)	\$ (511)
Cash flows provided by financing activities	\$ 1,413	\$ 466

As of September 30, 2013, the Company had cash and cash equivalents of \$361,000, which was a decrease of approximately \$3,000 from approximately \$364,000 at September 30, 2012. Negative working capital at September 30, 2013 was approximately \$781,000, as compared to net working capital of approximately \$541,000 for September 30, 2012. The Company's current ratio was approximately 0.91, a decrease of approximately 0.19 from the prior year. Shareholders' equity as of September 30, 2013, was approximately \$2,613,000 which represented approximately 23% of total assets. The net loss for the year ended September 30, 2013, was approximately \$1,890,000.

Net cash (used in) provided by operating activities for the years ended September 30, 2013 and 2012 was approximately (\$1,071,000) and \$95,000, respectively. The fluctuation is due to the significant loss sustained during the year ended September 30, 2013.

Net cash used in investing activities for the years ended September 30, 2013 and 2012 was (\$345,000) and (\$511,000) respectively. The decrease was due to a higher amount of property and equipment acquired in the prior year and payments in 2012 for a prior year acquisitions. The Company used cash to acquire equipment in the amount of approximately \$191,000, net of a sale lease back agreement the Company entered into during the year.

Net cash flow provided by financing activities for the year ended September 30, 2013 was \$1,413,000 compared to \$466,000 in the year ended September 30, 2012. Fluctuations in financing activities are attributable to the level of borrowings.

All of the Company's office facilities are leased. As of September 30, 2013, future minimum lease payments under non-cancelable lease commitments having initial terms in excess of one year, including closed offices, totaled approximately \$1.9 million.

On April 22, 2013, the Company finalized an Amendment to the Asset Purchase Agreement by and among DMCC Staffing, LLC, an Ohio limited liability company, RFFG of Cleveland, LLC an Ohio limited liability company (each a "Seller" and together, "Sellers"), the Company, and Triad Personnel Services, Inc., an Illinois corporation and wholly owned subsidiary of the Company ("Buyer").

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The Company agreed to pay the Sellers additional cash consideration of between \$550,000 and \$650,000 depending on the length of payment terms and 1,100,000 shares of common stock, in full satisfaction of all amounts owed to Seller, related to the Asset Purchase Agreement. The Company issued 1,100,000 shares of common stock on July 2, 2013, which was valued at approximately \$330,000. During the year ended September 30, 2013, the Company paid \$200,000 of the cash consideration noted above. The Company has accrued \$350,000 at September 30, 2013, for the balance of the liability, however has elected to pay the remaining amount over two years. The total payments over the two years will be approximately \$450,000 with the additional \$100,000 to be recorded as interest expense.

In connection with the completion of the sale of shares of common stock to PSQ in fiscal 2009, Herbert F. Imhoff, Jr., the Company's then Chairman and Chief Executive Officer retired from those positions and his employment agreement with the Company was replaced by a new consulting agreement. Under the consulting agreement, the Company became obligated to pay an annual consulting fee of \$180,000 over a five-year period and to issue 500,000 shares of common stock to Mr. Imhoff, Jr. for no additional consideration, and the Company recorded a liability for the net present value of the future fee payments in the amount of \$790,000. As of September 30, 2013, \$135,000 remains payable under this agreement and is included in accrued compensation on the Company's balance sheet. On January 31, 2013, Mr. Imhoff Jr. retired from all positions with the Company, however he will continue to receive his monthly payments related to the accrued compensation of \$135,000.

On September 27, 2013, the Company entered into agreements with Keltic Financial Partners II LP ("Keltic") that provide the Company with long term financing through a six million dollar (\$6,000,000) secured revolving note (the "Note"). The Note has a term of three years and has no amortization prior to maturity. The interest rate for the Note is a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus three and one quarter percent (3.25%), (B) the LIBOR Rate plus six and one quarter percent (6.25%), and (C) six and one half percent (6.50%), interest is paid on a monthly basis. Loan advances pursuant to the Note are based on the accounts receivable balance and other assets. Upon execution of the Note, approximately three million fifty thousand dollars (\$3,050,000) was advanced for the full repayment of debt owed to Wells Fargo and fees from Wells Fargo related to the early termination of their debt agreement. At the time of close, there was approximately nine hundred thousand (\$900,000) of availability under the new Note in excess of amounts paid to extinguish the debt and fees with Wells Fargo. The Company incurred certain cash expense and commitment fees related to obtaining the agreement of approximately \$170,000, which has been paid prior to the closing of the Note or will be paid over the next six months. The Note is secured by all of the Company's property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interests. The Keltic facility includes certain covenants which require compliance until termination of the agreement.

The Company has several administrative covenants and the following financial covenant:

The Company must maintain the following EBITDA:

(a) The Fiscal Quarter ending on December 31, 2013, to be less than Three Hundred Seventy Thousand and 00/100 Dollars (\$370,000.00);

(b) The six (6) consecutive calendar month period ending on March 31, 2014, to be less than Seven Hundred Fifteen Thousand and 00/100 Dollars (\$715,000.00);

(c) The nine (9) consecutive calendar month period ending on June 30, 2014, to be less than One Million One Hundred Thirty Thousand and 00/100 Dollars (\$1,130,000.00);

(d) The Fiscal Year ending on September 30, 2014, to be less than One Million Three Hundred Thousand and 00/100 Dollars (\$1,300,000.00); and

(e) For any period commencing on or after October 1, 2014, no less than such amounts as are established by Lender for such period based on the annual financial projections including such period delivered by Borrower pursuant the agreement. Borrower acknowledges and agrees that the above EBITDA covenant levels, and Lender's adjustment in accordance with the preceding sentence, have been established by Lender based on Borrower's operations as conducted on the Effective Date, and that any material change to such operations, whether by Strategic Acquisition or otherwise, will necessitate an adjustment by Lender of the above EBITDA covenant levels, and that Lender will make such adjustments in Lender's permitted discretion.

As of the date of this report, the Company was in compliance with all administrative and financial covenants.

The Company believes that the borrowing availability under the Keltic facility will be adequate to fund the working capital needs. In recent years, the Company has incurred significant losses and negative cash flows from operations. Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. In addition, as discussed above, the Company entered into the Keltic facility to provide working capital financing.

Due to the LEED HR purchasing a majority ownership during fiscal 2012 and the resulting change in control, the Company may be limited by Section 382 of the Internal Revenue Code as to the amount of net operating losses that may be used in future years.

In recent years, the Company has incurred significant losses and negative cash flows from operations. Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. Management believes with current cash flow from operations and the availability under the Keltic facility, the Company will have sufficient liquidity for the next 12 months.

Off-Balance Sheet Arrangements

As of September 30, 2013 and 2012, and during the two years then ended, there were no transactions, agreements or other contractual arrangements to which an unconsolidated entity was a party, under which the Company (a) had any direct or contingent obligation under a guarantee contract, derivative instrument or variable interest in the unconsolidated entity, or (b) had a retained or contingent interest in assets transferred to the unconsolidated entity.

Critical Accounting Policies

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission.

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include deferred income tax valuation allowances, accounts receivable allowances, accounting for acquisitions, and evaluation of impairment of long-lived assets. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

The following accounting policies are considered by management to be “critical” because of the judgments and uncertainties involved, and because different amounts would be reported under different conditions or using different assumptions.

Estimates and Assumptions

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the consolidated financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include, but may not be limited to, deferred income tax valuation allowances, accounts receivable allowances, accounting for acquisitions and evaluation of impairment. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

Revenue Recognition

Direct hire placement service revenues are recognized when applicants accept offers of employment, less a provision for estimated losses due to applicants not remaining employed for the Company's guarantee period. Contract staffing service revenues are recognized when services are rendered.

Cost of Contract Staffing Services

The cost of contract services includes the wages and the related payroll taxes and employee benefits of the Company's employees while they work on contract assignments.

Income Taxes

We record a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We record a valuation allowance to reduce our deferred tax assets to the net amount that we believe is more likely than not to be realized.

Due to the private sale of shares of common stock to LEED HR during fiscal 2012 and the resulting change in control, the Company may be limited by Section 382 of the Internal Revenue Code as to the amount of net operating losses that may be used in future years.

We recognize tax benefits from uncertain tax positions only if we believe that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

Accounts Receivable

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. An allowance for placement fall-offs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics and known factors impacting its customers. The nature of the contract service business, where companies are dependent on employees for the production cycle allows for a small accounts receivable allowance. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately \$272,000 and \$259,000 is considered necessary as of September 30, 2013, and September 30, 2012, respectively. The Company charges uncollectible accounts against the allowance once the invoices are deemed unlikely to be collectible. Based on management's review of accounts receivables related to discontinued operations, an allowance of approximately \$35,000 is considered necessary as of September 30, 2013.

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired in the acquisitions of DMCC Staffing, LLC, RFFG of Cleveland, LLC, and Ashley Ellis, LLC. The Company assesses goodwill for impairment at least annually. Testing Goodwill for Impairment, which allows the Company to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds its implied fair value.

Fair Value Measurement

The Company follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The fair value of the Company’s current assets and current liabilities approximate their carrying values due to their short term nature. The carrying value of the Company’s long-term liabilities represents their fair value based on level 3 inputs. The Company’s goodwill and other intangible assets are measured at fair value on a non-recurring basis using level 3 inputs.

Intangible Assets

Customer lists, non-compete agreements, customer relationships, management agreements and trade names were recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives ranging from two to ten years using both accelerated and straight-line methods.

Impairment of Long-lived Assets

The Company records an impairment of long-lived assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method.

Stock-Based Compensation

Compensation expense is recorded for the fair value of stock options issued to directors and employees. The expense is measured as the estimated fair value of the stock options on the date of grant and is recorded over the vesting periods.

Segment Data

The Company had three operating business segments a) Contract staffing services, b) Direct hire placement services and c) Management services until July 15, 2011, when the Company stopped performing these services. These operating segments were determined based primarily on how the chief operating decision maker views and evaluates our operations until October 1, 2012, when the management services were discontinued. Operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Other factors, including type of business, type of employee, length of employment and revenue recognition are considered in determining these operating segments. We did not provide management services during the year ended September 30, 2013, and management does not currently intend to provide management services in the future.

Recent Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, A Similar Tax Loss, or a Tax Credit Carryforward Exists (A Consensus the FASB Emerging Issues Task Force). ASU 2013-11 provides guidance on financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The FASB's objective in issuing this ASU is to eliminate diversity in practice resulting from a lack of guidance on this topic in current U.S. GAAP. This ASU applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. This amendment is effective for public entities for fiscal years beginning after December 15, 2013, and interim periods within those years. The Company does not expect the adoption of this standard to have a material impact on the Company's unaudited condensed consolidated financial position and results of operations.

Other recent accounting pronouncements issued by FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

Item Quantitative and Qualitative Disclosure About Market Risk.

7A.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
General Employment Enterprises, Inc.
Naperville, Illinois

We have audited the accompanying consolidated balance sheets of General Employment Enterprises, Inc. (the “Company”) as of September 30, 2013 and 2012, and the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the years then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of General Employment Enterprises, Inc. as of September 31, 2013 and 2012, and the consolidated results of its operations and cash flows for each of the years then ended in conformity with US generally accepted accounting principles

/s/ FRIEDMAN LLP

New York, New York
January 13, 2014

**GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS**

(In Thousands)

	September 30, 2013	September 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 361	\$ 364
Accounts receivable, less allowances (2013 - \$272; 2012 - \$259)	6,697	6,164
Other current assets	416	246
Assets of discontinued operations, less allowances (2013 - \$35)	238	608
Total current assets	7,712	7,382
Property and equipment, net	530	507
Goodwill	1,106	1,106
Intangible assets, net	1,884	2,204
TOTAL ASSETS	\$ 11,232	\$ 11,199
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 3,734	\$ 2,404
Accounts payable	1,015	173
Accrued compensation	2,733	3,033
Other current liabilities	981	1,196
Liabilities from discontinued operations	30	35
Total current liabilities	8,493	6,841
Long-term liabilities	126	253
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Preferred stock; no par value; authorized - 20,000 shares; issued and outstanding - none	-	-
Common stock, no-par value; authorized - 200,000 shares; issued and outstanding - 22,799 shares at September 30, 2013 and 21,699 shares at September 30, 2012	10,851	10,453
Accumulated deficit	(8,238)	(6,348)
Total shareholders' equity	2,613	4,105
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 11,232	\$ 11,199

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

**GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS**

(In Thousands, Except Per Share Data)

	Years Ended September 30,	
	2013	2012
NET REVENUES:		
Contract staffing services	\$ 39,187	\$ 37,338
Direct hire placement services	7,317	7,215
NET REVENUES	46,504	44,553
Cost of contract services	32,318	30,731
Selling, general and administrative expenses	15,173	13,852
Amortization of intangible assets	320	394
Loss on impairment of intangible assets and goodwill	-	274
LOSS FROM OPERATIONS	(1,307)	(698)
Interest expense	251	204
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX PROVISION	(1,558)	(902)
Provision for income tax	(8)	-
LOSS FROM CONTINUING OPERATIONS	\$ (1,566)	\$ (902)
Loss from discontinued operations	<u>(324)</u>	<u>(109)</u>
NET LOSS	\$ (1,890)	\$ (1,011)
BASIC AND DILUTED LOSS PER SHARE		
From continuing operations	\$ (0.07)	\$ (0.04)
From discontinued operations	\$ (0.01)	\$ (0.01)
Total net loss per share	<u>(0.09)</u>	<u>(0.05)</u>
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC AND DILUTED	21,969	21,699

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

**GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS'
EQUITY**

(In Thousands)

	Common Stock		Accumulated	Total
	Shares	Amount	Deficit	Shareholders' Equity
Balance, September 30, 2011	21,699	\$ 10,031	\$ (5,337)	\$ 4,694
Stock compensation expense	-	422	-	422
Net loss	-	-	(1,011)	(1,011)
Balance, September 30, 2012	21,699	\$ 10,453	\$ (6,348)	\$ 4,105
Issuance of common stock	1,100	330	-	330
Stock compensation expense	-	68	-	68
Net loss	-	-	(1,890)	(1,890)
Balance, September 30, 2013	<u>22,799</u>	<u>\$ 10,851</u>	<u>\$ (8,238)</u>	<u>\$ 2,613</u>

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

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	Years Ended September 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,890)	\$ (1,011)
Loss from discontinued operations	(324)	(109)
Loss from continuing operations	(1,566)	(902)
Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities:		
Depreciation and amortization	485	546
Loss on impairment of goodwill	-	173
Loss on impairment of other intangible assets	-	101
Stock compensation expense	68	422
Provision for doubtful accounts	142	491
Loss on sale of fixed assets	78	-
Changes in operating assets and liabilities -		
Accounts receivable	(675)	(648)
Accounts payable	842	(312)
Accrued compensation	(300)	677
Other current items, net	(59)	(164)
Long-term liabilities	(127)	(180)
Net cash (used in) provided by operating activities - Continuing Operations	(1,112)	204
Net cash provided by (used in) operating activities - Discontinued Operations	41	(109)
Net cash (used in) provided by operating activities	(1,071)	95
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(191)	(261)
Partial payment of earn-out	(150)	(50)
Acquisition of Ashley Ellis	-	(200)
Net cash used in investing activities - Continuing Operations	(341)	(511)
Net cash used in investing activities - Discontinued Operations	(4)	-
Net cash used in investing activities	(345)	(511)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale lease back	122	-
Payments on Capital Lease	(39)	-
Net proceeds from short-term debt	1,330	466
Net cash provided by financing activities	1,413	466
Net change in cash and cash equivalents - Continuing Operations	(40)	159
Net change in cash and cash equivalents - Discontinued Operations	37	(109)
Cash and cash equivalents at beginning of year - Continuing Operations	364	314
Cash and cash equivalents at end of year	\$ 361	\$ 364
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 248	\$ 182
Cash paid for taxes	\$ 8	\$ -
Non-Cash Investing and Financing Activities:		
Property and equipment additions purchased by capital lease	\$ 194	\$ -
Non-cash payment of earn-out	\$ 330	\$ -

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

**GENERAL EMPLOYMENT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Description of Business

General Employment Enterprises, Inc. (the “Company,” “we,” “our” or “us”) provides staffing services through a network of branch offices located in major metropolitan areas throughout the United States. The Company’s professional staffing services provide information technology, engineering and accounting professionals to clients on either a regular placement basis or a temporary contract basis. The Company’s agricultural staffing services provided agricultural workers for farms and groves, until July 7, 2013, when the Company ceased operations within its Agricultural Division, terminated all the division’s employees and began the process of liquidating all assets of this Division. The Company’s industrial staffing business provides weekly temporary staffing for light industrial clients in Ohio and Pennsylvania. There was no customer that represented more than 10% of the Company’s consolidated revenue in fiscal 2013 or in fiscal 2012.

The Company has experienced significant losses in the past. Management has implemented a strategy which included cost reduction efforts, closure of the Agricultural Division as well as identifying strategic acquisitions, financed primarily through the issuance of stock, to improve the overall profitability and cash flows of the Company. The Company entered into a three year revolving credit agreement with Keltic to provide working capital financing. The agreement allows Keltic to advance the Company funds based on a percentage of eligible invoices.

In recent years, the Company has incurred significant losses and negative cash flows from operations. Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. Management believes with current cash flow from operations and the availability under the Keltic loan agreement, the Company will have sufficient liquidity for the next 12 months.

2. Significant Accounting Policies and Estimates

Basis of Presentation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission.

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of the Company and its wholly-owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Estimates and Assumptions

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the condensed consolidated financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include, but may not be limited to, deferred income tax valuation allowances, accounts receivable allowances, accounting for acquisitions and evaluation of impairment. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

Revenue Recognition

Direct hire placement service revenues are recognized when applicants accept offers of employment, less a provision for estimated losses due to applicants not remaining employed for the Company’s guarantee period. Contract staffing service revenues are recognized when services are rendered.

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The provision for falloffs and refunds, which is reflected in the consolidated statements of operations as a reduction of placement service revenues, was \$969,000 in fiscal 2013 and \$1,026,000 in fiscal 2012.

Cost of Contract Staffing Services

The cost of contract services includes the wages and the related payroll taxes and employee benefits of the Company's employees while they work on contract assignments.

Cash and Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. At September 30, 2013, and September 30, 2012, there were no cash equivalents. The Company maintains deposits in financial institutions in excess of amounts guaranteed by the Federal Deposit Insurance Corporation. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. We have never experienced any losses related to these balances. All of our non-interest bearing cash balances were fully insured at December 31, 2012, due to a temporary federal program in effect from December 31, 2010, through December 31, 2012. Under the program, there was no limit to the amount of insurance for eligible accounts. Beginning 2013, insurance coverage reverted to \$250,000 per depositor at each financial institution, and our non-interest bearing cash balances may again exceed federally insured limits.

Accounts Receivable

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. An allowance for placement fall-offs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics and known factors impacting its customers. The nature of the contract service business, where companies are dependent on employees for the production cycle allows for a small accounts receivable allowance. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately \$272,000 and \$259,000 is considered necessary as of September 30, 2013, and September 30, 2012, respectively. The Company charges uncollectible accounts against the allowance once the invoices are deemed unlikely to be collectible. Based on management's review of accounts receivables related to discontinued operations, an allowance of approximately \$35,000 is considered necessary as of September 30, 2013.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is calculated on a straight-line basis over estimated useful lives of five years for computer equipment and two to ten years for office equipment, furniture and fixtures. The Company capitalizes computer software purchased or developed for internal use and amortizes it over an estimated useful life of five years. The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If the carrying amount of an asset group is greater than its estimated future undiscounted cash flows, the carrying value is written down to the estimated fair value. There was no impairment of property and equipment for the years ended September 30, 2013 and 2012. For property and equipment included in current asset of discontinued operations in the accompanying balance sheet the Company has ceased recording depreciation expense.

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired in the acquisitions of DMCC Staffing, LLC, RFFG of Cleveland, LLC, and Ashley Ellis, LLC ("Ashley Ellis"). The Company assesses goodwill for impairment at least annually. Testing Goodwill for Impairment, which allows the Company to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds its implied fair value.

Fair Value Measurement

The Company follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The fair value of the Company’s current assets and current liabilities approximate their carrying values due to their short term nature. The carrying value of the Company’s long-term liabilities represents their fair value based on level 3 inputs. The Company’s goodwill and other intangible assets are measured at fair value on a non-recurring basis using level 3 inputs, as discussed in Note 4.

Earnings (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted income (loss) per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and the conversion of notes payable to common stock. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation. Common share equivalents of approximately 47,000 and 117,000 were excluded from the computation of diluted earnings per share for the years ended September 30, 2013 and 2012, respectively, because their effect is anti-dilutive.

Reclassification

Certain reclassifications have been made to the financial statements as of and for the year ended September 30, 2012 to conform to the presentation as of and for the year ended September 30, 2013.

Advertising Expenses

The majority of the Company’s advertising expense budget is used to support the Company’s business. Most of the advertisements are in print or internet media, with expenses recorded as they are incurred. For the years ended September 30, 2013 and 2012, included in selling, general and administrative expenses was advertising expense totaling approximately \$733,000 and \$869,000, respectively.

Intangible Assets

Customer lists, non-compete agreements, customer relationships, management agreements and trade names were recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives ranging from two to ten years using both accelerated and straight-line methods.

Impairment of Long-lived Assets

The Company records an impairment of long-lived assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method.

Stock-Based Compensation

Compensation expense is recorded for the fair value of stock options issued to directors and employees. The expense is measured as the estimated fair value of the stock options on the date of grant and is recorded over the vesting periods.

Income Taxes

We record a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We record a valuation allowance to reduce our deferred tax assets to the net amount that we believe is more likely than not to be realized.

Due to the private sale of shares of common stock to LEED HR during fiscal 2012 and the resulting change in control, the Company may be limited by Section 382 of the Internal Revenue Code as to the amount of net operating losses that may be used in future years.

We recognize tax benefits from uncertain tax positions only if we believe that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

Discontinued operations

A discontinued operation is a component of an entity that has either been disposed of or that is classified as held for sale, which represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of a separate line of business or geographical area of operations. In accordance with the rules regarding the presentation of discontinued operations, the assets, liabilities and activity of our agricultural business have been reclassified as a discontinued operation for all periods presented.

Segment Data

The Company had three operating business segments a) Contract staffing services, b) Direct hire placement services and c) Management services until July 15, 2011, when the Company stopped performing these services. These operating segments were determined based primarily on how the chief operating decision maker views and evaluates our operations until October 1, 2012, when the management services were discontinued. Operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Other factors, including type of business, type of employee, length of employment and revenue recognition are considered in determining these operating segments. We did not provide management services during the year ended September 30, 2013, and management does not currently intend to provide management services in the future.

Recent Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, A Similar Tax Loss, or a Tax Credit Carryforward Exists (A Consensus the FASB Emerging Issues Task Force). ASU 2013-11 provides guidance on financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The FASB's objective in issuing this ASU is to eliminate diversity in practice resulting from a lack of guidance on this topic in current U.S. GAAP. This ASU applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. This amendment is effective for public entities for fiscal years beginning after December 15, 2013 and interim periods within those years. The company does not expect the adoption of this standard to have a material impact on the Company's unaudited condensed consolidated financial position and results of operations.

Other recent accounting pronouncements issued by FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

3. Property and Equipment

Property and equipment consisted of the following as of September 30:

(In thousands)	Useful Lives	September 30, 2013	September 30, 2012
Computer software	5 years	\$ 1,447	\$ 1,447
Office equipment, furniture and fixtures and leasehold improvements	2 to 10 years	2,325	2,311
Total property and equipment, at cost		3,772	3,758
Accumulated depreciation and amortization		(3,242)	(3,240)
Property and equipment, net		530	518
Less: Property and equipment, net from discontinued operations		\$ -	\$ (11)
Property and equipment, net		\$ 530	\$ 507

Disposals of property and equipment, consisting primarily of fully-depreciated office furniture, a vehicle and equipment, had an original cost of approximately \$28,000 and \$16,000 in fiscal 2013 and 2012, respectively. Leasehold improvements are amortized over the term of the lease.

During the year, the Company sold vehicles with a value of approximately \$225,000 and leased them back under a 30 month agreement at an interest rate of approximately 23%. At September 30, 2013, approximately \$72,000 is current and included in other current liabilities and approximately \$83,000 is included in other long term liabilities. The terms are 30 months and totaled approximately \$155,000 at September 30, 2013 and are as follows: fiscal 2014 - \$72,000, fiscal 2015 - \$83,000.

Depreciation expense for the year ended September 30, 2013 and 2012 was approximately \$165,000 and \$152,000, respectively.

4. Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired from various acquisitions. Goodwill is not amortized. The Company performs a goodwill impairment test annually, by reporting unit, in the fourth quarter of the fiscal year, or whenever potential impairment triggers occur. Should the two-step process be necessary, the first step of the impairment test identifies potential impairment by comparing the fair value of a reporting unit to its carrying value including goodwill. In applying a fair-value-based test, estimates are made of the expected future cash flows to be derived from the reporting unit. Similar to the review for impairment of other long-lived assets, the resulting fair value determination is significantly impacted by estimates of future margins, capital needs, economic trends and other factors. If the carrying value of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. The second step of the impairment test compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds its implied fair value.

The loss of a significant customer by Onsite during the year ended September 30, 2012, had a negative effect on future earnings and cash flows from operations, and is a factor indicating the possibility of future impairment to the Company's goodwill. The Company has determined that based on expected future cash flows there was an impairment of the related intangible assets of \$101,000 and goodwill of approximately \$173,000.

Intangible Assets

As of September 30, 2013

(In Thousands)	Cost	Accumulated Amortization	Loss on impairment of Intangible assets	Net Book Value
Customer Relationships	\$ 2,690	\$ 816	\$ 0	\$ 1,874
Trade Name	17	7	0	10
	\$ 2,707	\$ 823	\$ 0	\$ 1,884

As of September 30, 2012

(In Thousands)	Cost	Accumulated Amortization	Loss on impairment of Intangible assets	Net Book Value
Non-Compete	\$ 89	\$ 48	41	\$ —
Customer Relationships	2,913	662	60	2,191
Management Agreement	1,396	270	1,126	—
Trade Name	17	4	—	13
	\$ 4,415	\$ 984	\$ 1,227	\$ 2,204

Amortization expense was approximately \$320,000 and \$394,000 for the years ended September 30, 2013 and 2012, respectively.

The non-competite agreements were and trade names are amortized on a straight – line basis over the estimated useful life of five years. Customer relationships are amortized based on the future undiscounted cash flows over estimated remaining useful lives of three to ten years. The management agreement intangible was being amortized over the five year term of the agreement. Over the next five years, annual amortization expense for these finite life intangible assets will be approximately \$320,000 in 2014, \$320,000 in 2015, \$320,000 in 2016, \$320,000 in 2017 and \$320,000 in 2018 and \$284,000 thereafter.

Long-lived assets, such as purchased intangibles subject to amortization, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company regularly evaluates whether events and circumstances have occurred that indicate possible impairment and relies on a number of factors, including operating results, business plans, economic projections, and anticipated future cash flows. The Company uses an estimate of the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable.

During the year ended, September 30, 2013, the Company did not record any impairment of intangible assets.

During the year ended, September 30, 2012, the Company recorded an impairment charge of approximately \$101,000 for the remaining unamortized amount of the non-compete and a certain amount of the customer relationship intangible asset related to the agricultural operation. In addition, the Company recorded an impairment charge of approximately \$173,000 related to the goodwill of the agriculture operation. The impairment charge represented the difference between the fair value and the carrying value of the intangible assets. The Agricultural Division has been operating at a loss since the loss of a major customer in 2012 and management has decided that the Agricultural Division was not a core business in the future operations of the Company and has discontinued operations as of July 7, 2013, and has liquidated all of the divisions assets, other than approximately \$238,000 of accounts receivable.

5. Short-term Debt

The Company entered into a two-year, \$4,500,000 account purchase agreement (“AR Credit Facility”) with Wells Fargo Bank N.A. (“Wells Fargo”) which has been subsequently amended. The AR Credit Facility as amended, provided for borrowings, on a revolving basis, of up to 85% of the Company’s eligible accounts receivable less than 90 days old and bears interest at a rate equal to the three month LIBOR (minimum of 0.5%) plus 5.25% (effective rate was 5.75% as of September 30, 2012). Under the terms and subject to the conditions in the agreement, Wells Fargo could determine which receivables are eligible receivables, could determine the amount advanced on any such receivables, and could require the Company to repay advances made on receivables and thereby repay amounts outstanding under the AR Credit Facility on demand. Wells Fargo also had the right to require the Company to repurchase receivables that remained outstanding 90 days past their invoice date. The Company continued to be responsible for the servicing and administration of the receivables purchased and carried the receivables and any outstanding borrowings on its consolidated balance sheet. The Company paid off the entire outstanding balance of the Wells Fargo credit facility as of September 27, 2013.

On September 27, 2013, the Company entered into agreements with Keltic Financial Partners II LP (“Keltic”) that provide the Company with long term financing through a six million dollar (\$6,000,000) secured revolving note (the “Note”). The Note has a term of three years and has no amortization prior to maturity. The interest rate for the Note is a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus three and one quarter percent (3.25%), (B) the LIBOR Rate plus six and one quarter percent (6.25%), and (C) six and one half percent (6.50%), with the interest paid on a monthly basis. Loan advances pursuant to the Note are based on the accounts receivable balance and other assets. Upon execution of the Note, approximately three million fifty thousand dollars (\$3,050,000) was advanced for the full repayment of the AR Credit Facility and fees from Wells Fargo related to the early termination thereof. At the time of close, there was approximately nine hundred thousand (\$900,000) of availability under the new Note in excess of amounts paid to extinguish the debt and fees with Wells Fargo. The Company expects to incur certain cash expense and commitment fees related to obtaining the agreement of approximately \$170,000, which has been paid prior to the closing of the Note or will be paid over the next six months. The Note is secured by all of the Company’s property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interests. The Keltic facility includes certain covenants which require compliance until termination of the agreement. As of the date of this report, the Company was in compliance with all such covenants.

As of September 30, 2013, the availability under the Keltic facility was approximately \$1,362,000 and the outstanding borrowings, which are classified as short-term debt on the consolidated balance sheet, were approximately \$3,734,000. Total interest expense related to the lines of credit for the years ending September 30, 2013, and September 30, 2012 approximated \$174,000 and \$176,000, respectively.

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The Company has several administrative covenants and the following financial covenant:

The Company must maintain the following EBITDA:

(a) The Fiscal Quarter ending on December 31, 2013, to be less than Three Hundred Seventy Thousand and 00/100 Dollars (\$370,000.00);

(b) The six (6) consecutive calendar month period ending on March 31, 2014, to be less than Seven Hundred Fifteen Thousand and 00/100 Dollars (\$715,000.00);

(c) The nine (9) consecutive calendar month period ending on June 30, 2014, to be less than One Million One Hundred Thirty Thousand and 00/100 Dollars (\$1,130,000.00);

(d) The Fiscal Year ending on September 30, 2014, to be less than One Million Three Hundred Thousand and 00/100 Dollars (\$1,300,000.00); and

(e) For any period commencing on or after October 1, 2014, no less than such amounts as are established by Lender for such period based on the annual financial projections including such period delivered by Borrower pursuant the agreement. Borrower acknowledges and agrees that the above EBITDA covenant levels, and Lender's adjustment in accordance with the preceding sentence, have been established by Lender based on Borrower's operations as conducted on the Effective Date, and that any material change to such operations, whether by Strategic Acquisition or otherwise, will necessitate an adjustment by Lender of the above EBITDA covenant levels, and that Lender will make such adjustments in Lender's permitted discretion.

As of the date of this report, the Company was in compliance with all administrative and financial covenants.

6. Other Current Liabilities

Other current liabilities consisted of the following:

(In Thousands)	September 30,	
	2013	2012
Accrued expenses	\$ 482	\$ 282
Capital lease	72	-
Earn-out liability	350	834
Deferred rent	77	80
Total other current liabilities	\$ 981	\$ 1,196

7. Long-Term Liabilities

In connection with the completion of the sale of shares of common stock to PSQ in fiscal year 2009, the Company's then Chairman, Chief Executive Officer and President (the "former CEO") retired from those positions and his employment agreement with the Company was replaced by a new consulting agreement. Under the consulting agreement, the Company became obligated to pay an annual consulting fee of \$180,000 over a five-year period and to issue 500,000 shares of common stock to the former CEO for no additional consideration. During fiscal year 2009, the Company recorded a liability for the net present value of the future payments in the amount of \$790,000 and recorded a charge to operations in the amount of \$280,000 based on a quoted market price of \$0.56 per share on the date of the award. On January 31, 2013, Mr. Imhoff Jr. retired from all positions with the Company, however he will continue to receive his monthly payments required under his consulting agreement. As of September 30, 2013, the liability for future payments was reflected on the consolidated balance sheet as short term accrued compensation \$135,000. Included in long-term liabilities as of September 30, 2013 are capital leases as disclosed in Note 3 and deferred rent.

8. Common Stock

The Amended and Restated Purchase agreement with RFFG required the issuance of 1.1 million shares of common stock. The stock was officially issued on July 2, 2013. The stock price on July 2, 2013 was \$0.2999 and there were shares traded that day at that price, for a total value of \$329,890.

On September 9, 2013 the shareholders approved the increase of common shares authorized to be issued by the Company from 50,000,000 to 200,000,000 and preferred shares from 1,000,000 to 20,000,000.

9. Stock Option Plans

As of September 30, 2013, there were stock options outstanding under the Company's 1995 Stock Option Plan, Second Amended and Restated 1997 Stock Option Plan, 1999 Stock Option Plan and the 2011 Company Incentive Plan. All four plans were approved by the shareholders. The 1995 Stock Option Plan and the 1999 Stock Option Plan have expired, and no further options may be granted under those plans. During fiscal 2009, the Second Amended and Restated 1997 Stock Option Plan was amended to make an additional 592,000 options available for granting and as of September 30, 2013 there were no shares available for issuance under the Amended and Restated 1997 Stock Option Plan. As of September 30, 2013, there were no shares available for issuance under the 2011 Company Incentive Plan. The plans granted specified numbers of options to non-employee directors, and they authorized the Compensation Committee of the Board of Directors to grant either incentive or non-statutory stock options to employees. Vesting periods are established by the Compensation Committee at the time of grant. All stock options outstanding as of September 30, 2013 were non-statutory stock options, had exercise prices equal to the market price on the date of grant, and had expiration dates ten years from the date of grant.

On July 23, 2013, the Board of Directors approved the Company's 2013 Incentive Stock Plan (the "2013 Plan"), and resolved to cease issuing securities under all prior Company equity compensation plans. The 2013 Plan was approved by the Company's shareholders at the Annual Meeting of Stockholders on September 9, 2013. The purpose of the 2013 Plan is to provide additional incentives to select persons who can make, are making, and continue to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons, and to encourage and reward such contributions, by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restricted stock. The 2013 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2013 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2013 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an Award made under the 2013 Plan. The maximum number of shares that may be granted under the 2013 Plan is 10,000,000. This number is subject to adjustment to reflect changes in the capital structure or organization of the Company.

A summary of stock option activity is as follows:

(Number of Options in Thousands)	Year Ended September 30,	
	2013	2012
Number of options outstanding:		
Beginning of year	1,747	301
Granted	108	1,747
Exercised	—	—
Terminated	(377)	(301)
End of year	1,478	1,747
Number of options exercisable at end of year	1,418	1,658
Number of options available for grant at end of year	10,000	1,201
Weighted average option prices per share:		
Granted during the year	\$.49	\$.41
Exercised during the year	—	—
Terminated during the year	.40	—
Outstanding at end of year	.40	.38
Exercisable at end of year	.41	.40

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Stock options outstanding as of September 30, 2013 were as follows (number of options in thousands):

Range of Exercise Prices	Number Outstanding	Weighted Average Price	Number Exercisable	Weighted Average Price	Average Remaining Life (Years)
Under \$1.00	1,463	\$.40	1,403	\$.41	7
\$1.01 to 2.39	15	\$ 2.39	15	\$ 2.39	4

As of September 30, 2013, the aggregate intrinsic value of outstanding stock options and exercisable stock options was approximately \$0.23 per share.

The average fair value of stock options granted was estimated to be \$0.43 per share in fiscal 2013 and \$0.26 per share in fiscal 2012. This estimate was made using the Black-Scholes option pricing model and the following weighted average assumptions:

	2013	2012
Expected option life (years)	10.0	5.0
Expected stock price volatility	94%	76%
Expected dividend yield	—%	—%
Risk-free interest rate	2.64% to 1.86%	.91%

Stock-based compensation expense attributable to stock options was \$68,000 and \$422,000 in 2013 and 2012, respectively. As of September 30, 2013, there was approximately \$2,000 of unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was 1.5 years.

10. Income Taxes

The components of the provision for income taxes are as follows:

(In Thousands)	Year Ending September 30,	
	2013	2012
Current tax provision	\$ —	\$ —
Deferred tax provision (credit) related to:		
Temporary differences		
Stock option expense	21	74
Deferred compensation expense	(63)	(60)
Vacation expense	18	39
Intangible assets	37	94
Allowance for doubtful accounts	(27)	46
Other	(36)	(45)
Loss carryforwards	(664)	(194)
Valuation allowances	714	46
Provision for income taxes	\$ —	\$ —

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The differences between income taxes calculated at the statutory U.S. federal income tax rate and the Company's provision for income taxes are as follows:

(In Thousands)	Year Ended September 30,	
	2013	2012
Income tax provision at statutory federal tax rate	\$ 22	\$ 50
Valuation allowance	(14)	(50)
Provision for income taxes	\$ 8	\$ —

The net deferred income tax asset balance related to the following:

(In Thousands)	Year Ended September 30,	
	2013	2012
Temporary differences		
Stock option Expense	\$ 326	\$ 217
Deferred compensation expense	(59)	120
Vacation expense	69	30
Intangible assets	107	107
Allowance for doubtful accounts	74	104
Other	(49)	85
Net operating loss carryforwards	4,292	3,560
Valuation allowances	(4,760)	(4,223)
Net deferred income tax asset	\$ —	\$ —

As of September 30, 2013, there were approximately \$10,800,000 of losses available to reduce federal taxable income in future years through 2032, and there were approximately \$9,500,000 of losses available to reduce state taxable income in future years, expiring from 2014 through 2032. Due to common stock transactions in the prior years, it is likely that the Company will be limited by Section 382 of the Internal Revenue Code as to the amount of net operating losses that may be used in future years. The Company is currently evaluating the effects of any such limitation.

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of September 30, 2013 and 2012, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company also considered whether there was any currently available information about future years. Because long-term contracts are not a significant part of the Company's business, future results cannot be reliably predicted by considering past trends or by extrapolating past results. Moreover, the Company's earnings are strongly influenced by national economic conditions and have been volatile in the past. Considering these factors, the Company determined that it was not possible to reasonably quantify future taxable income. The Company determined that it is more likely than not that all of the deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance as of September 30, 2013 and 2012.

As a result of continuing losses, we have determined that it is more likely than not that we will not realize the benefits of the deferred tax assets and therefore we have recorded a valuation allowance to reduce the carrying value of the deferred tax assets to zero. The valuation allowance increased by \$537,000 and \$46,000 in 2013 and 2012, respectively.

We file federal and state income tax returns in jurisdictions with varying statutes of limitations. Due to our net operating loss carryforwards, our income tax returns generally remain subject to examination by federal and most state tax authorities. We are not currently under examination in any federal or state jurisdiction.

11. Contingencies and Commitments

On April 22, 2013, the Company finalized an Amendment to the Asset Purchase Agreement by and among DMCC Staffing, LLC, an Ohio limited liability company, RFFG of Cleveland, LLC an Ohio limited liability company (each a "Seller" and together, "Sellers"), the Company, and Triad Personnel Services, Inc., an Illinois corporation and wholly owned subsidiary of the Company ("Buyer").

The Company agreed to pay Sellers additional cash consideration of between \$550,000 and \$650,000 depending on the length of payments and 1,100,000 shares of common stock, in full satisfaction of all amounts owed to Seller, related to the Asset Purchase Agreement. The Company issued 1,100,000 shares of common stock on July 2, 2013, which was valued at approximately \$330,000. During the year ended September 30, 2013, the Company paid \$200,000 of the cash consideration noted above. The Company has accrued \$350,000, which is included in other current liabilities on the consolidated balance sheet at September 30, 2013, for the liability, however has elected to pay the remaining amount over two years. The total payments will be approximately \$450,000 with additional \$100,000 to be recorded as interest expense.

During the year, the Company sold vehicles with a value of approximately \$225,000 and leased them back under a 30 month agreement at an interest rate of approximately 23%. At September 30, 2013, approximately \$72,000 is included in other current liabilities and approximately \$83,000 in other long term liabilities. The terms are 30 months and the payments totaled approximately \$155,000 at September 30, 2013 and are due as follows: fiscal 2014 - \$72,000 and fiscal 2015 - \$83,000.

On August 13, 2013 the Company entered into an employment agreement with Andrew J. Norstrud. The Employment Agreement provides for a three-year term ending on March 29, 2016, unless employment is earlier terminated in accordance with the provisions thereof. Mr. Norstrud is to receive a starting base salary at the rate of \$200,000 per year, which can be adjusted by the Compensation Committee. Mr. Norstrud is also entitled to receive an annual bonus based on criteria to be agreed to by Mr. Norstrud and the Compensation Committee.

12. Leases

The Company leases space for all of its branch offices, which are located either in downtown or suburban business centers, and for its corporate headquarters. Branch offices are generally leased over periods from three to five years. The corporate office lease expires in 2015. The leases generally provide for payment of basic rent plus a share of building real estate taxes, maintenance costs and utilities.

Rent expense was \$ 1,087,000 in fiscal 2013 and \$1,028,000 in fiscal 2012. As of September 30, 2013, future minimum lease payments due under non-cancelable lease agreements having initial terms in excess of one year, including certain closed offices, totaled approximately \$1,875,000, as follows: fiscal 2014 - \$793,000, fiscal 2015 - \$551,000, fiscal 2016 - \$289,000, fiscal 2017 - \$159,000 and thereafter - \$83,000.

In August of 2013, the Company executed a termination agreement for the San Mateo office, which has not been in operation for the past eight months. This termination required the Company to pay approximately \$25,000, which has been accrued as of September 30, 2013 and was subsequently paid. This termination will relieve the Company of approximately \$80,000 of additional lease payments over the next two years.

13. Segment Data

The Company provides the following distinctive services: (a) direct hire placement services, (b) temporary professional services staffing in the fields of information technology, engineering, and accounting, and (c) temporary light industrial staffing. Intersegment net service revenues are not significant. Revenues generated from the temporary professional services staffing and light industrial staffing are classified as contract staffing services revenues in the statements of operations. Selling, general and administrative expenses are not separately allocated among agricultural, professional services or industrial staffing services within the contract staffing services sector for internal reporting purposes.

(In Thousands)	Fiscal Year Ended	
	2013	2012
Direct Hire Placement Services		
Revenue	\$ 7,317	\$ 7,215
Placement services gross margin	100%	100%
Operating loss	(2,226)	(1,701)
Depreciation & amortization	224	237
Accounts receivable – net	625	980
Intangible assets	347	465
Goodwill	24	24
Total assets	4,810	2,727
Contract Staffing Services		
Industrial services revenue	\$ 29,816	\$ 28,206
Professional services revenue	9,371	9,132
Industrial services gross margin	12.61%	17.15%
Professional services gross margin	33.19%	19.38%
Operating income (loss)	\$ 660	\$ 799
Depreciation and amortization	261	309
Accounts receivable – industrial services	4,778	4,056
Accounts receivable – professional services	1,294	1,128
Intangible assets	1,537	1,739
Goodwill	1,082	1,082
Total assets	\$ 6,184	\$ 7,865
Consolidated		
Total revenue	\$ 46,504	\$ 44,553
Operating loss	(1,566)	(902)
Depreciation and amortization	485	546
Total accounts receivables – net	6,697	6,164
Intangible assets	1,884	2,204
Goodwill	1,106	1,106
Assets from continuing operations	10,994	10,591
Assets from discontinued operations	238	608
Total assets	\$ 11,232	\$ 11,199

14. Discontinued Operations

As of July 7, 2013, the Board of Directors of General Employment Enterprises, Inc. determined that the best course of action related to the Agricultural Division was to terminate operations, to liquidate the Division's assets, and to focus the business on the light industrial and professional divisions. On July 7, 2013, all staffing was discontinued and the entire operations of the Agricultural Division were discontinued as of August 1, 2013. All employees have been terminated and a one-time expense of approximately \$100,000 was recognized as of September 30, 2013.

(In Thousands)	Years Ended September 30,	
	2013	2012
Discontinued Operations		
Agricultural services revenue – net	\$ 6,801	\$ 7,852
Agricultural services gross margin	3.3%	4.4%
Agricultural services net loss	(324)	(109)
Accounts receivable net – Agricultural services	238	597
A Fixed assets – Agricultural services	-	10
Total assets – Agricultural services	238	608
Total liabilities – Agricultural services	\$ 30	\$ 35

The Company will continue to pay the former head of the Agricultural Division for a period of six months and sell him the property and equipment for approximately \$9,000. The Company expects to collect the receivables over a period of the next three to nine months.

15. Related Party Transactions

The Company contracted with Norco Accounting & Consulting Inc. ("Norco") to provide accounting and consulting services prior to Andrew J. Norstrud (our current CFO) joining the Company. Norco charged approximately \$63,000 for consulting services and approximately \$13,000 in related expense during the second quarter ended March 31, 2013. Norco is 50% owned by Andrew J. Norstrud, who joined the Company on March 29, 2013, as the Company's Chief Financial Officer. The Company no longer uses Norco for accounting and consulting services.

The above related party transactions are not necessarily indicative of the amounts and terms that would have been incurred had comparable transactions been entered into with independent parties.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item Controls and Procedures.

9A.

We carried out an evaluation required by Rule 13a-15 of the Exchange Act under the supervision and with the participation of our management, including our Principal Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" and "internal control over financial reporting" as of the end of the period covered by this Annual Report.

The evaluation of the Company's disclosure controls and procedures and internal control over financial reporting included a review of our objectives and processes, implementation by us and the effect on the information generated for use in this Annual Report. In the course of this evaluation and in accordance with Section 302 of the Sarbanes Oxley Act, we sought to identify material weaknesses in our controls, to determine whether we had identified any acts of fraud involving personnel who have a significant role in our internal control over financial reporting that would have a material effect on our consolidated financial statements, and to confirm that any necessary corrective action, including process improvements, were being undertaken. Our evaluation of our disclosure controls and procedures is done quarterly and management reports the effectiveness of our controls and procedures in our periodic reports filed with the Securities and Exchange Commission. Our internal control over financial reporting is also evaluated on an ongoing basis by our internal auditors and by other individuals in our organization. The overall goals of these evaluation activities are to monitor our disclosure controls and procedures and internal control over financial reporting and to make modifications as necessary. We periodically evaluate our processes and procedures and make improvements as required.

Because of inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management applies its judgment in assessing the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that (i) information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and (ii) information is accumulated and communicated to management, including our Principal Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Based on their evaluation, our Principal Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2013.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Principal Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 1992 framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Based on the foregoing evaluation, our management concluded that our internal control over financial reporting was effective as of September 30, 2013.

There were no changes in our internal controls over financial reporting during the fourth quarter of the year ended September 30, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On August 13, 2013 the Company entered into an employment agreement with Andrew J. Norstrud. The Employment Agreement provides for a three-year term ending on March 29, 2016, unless employment is earlier terminated in accordance with the provisions thereof. Mr. Norstrud is to receive a starting base salary at the rate of \$200,000 per year and can be adjusted by the Compensation Committee. Mr. Norstrud is also entitled to receive an annual bonus based on criteria to be agreed to by Mr. Norstrud and the Compensation Committee.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

DIRECTORS AND EXECUTIVE OFFICERS

Executive Officers

The named executive officers and directors of the Company as of January 13, 2014 are as follows:

Name	Age	Position
Andrew J. Norstrud	40	Chief Financial Officer, Principle Executive Officer and Treasurer
Dennis W. Baker	67	Chairman of the Board
Edward Hunter	67	Director
Michael K. Schroering	56	Director
Thomas C. Williams	54	Director

Andrew J. Norstrud – Chief Financial Officer, Treasurer

Mr. Norstrud joined the Company in March 2013. Prior to joining the Company, Mr. Norstrud was a consultant with Norco Accounting and Consulting from October 2011 until March 2013. From October 2005 to October 2011, Mr. Norstrud served as the Chief Financial Officer for Jagged Peak. Prior to his role at Jagged Peak, Mr. Norstrud was the Chief Financial Officer of Segmentz, Inc., and played an instrumental role in the company achieving its strategic goals by pursuing and attaining growth initiatives, building an exceptional financial team, completing and integrating strategic acquisitions and implementing the structure required of public companies. Previously, Mr. Norstrud worked for Grant Thornton LLP and PricewaterhouseCoopers LLP and has extensive experience with young, rapid growth public companies. Mr. Norstrud earned a BA in Business and Accounting from Western State College and a Master of Accounting with a systems emphasis from the University of Florida. He is a Florida licensed Certified Public Accountant.

Dennis W. Baker – Chairman of the Board

Mr. Baker has served as a Director of the Company since 2000 and became Chairman of the Board in November of 2013. From April 1975 to April 2006, Mr. Baker held various positions with CF Industries Holdings, Inc., a fertilizer manufacturing and distribution company, and most recently served as Treasurer from March 1988 to April 2007, when he retired. During this time, he also held the following titles at CF Industries Holdings, Inc.: Assistant Treasurer, Director of Financial Planning and Budgeting, Manager of Financial Planning, Manager of Budgets and Capital Expenditure Control, Capital Expenditure Control Analyst and Financial Analyst. On May 1, 2011 Mr. Baker was elected to the Board of Directors of CIS World, Inc. Mr. Baker is Chairman of the Audit Committee and is a member of the Compensation and Nominating Committees. The Company believes that Mr. Baker is qualified to sit on the Board of Directors because of his extensive management experience.

Edward Hunter – Director

Mr. Hunter joined the Company in October 2012 as a director. Mr. Hunter has practiced as an international business lawyer and litigator for more than 35 years, in both private practice and as in-house counsel. Most recently, he practiced with the business-focused firm of Robinson & Robinson, LLP, from 2002 to 2010, and since then with his own law office in Laguna Hills, California. Within the past five years, he served as a director of En Pointe Technologies, Inc. (formerly NASDAQ-CM: (now privately held)) (2003-2009) and of International Stem Cell Corporation (OTC: ISCO) (2007-2009), where he also served as Chairman of the respective Compensation Committees and as a member of their Audit Committees. From 2006 to 2009, he served on the board of Ovex Technologies (Pvt.) Ltd. of Lahore, Pakistan, chaired its Compensation Committee, and served on its Audit Committee. He previously served on the registrant's Board of Directors from February 2009 to July 2009. He has been designated a "financial expert" within the meaning of the Sarbanes-Oxley Act of 2002 ("SOX") and has experience implementing internal control and other procedures to comply with SOX requirements. In addition to legal training and experience as an attorney, Mr. Hunter has completed the Corporate Directors Certification Program at the UCLA Anderson Graduate School of Management and the certification procedures of the National Association of Corporate Directors. As chair of three previous Compensation Committees, he led each company's compliance with Regulation S-K (nonfinancial disclosures) and the evolving new rules and standards for executive compensation.

Michael K. Schroering – Director

Mr. Schroering joined the Company as a director in November 2012 and become the Chairman of the Board and Chief Executive Officer in December 2012. Mr. Schroering resigned as the Chairman of the Board of Directors and Chief Executive Officer on November 3, 2013, but remains a director. Prior to joining the Company, he served as President of The Schroering Company which he founded in 1993. The Schroering Company is a Louisville-based commercial real estate firm specializing in consulting services, site procurement, owner and tenant representation for the sale/leasing of office and industrial space. Other companies under his leadership have been active in real estate development through GlobalPort United, LLC which owns interest in several million square feet of big box warehouse space. Mr. Schroering received a B.A. in Business Administration in Finance and Management from Loyola University (1979) and went to the University of Louisville School of law (1979 – 1981).

Thomas C. Williams – Director

Mr. Williams has served as a director of the Company since July 2009. Since 2005, Mr. Williams has served as acting Vice Chairman of Capital Management of Bermuda (previously Travelers of Bermuda), a company providing pension benefits for expatriates who have worked outside the U.S. and accrued benefits towards their retirement which are not covered by their domestic pension plans. Additionally, Mr. Williams has served as the Chief Executive Officer of Innova Insurance Ltd., a Bermuda based insurer, which provides extension risk to the Capital Markets on life insurance related assets from 2005 to 2009 when it was acquired. Mr. Williams is Chairman of the Nominating Committee and is a member of the Audit and Compensation Committees. The Company believes that Mr. Williams is qualified to sit on the Board of Directors because of his significant management experience.

All executive officers are elected annually by the Board of Directors at the first meeting of the Board of Directors held following each Annual Meeting of Shareholders, and they hold office until their successors are elected and qualified.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and officers, and persons who own more than 10% of a registered class of its equity securities, to file reports of ownership and changes in ownership (typically, Forms 3, 4 and/or 5) of such equity securities with the SEC. Such entities are also required by SEC regulations to furnish the Company with copies of all such Section 16(a) reports.

Based solely on a review of Forms 3 and 4 and amendments thereto furnished to the Company and written representations that no Form 5 or amendments thereto were required, the Company believes that during the fiscal year ended September 30, 2013 and 2012, its directors and officers, and greater than 10% beneficial owners, have complied with all Section 16(a) filing.

Board of Directors Leadership Structure and Role in Risk Oversight

Independent directors and management have different perspectives and roles in strategy development. The Company's independent directors bring experience, oversight and expertise from outside the company and industry, while the management brings company-specific experience and expertise. The Board of Directors believes that a board of directors combined with independent board members and management is in the best interest of shareholders because it promotes strategy development and execution, and facilitates information flow between management and the Board of Directors, which are essential to effective governance. The Company's Chief Executive Officer and Chairman, Mr. Schroering, resigned both positions on November 3, 2013, but remains a director. Mr. Baker assumed the position of Chairman upon Mr. Schroering's resignation.

The Board of Directors does not have a lead independent director. The Board of Directors provides overall risk oversight for the Company as part of its normal, ongoing responsibilities. It receives reports from Mr. Schroering and other members of senior management on a periodic basis on areas of risk facing the Company. In addition, Board of Directors committees oversee specific elements of risk or potential risk.

Director Independence

The Board of Directors has determined that each director, other than Mr. Schroering, is an independent director under the listing standards of the NYSE MKT. In addition, the Board of Directors has determined that each current member of the Audit Committee meets the additional independence criteria required for audit committee membership under the listing standards of the NYSE MKT and Rule 10A-3 of the Exchange Act.

Board of Directors and Committee Meetings

The Board of Directors meets on a regularly scheduled basis to review significant developments affecting the Company and to act on matters requiring Board of Directors approval. It also holds special meetings when an important matter requires Board of Directors action between scheduled meetings. The Board of Directors held twenty meetings during the last fiscal year. No director of the Company attended less than 75% of the total meetings of the Board of Directors and Committees on which such Board of Directors members served during this period.

The members of the Board of Directors are expected to attend the Company's Annual Meeting of Shareholders. There are three standing committees of the Board of Directors, which are the Nominating Committee, the Audit Committee and the Compensation Committee.

Nominating Committee

The functions of the Nominating Committee are to assist the Board of Directors in identifying, interviewing and recommending to the Board of Directors qualified candidates to fill positions on the Board of Directors. The Nominating Committee met once during 2013.

The Company does not have a policy regarding the consideration of diversity, however defined, in identifying nominees for director. Instead, in evaluating candidates to serve on the Company's Board of Directors, consideration is given to the level of experience, financial literacy and business acumen of the candidate. In addition, qualified candidates for director are those who, in the judgment of the Nominating Committee, have significant decision-making responsibility, with business, legal or academic experience. The Nominating Committee will consider recommendations for Board of Directors candidates that are received from various sources, including directors and officers of the Company, other business associates and shareholders, and all candidates will be considered on an equal basis, regardless of source.

Shareholders may contact the Nominating Committee to make such recommendations by writing in care of the Secretary of the Company, at 184 Shuman Blvd., Suite 420, Naperville, Illinois 60563. Submissions must be in accordance with the Company's By-Laws and include: (a) a statement that the writer is a shareholder and is proposing a candidate for consideration by the Nominating Committee; (b) the name, address and number of shares beneficially owned by the shareholder; (c) the name, address and contact information of the candidate being recommended; (d) a description of the qualifications and business experience of the candidate; (e) a statement detailing any relationships between the candidate and the Company and any relationships or understandings between the candidate and the proposing shareholder; and (f) the written consent of the candidate that the candidate is willing to serve as a director if nominated and elected.

The Nominating Committee is presently composed of three independent directors: Thomas C. Williams (Chairman), Dennis W. Baker, and Edward Hunter.

The Board of Directors has adopted a written charter for the Nominating Committee. The Nominating Committee Charter is not available on the Company's website. A copy of the Nominating Committee Charter was attached as an appendix to the proxy statement prepared in connection with the February 10, 2011, Annual Meeting of Shareholders.

Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the Company's accounting policies and practices, its financial reporting and its internal accounting controls. In addition, the Audit Committee reviews and approves the scope of the annual audit of the Company's books, reviews the findings and recommendations of the independent registered public accounting firm at the completion of their audit, and approves annual audit fees and the selection of an auditing firm. The Audit Committee met nineteen times during fiscal 2013.

The Audit Committee is presently composed of three independent directors: Dennis W. Baker (Chairman), Edward Hunter and Thomas C. Williams. The Board of Directors has determined that Mr. Baker, Mr. Hunter and Mr. Williams are all considered an "audit committee financial expert" as defined by rules of the SEC. The Board of Directors has determined that each audit committee financial expert meets the additional independence criteria required under the listing standards of the NYSE MKT and Rule 10A-3 of the Exchange Act.

The Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee Charter is not available on the Company's website. A copy of the Audit Committee Charter is attached as appendix A to the proxy filed with the SEC on January 27, 2012.

Compensation Committee

The Compensation Committee has the sole responsibility for approving and evaluating the officer compensation plans, policies and programs. It may not delegate this authority. It meets as often as necessary to carry out its responsibilities. The Compensation Committee has the authority to retain compensation consultants, but has not done so. The Compensation Committee met seven times during fiscal 2013.

In the past, the Compensation Committee has met each September to consider the compensation of the Company's executive officers, including the establishment of base salaries and performance targets for the succeeding year, and the consideration of stock option awards. Management provides the Compensation Committee with such information as may be requested by the Compensation Committee, which in the past has included historical compensation information of the executive officers, tally sheets, internal pay equity statistics, and market survey data. Under the guidelines of the NYSE MKT, the Chief Executive Officer may not be present during the Compensation Committee's deliberations regarding his compensation. If requested by the Committee, the Chief Executive Officer may provide recommendations regarding the compensation of the other officers.

The Compensation Committee also has the responsibility to make recommendations to the Board of Directors regarding the compensation of directors.

The Compensation Committee is presently composed of three independent directors: Edward Hunter (Chairman), Dennis W. Baker, and Thomas C. Williams.

The Board of Directors has adopted a written charter for the Compensation Committee. The Compensation Committee Charter is not available on the Company's website. A copy the Compensation Committee Charter was attached as an appendix to the proxy statement prepared in connection with the March 22, 2010, Annual Meeting of Shareholders.

Shareholder Communications

The Board of Directors has established a procedure by which shareholders of the Company can communicate with the Board of Directors. Shareholders interested in communicating with the Board of Directors as a group or with individual directors may do so, in writing. Correspondence to the directors should be sent by regular mail c/o the Secretary, General Employment Enterprises, Inc., 184 Shuman Blvd, Suite 420, Naperville, Illinois 60563. Any such correspondence will be reviewed by the Secretary, who will then forward it to the appropriate parties. Communications that are solicitations or deemed to be irrelevant to the Board of Directors' responsibilities may be discarded, at the discretion of the Secretary.

The Company has a code of ethics that applies to all of its directors and employees, including its principal executive officer, principal financial officer and principal accounting officer. The code of ethics is filed as an exhibit to this Annual Report.

Item 11. Executive Compensation.

EXECUTIVE COMPENSATION

Summary Compensation Information

The following table summarizes all compensation awarded to, earned by or paid to all individuals serving as the Company's principal executive officer, its two most highly compensated executive officers other than the principal executive officer, and up to two additional individuals who were serving as executive officers at the end of the last completed fiscal year, for each of the last two completed fiscal years. These individuals are referred to throughout this proxy statement as the "named executive officers."

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	NonEquity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Salvatore J. Zizza former Chief Executive Officer and Chairman of the Board(2)	2013	—	—	—	—	—	—	—	—
	2012	120,000	—	—	76,500(1)	—	—	—	196,500
Brad Imhoff(3) Former Chief Operating Officer and President, Professional Staffing Division	2013	190,000	—	—	—	—	—	—	190,000
	2012	180,000	—	—	—	—	—	2,500	182,500
Andrew Norstrud (4) Chief Financial Officer and Treasurer	2013	126,000	—	—	—	—	—	63,000	189,000
Michael Schroering (5) Former Chief Executive Officer and Chairman	2013	40,000	—	—	—	—	—	—	40,000

- (1) Includes an option to purchase 300,000 shares of common stock at a price of \$0.41 per share, granted on February 22, 2012. Due to a change of control, subsequent to year end, all of such options were immediately vested and exercisable. In connection with Mr. Zizza's retirement, the Board of Directors agreed to extend the period during which Mr. Zizza can exercise his stock options that are vested from one year to eighteen months from the date of his retirement on December 26, 2012.
- (2) As of December 26, 2012, Mr. Zizza retired from all positions with the Company.
- (3) On August 31, 2011, Brad Imhoff was appointed Chief Operating Officer and President of the Professional Staffing Division. Brad Imhoff's employment with the Company ceased on July 15, 2013.
- (4) Mr. Norstrud became the Company's Chief Financial Officer and Treasurer on March 28, 2013. Mr. Norstrud was a consultant during the year and charged the Company approximately \$63,000 for those services through his consulting business, Norco Accounting & Consulting. Since November of 2013, Mr. Norstrud has also been the Principle Executive Officer.
- (5) Mr. Schroering served as the Company's Chief Executive Officer and Chairman from November 24, 2012, until November 3, 2013. Mr. Schroering remains a director.

Employment and Change in Control Agreements

Salvatore J. Zizza: On September 7, 2011, the Company and Salvatore J. Zizza, the Company's Chairman and Chief Executive Officer, entered into an employment agreement (the "Zizza Employment Agreement") and a change of control agreement (the "Zizza Change of Control Agreement"), each dated as of September 1, 2011. The Zizza Employment Agreement provides for a two-year term ending on September 1, 2013, unless Mr. Zizza's employment is earlier terminated by either party in accordance with the provisions thereof. Mr. Zizza is to receive a base salary at the rate of \$120,000 per year, subject to increase in the discretion of the Board of Directors of the Company. Mr. Zizza will also receive a life insurance policy with coverage equal to two times his base salary and a disability income insurance policy with coverage equal to 50% of his base salary. Mr. Zizza will be entitled to receive equity compensation on the same terms and conditions as other executives and members of the Board of Directors of the Company. In the event that Mr. Zizza's employment is terminated (other than as a result of Mr. Zizza's death or disability) either (i) by the Company for a reason other than Cause or (ii) by Mr. Zizza for Good Reason (each as defined in the Zizza Employment Agreement), Mr. Zizza will continue to receive his base salary and other benefits provided under the Zizza Employment Agreement for the remainder of the term of the Zizza Employment Agreement.

The term of the Zizza Change of Control Agreement commenced on September 1, 2011 and will terminate on the earlier of (i) two years following the date of execution; (ii) termination of Mr. Zizza's employment; or (iii) the execution of a written agreement between the Company and Mr. Zizza terminating the Zizza Change of Control Agreement. Under the Zizza Change of Control Agreement, in the event that the Company terminates Mr. Zizza's employment without Cause or Mr. Zizza resigns with Good Reason after a Change of Control (each as defined in the Zizza Change of Control Agreement), Mr. Zizza will receive, subject to his execution of a separation agreement and release of claims in a form reasonably satisfactory to the Company, (i) a lump sum payment equal to all unpaid compensation remaining from the day of separation to the end of the term of the Zizza Employment Agreement; (ii) continuation of health insurance benefits for six months following his separation from service; (iii) reimbursement for the premiums associated with COBRA for 18 months following the six-month continuation of health insurance period; and (iv) the same percentage of Company-paid group-term life insurance benefits as were provided to Mr. Zizza and his family under plans of the Company as of the Change of Control for a total of twenty-four months following the year in which Mr. Zizza separates from service.

On December 26, 2012, Mr. Zizza informed the Board of Directors that he was retiring from all positions with the Company, effective immediately. Under the terms of the Zizza Employment Agreement, Mr. Zizza continued to receive his base salary of \$10,000 per month through August 31, 2013. Additionally, the Board of Directors agreed to extend the period during which Mr. Zizza can exercise his stock options that are vested and outstanding as of December 26, 2012 from one year to eighteen months from the date of his retirement. As of December 26, 2012, Mr. Zizza had options to purchase 300,000 shares of the Company's common stock vested and outstanding.

Brad A. Imhoff: In connection with Brad A. Imhoff's appointment as Chief Operating Officer of the Company, the Company entered into an employment agreement (the "Imhoff Employment Agreement") and a change of control agreement (the "Imhoff Change of Control Agreement") with Brad A. Imhoff, each dated as of August 31, 2011. The Imhoff Employment Agreement provides for a three-year term ending on September 1, 2014, unless Mr. Imhoff's employment is earlier terminated in accordance with the provisions thereof. Brad A. Imhoff is to receive a base salary at the rate of \$180,000 per year for the term of the Imhoff Employment Agreement. Brad A. Imhoff is also entitled to receive an annual bonus equal to 10% of the increase in profits earned by the Company's Professional Staffing Division over the prior fiscal year minus an agreed upon corporate allocation and not including any profits of acquired entities or assets until the applicable earnout periods related thereto have expired. The fiscal year ending September 30, 2011 will be used as the first baseline to determine the profitability bonus and will be used in subsequent years to determine the profitability bonus to the extent that profits in subsequent years are less than profits for the fiscal year ending September 30, 2011. Upon the expiration of the term of the Imhoff Employment Agreement or termination of Brad A. Imhoff's employment by the Company with cause under the circumstances set forth in the Imhoff Employment Agreement, the Company's obligations are limited generally to paying Brad A. Imhoff his base salary through the termination date.

The term of the Imhoff Change of Control Agreement commenced on August 31, 2011 and will terminate on the earlier of (i) three years following the date of execution; (ii) termination of Brad A. Imhoff's employment; or (iii) the execution of a written agreement between the Company and Brad A. Imhoff terminating the Imhoff Change of Control Agreement. Under the Imhoff Change of Control Agreement, in the event that the Company terminates Brad A. Imhoff's employment without Cause or he resigns with Good Reason after a Change of Control (each as defined in the Imhoff Change of Control Agreement), Brad A. Imhoff will receive, subject to his execution of a separation agreement and release of claims in a form reasonably satisfactory to the Company, (i) a lump sum payment equal to all unpaid compensation remaining from the day of separation to the end of the term of the Imhoff Employment Agreement; (ii) continuation of health insurance benefits for six months following his separation from service; (iii) reimbursement for the premiums associated with COBRA for 18 months following the six-month continuation of health insurance period; and (iv) the same percentage of Company-paid group-term life insurance benefits as were provided to Brad A. Imhoff and his family under plans of the Company as of the Change of Control for a total of twenty-four months following the year in which he separates from service.

On June 26, 2013, the Company entered into an Amended and Restated Employment Agreement with Brad A. Imhoff (the "Amended Agreement"). The Amended Agreement provided that Brad A. Imhoff would serve as the President of the Professional Staffing Division of the Company until July 15, 2013, at which point Brad A. Imhoff's employment with the Company ceased. Under the Amended Agreement the Company paid Brad A. Imhoff an annualized based salary of \$180,000 per year, and, in the event the Amended Agreement expired at the end of its term, a one-time payment of \$12,500 and continued base salary through October 15, 2013. The Amended Agreement expressly cancelled and voided the Imhoff Change of Control Agreement.

Andrew Norstrud: On August 13, 2013, the Company entered into an employment agreement with Andrew J. Norstrud (the "Norstrud Employment Agreement"). The Norstrud Employment Agreement provides for a three-year term ending on March 29, 2016, unless employment is earlier terminated in accordance with the provisions thereof. Mr. Norstrud is to receive a starting base salary at the rate of \$200,000 per year which is subject to adjustment by the Compensation Committee. Mr. Norstrud is to receive options to purchase 200,000 shares of the Company's common stock in connection with his execution of the Norstrud Employment Agreement, and is also entitled to receive an annual bonus based on criteria to be agreed to by Mr. Norstrud and the Compensation Committee. The option has not been granted by the Compensation Committee at September 30, 2013. The Norstrud Employment Agreement contains standard termination, change of control, non-compete and confidentiality provisions.

Option Awards

The option awards column represents the fair value of the stock options as measured on the grant date. The methods and assumptions used to determine the fair value of stock options granted are disclosed in "Note 9 - Stock Option Plans" in the notes to consolidated financial statements contained elsewhere herein.

All stock options awarded to the named executive officers during fiscal 2013 and 2012 were at option prices that were equal to the market price on the date of grant, had vesting dates two years or less after the date of grant, and had expiration dates ten years after the date of grant. Due to a change of control, subsequent to year end, all of such options were immediately vested and exercisable.

Outstanding Equity Awards at Fiscal Year-End

Outstanding Equity Awards at Fiscal Year- End Table

The following table summarizes equity awards granted to Named Executive Officers and directors that were outstanding as of September 30, 2013:

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options: # Exercisable	Number of Securities Underlying Unexercised Options: # Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned and Unexercisable Options: -	Option Exercise Price \$	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested \$	Number of Shares, Units or Other Rights That Have Not Vested #	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$	
Salvatore J. Zizza former Chairman of the Board of Directors, Chief Executive Officer	(1)300,000	-	-	0.41	6/25/14	-	-	-	-	
Herbert F. Imhoff, Jr. Former President	(1)300,000	-	-	0.41	1/30/14	-	-	-	-	
	(2)15,000	-	-	0.73	1/30/14	-	-	-	-	
Andrew Norstrud, Chief Financial Officer and Treasurer	-	-	-	-	-	-	-	-	-	
Michael Schroering, Former Chief Executive Officer and Chairman	15,000	-	-	0.48	12/19/22	-	-	-	-	

- (1) The options vest at the rate of 3,000 every year beginning on September 30, 2012. Due to a change of control, subsequent to year end, all of such options were immediately vested and exercisable.
- (2) Includes an option to purchase 300,000 shares of common stock at a price of \$0.41 per share, granted on February 22, 2012. Due to a change of control, subsequent to year end, all of such options were immediately vested and exercisable.

Retirement Benefits

The Company does not maintain a tax-qualified defined benefit retirement plan for any of its executive officers or employees. The Company has a 401(k) retirement plan in which all full-time employees may participate after one year of service.

DIRECTOR COMPENSATION

Compensation of Directors

Under the Company's standard compensation arrangements that were in effect during fiscal 2013, each non-employee director received a monthly retainer of \$2,000 with the exception of Mr. Baker who received \$2,500 per month. Directors did not receive any additional compensation for attendance at meetings of the Board of Directors or its committees. Employees of the Company did not receive any additional compensation for service on the Board of Directors.

The following table sets forth information concerning the compensation paid to each of the non-employee directors during fiscal 2013:

Director Compensation

Name	Fees Earned or Paid in Cash (\$)	Option Awards (1) (\$)	Total (\$)
Dennis W. Baker	30,000	0	30,000
Herbert F. Imhoff, Jr.	8,000	0	8,000
Charles W. B. Wardell III	16,000	0	16,000
Thomas C. Williams	24,000	0	24,000
Michael Schroering (2)	12,000	6,000	18,000
Edward Hunter (2)	24,000	6,000	30,000

- (1) The aggregate number of outstanding option awards at the end of fiscal 2012 were as follows for each of the non-employee directors: Mr. Baker – 330,000; Mr. Imhoff, Jr. – 315,000; Mr. Wardell – 315,000; Mr. Williams – 315,000. Due to a change of control, subsequent to year end, all of such options were immediately vested and exercisable.
- (2) December 19, 2012, Michael Schroering and Edward Hunter were awarded 15,000 options at an exercise price of \$0.40 per share and were immediately exercisable.

Option Awards

The option awards column represents the fair value of the stock options as measured on the grant date. The methods and assumptions used to determine the fair value of stock options granted are disclosed in “Note 9 - Stock Option Plans” in the notes to consolidated financial statements in the Company’s Annual Report for fiscal 2013.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Listed in the following table is information concerning persons known to the Company to be beneficial owners of more than five percent of the Company’s outstanding Common Stock, and information concerning the beneficial ownership of the Company’s outstanding Common Stock by each director, director nominee and named executive officer, as defined below, individually, and by all current directors and executive officers as a group. Unless noted otherwise, the named persons have sole voting and dispositive power over the shares listed. Except as noted otherwise, the information is as of January 13, 2014.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
LEED HR, LLC and Michael Schroering(2) LEED HR, LLC 2650 East Point Parkway, Suite 280 Louisville, KY 40223	16,041,744(2)	70.4%
Dennis W. Baker.	373,800(3)	1.6%
Thomas C. Williams	306,000(4)	1.3%
Michael Schroering	15,000	*
Andrew J. Norstrud		*
Current directors and executive officers as a group (5 individuals)	16,736,544	73.4%

* Represents less than 1%.

- (1) Based on 22,799,675 shares issued and outstanding as of December 31, 2013.
- (2) Based on the Schedule 13D filed on September 13, 2013 and the Schedule 13D/A filed on September 21, 2012 by each of LEED HR, LLC a Kentucky limited liability company, and Mr. Schroering, which disclosed that LEED HR, LLC owns directly 15,824,410 shares of Common Stock. Mr. Schroering owns directly 199,334 shares of Common Stock. Mr. Schroering is the sole manager of LEED HR, LLC and is the beneficial owner of these shares. By virtue of this relationship, Mr. Schroering may be deemed to beneficially own, the 15,824,410 shares of Common Stock owned directly by LEED HR, LLC.
- (3) Represents (i) 52,800 shares of Common Stock owned, (and (iii) 321,000 shares issuable upon the exercise of stock options that are currently exercisable.
- (4) Represents 306,000 shares issuable upon the exercise of stock options that are currently exercisable.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Director Independence

The Board of Directors has determined that each director, other than Mr. Schroering, is an independent director under the listing standards of the NYSE MKT. In addition, the Board of Directors has determined that each current member of the Nominating Committee, Compensation Committee and Audit Committee meets the additional independence criteria required for such membership under the listing standards of the NYSE MKT and Rule 10A-3 of the Exchange Act.

Item 14. Principal Accountant Fees and Services.

The Audit Committee of the Company's Board of Directors has selected Friedman, LLP to serve as the Company's independent registered public accounting firm and to audit the Company's consolidated financial statements for the fiscal years ending September 30, 2013 and 2012. Friedman LLP has served as the Company's independent registered public accounting firm since November 29, 2012.

A representative of Friedman, LLP is expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement if desired.

The following table presents fees billed by Friedman, LLP for the following professional services rendered for the Company for the fiscal years ended September 30, 2013 and 2012:

	<u>Fiscal</u>	<u>Fiscal</u>
Audit fees	\$ 145,000	\$ 350,000
Audit-related fees	18,500	18,000
Tax fees	—	—
All other fees	—	—

"Audit fees" relate to services for the audit of the Company's consolidated financial statements for the fiscal year and for reviews of the interim consolidated financial statements included in the Company's quarterly reports filed with the SEC.

"Audit-related fees" relate to services that are reasonably related to the audit of the Company's consolidated financial statements and are not included in "audit fees." These services include audits of the Company's 401(k) retirement plan and consultations on certain accounting matters.

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by the independent registered public accounting firm, and to not engage them to perform the specific non-audit services proscribed by law or regulation. At the beginning of each fiscal year, the Audit Committee meets with the independent registered public accounting firm and approves the fees and services to be performed for the ensuing year. On a quarterly basis, the Audit Committee reviews the fees billed for all services provided for the year to date, and it pre-approves additional services if necessary. The Audit Committee's pre-approval policies allow management to engage the independent registered public accounting firm for consultations on tax or accounting matters up to an aggregate of \$10,000 annually. All fees listed in the table above were approved in accordance with the Audit Committee's policies.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Exhibits

The following exhibits are filed as part of this report:

No.	Description of Exhibit
2.01	Securities Purchase and Tender Offer Agreement, dated March 30, 2009, by and among General Employment Enterprises, Inc. and PSQ, LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated March 30, 2009, Commission File No. 1-05707.
2.02	Acquisition of Assets of On-Site Services dated June 2, 2010. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated June 8, 2010, File No. 1-05707.
2.03	Financial Statements of On-Site Services dated August 16, 2010, Incorporated by reference to Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3 to the Company's Current Report on Form 8-K dated August 16, 2010, File No. 1-05707.
3.01	Articles of Incorporation and amendments thereto. Incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1996, Commission File No. 1-05707.
3.02	Amended and Restated Articles of Incorporation. Incorporated by reference to Exhibit 3(i) to the Company's Form 8-K filed with the Commission on December 6, 2013.
3.03	By-Laws of General Employment Enterprises, Inc., as amended June 30, 2009. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated March 30, 2009, Commission File No. 1-05707
4.01	Rights Agreement dated as of February 4, 2000, between General Employment Enterprises, Inc. and Continental Stock Transfer and Trust Company, as Rights Agent. Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on February 7, 2000, Commission File No. 1-05707.
4.02	Amendment No. 1 to Rights Agreement, dated as of March 30, 2009, by and between General Employment Enterprises, Inc. and Continental Stock Transfer and Trust Company, as Rights Agent. Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A/A filed with the Securities and Exchange Commission on March 31, 2009, Commission File No. 1-05707.
10.01*	Key Manager Plan, adopted May 22, 1990. Incorporated by reference to Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1990, Commission File No. 1-05707.
10.02*	General Employment Enterprises, Inc. 1995 Stock Option Plan. Incorporated by reference to Exhibit 4.1 to the Company's Form S-8 Registration Statement dated April 25, 1995, Registration No. 33-91550.
10.03*	Second Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 10.03 to the Company's Annual Report on Form 10-K filed with the SEC on January 8, 2010.
10.04*	General Employment Enterprises, Inc. 1999 Stock Option Plan. Incorporated by reference to Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, Commission File No. 1-05707.
10.05*	Chief Executive Officer Bonus Plan, adopted September 24, 2001. Incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, Commission File No. 1-05707.
10.06*	Operational Vice President Bonus Plan effective for fiscal years beginning on or after October 1, 2004. Incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended December 31, 2004, Commission File No. 1-05707.
10.07*	Form of stock option agreement under the General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 99.01 to the Company's current report on Form 8-K dated September 25, 2006, Commission File No. 1-05707.

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- 10.08* Chief Executive Officer Bonus Plan Amendment 1, effective for fiscal years beginning on or after October 1, 2006. Incorporated by reference to Exhibit 10.01 to the Company's quarterly report on Form 10-QSB for the quarterly period ended December 31, 2006, Commission File No. 1-05707.
- 10.09* Form of director stock option agreement under the Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2007, Commission File No. 1-05707.
- 10.10* Form of stock option agreement under the General Employment Enterprises, Inc. 1999 Stock Option Plan. Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2007, Commission File No. 1-05707.
- 10.11* Form of indemnity agreement with directors and officers, adopted November 19, 2007. Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2007, Commission File No. 1-05707.
- 10.12* Escrow Agreement, dated as of March 30, 2009, by and among General Employment Enterprises, Inc., PSQ, LLC and Park Avenue Bank, as escrow agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 30, 2009, Commission File No. 1-05707.
- 10.13* Consulting Agreement, dated as of March 30, 2009, by and among Herbert F. Imhoff, Jr., General Employment Enterprises, Inc. and PSQ LLC. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated March 30, 2009, Commission File No. 1-05707.
- 10.14* Registration Rights Agreement, dated as of March 30, 2009, by and between General Employment Enterprises, Inc., PSQ, LLC and Herbert F. Imhoff, Jr. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated March 30, 2009, Commission File No. 1-05707.
- 10.15* Amendment No. 1, dated as of June 22, 2009, to Consulting Agreement, dated as of March 30, 2009, by and among Herbert F. Imhoff, Jr., General Employment Enterprises, Inc. and PSQ LLC. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 22, 2009, Commission File No. 1-05707.
- 10.16* Employment Agreement between General Employment Enterprises, Inc. and Kent M. Yauch, dated June 26, 2009. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated June 22, 2009, Commission File No. 1-05707.
- 10.17* Employment Agreement between General Employment Enterprises, Inc. and Marilyn L. White, dated June 26, 2009. Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated June 22, 2009, Commission File No. 1-05707.
- 10.18* Form of director stock option under the Second Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan.
- 10.19* Form of employee stock option under the Second Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan.
- 10.20* Amendment No. 4 dated as of February 5, 2010 to Statement of Acquisition of Beneficial Ownership by Herbert F. Imhoff, Jr. Incorporated by reference to Form SC 13D dated February 5, 2010, Commission File No. 5-40677.
- 10.21 Account Purchase Agreement dated as December 14, 2010 by and between Wells Fargo Bank, National Association and Triad Personnel Services, Inc., the Company, BMPS, Inc., BMCH, Inc. d/b/a Triad Personnel Services, and BMCH PA, Inc. d/b/a Triad Temporaries (the "Account Purchase Agreement"). Incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, Commission File No. 001-05707.

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- 10.22 First Amendment to Account Purchase Agreement dated May 2, 2011. Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2013.
- 10.23 Second Amendment to Account Purchase Agreement dated as February 15, 2012. Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated March 30, 2012, Commission File No. 001-05707.
- 10.24 Third Amendment to Account Purchase Agreement dated September 25, 2012. Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2013.
- 10.25 Fourth Amendment to Account Purchase Agreement dated December 14, 2012. Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2013.
- 10.26 Fifth Amendment to Account Purchase Agreement dated as January 14, 2013. Incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2013.
- 10.27 Asset Purchase Agreement, dated as of August 31, 2011, by and among General Employment Enterprises, Inc., Ashley Ellis LLC and Brad A. Imhoff. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.28 Registration Rights Agreement, dated as of August 31, 2011, by and between General Employment Enterprises, Inc. and Ashley Ellis LLC. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.29 Employment Agreement, dated as of August 31, 2011, by and between General Employment Enterprises, Inc. and Katy M. Imhoff. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.30 Change of Control Agreement, dated as of August 31, 2011, by and between General Employment Enterprises, Inc. and Katy M. Imhoff. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.31 Employment Agreement, dated as of September 1, 2011, by and between General Employment Enterprises, Inc. and Salvatore J. Zizza. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.32 Change of Control Agreement, dated as of September 1, 2011, by and between General Employment Enterprises, Inc. and Salvatore J. Zizza. Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.33 Employment Agreement, dated as of August 31, 2011, by and between General Employment Enterprises, Inc. and Brad A. Imhoff. Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.34 Change of Control Agreement, dated as of August 31, 2011, by and between General Employment Enterprises, Inc. and Brad A. Imhoff. Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K dated September 7, 2011, Commission File No. 001-05707.
- 10.35 Registration Rights Agreement, effective as of December 30, 2010, by and among General Employment Enterprises, Inc., Triad Personnel Services, Inc., DMCC Staffing, LLC and RFFG of Cleveland, LLC. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 5, 2011, Commission File No. 001-05707.
- 10.36 General Employment Enterprises, Inc. 2011 Incentive Plan. Incorporated by reference as Appendix B to the Company's Proxy Statement dated January 23, 2012, Commission File No. 1-05707.*
- 10.37 Sixth Amendment to Account Purchase Agreement dated as March 27, 2013. Incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2013.

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10.38	Amended and Restated Employment Agreement with Brad A. Imhoff dated June 26, 2013. Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on July 1, 2013.
10.39	Amended and Restated Employment Agreement with Katy Imhoff dated June 26, 2013. Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed with the Commission on July 1, 2013.
10.40	Executive Employment Agreement with Andrew Norstrud, dated March 29, 2013. Incorporated by reference to Exhibit 10.38 to the Company's Form 10-Q filed with the Commission on August 15, 2013.
10.41	Amendment to Asset Purchase Agreement by and among DMCC Staffing, LLC, RFFG of Cleveland, LLC, the Company and Triad Personnel Services, Inc., dated April 17, 2013. Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on April 24, 2013.
10.42	General Employment Enterprises, Inc. 2013 Incentive Stock Plan, effective July 23, 2013. Incorporated by reference as Exhibit A to the Company's Proxy Statement dated August 21, 2013, Commission File No. 001-05707.*
10.43	Loan and Security agreement and between Keltic Financial Partners II, LLP and General Employment Enterprises Inc., Triad Personnel Services, Inc., BMPS, Inc., BMCH, Inc. d/b/a Triad Personnel Services, and BMCH PA, Inc., Triad Logistics (the "Loan Agreement"). Filed herewith.
14.01	General Employment Enterprises, Inc. Code of Ethics for Directors, Officers and Employees, adopted as of August 16, 2004. Incorporated by reference to Exhibit 14.01 to the Company's Form 8-K Current Report dated August 16, 2004, Commission File No. 1-05707.
23.01	Consent of Independent Registered Public Accounting Firm.
31.01	Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.02	Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.01	Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.02	Certifications for the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS	XBRL Instant document, filed

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL EMPLOYMENT ENTERPRISES, INC.

(Registrant)

Date: January 13, 2014

By: /s/ Andrew J. Norstrud
Andrew J. Norstrud
Principal Executive Officer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: January 13, 2014

By: /s/ Andrew J. Norstrud
Andrew J. Norstrud
(Principal Executive Officer)

Date: January 13, 2014

By: /s/ Andrew J. Norstrud
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: January 13, 2014

By: /s/ Dennis W. Baker
Dennis W. Baker, Chairman of the Board

Date: January 13, 2014

By: /s/ Michael Schroering
Michael Schroering, Director

Date: January 13, 2014

By: /s/ Thomas C. Williams
Thomas C. Williams, Director

LOAN AND SECURITY AGREEMENT

BETWEEN

KELTIC FINANCIAL PARTNERS II, LP

AND

GENERAL EMPLOYMENT ENTERPRISES, INC., TRIAD PERSONNEL SERVICES, INC., BUSINESS MANAGEMENT PERSONNEL, INC., BMPS, INC., BMCH, INC., BMCHPA, INC., AND TRIAD LOGISTICS, INC.

Effective Date: September _____, 2013

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This **LOAN AND SECURITY AGREEMENT** (together with all Schedules and Exhibits hereto, this "**Agreement**") between **KELTIC FINANCIAL PARTNERS II, LP**, a Delaware limited partnership ("**Lender**") and **GENERAL EMPLOYMENT ENTERPRISES, INC.**, a corporation organized under the laws of the State of Illinois ("**GEE**"), **TRIAD PERSONNEL SERVICES, INC.**, a corporation organized under the laws of the State of Illinois ("**TPS**"), **BUSINESS MANAGEMENT PERSONNEL, INC.**, a corporation organized under the laws of the State of Ohio ("**BUMPS**"), **BMPS, INC.**, a corporation organized under the laws of the State of Ohio ("**BMPSOH**"), **BMCH, INC.**, a corporation organized under the laws of the State of Ohio ("**BMCH**"), **BMCHPA, INC.**, a corporation organized under the laws of the Commonwealth of Pennsylvania ("**BMCHPA**"), and **TRIAD LOGISTICS, INC.**, a corporation organized under the laws of the State of Ohio ("**Triad**") is dated the date of execution by Lender on the signature page of this Agreement (the "**Effective Date**"). For purposes of this Agreement **GEE, TPS, BUMPS, BMPSOH, BMCH, BMCHPA** and **Triad** shall individually and collectively be referred to as "**Borrower**".

RECITALS: Borrower has requested Lender to extend loans to Borrower under a revolving credit facility to support Borrower's working capital needs and for other purposes as described in this Agreement. Lender is willing to extend such loans to Borrower subject to the terms and conditions set forth in this Agreement.

AGREEMENT:

ARTICLE 1. DEFINITIONS. Unless defined in the Recitals, above, in the body of this Agreement, or in the Exhibits or other Schedules hereto, capitalized terms have the meanings given to such terms in the **Definitions Schedule**. The **Definitions Schedule** also provides meanings for certain other phrases used in this Agreement (whether or not capitalized). Each term defined in the singular shall be interpreted in a collective manner when used in the plural, and each term defined in the plural shall be interpreted in an individual manner when used in the singular.

ARTICLE 2. THE LOANS.

2.1. Revolving Credit; Revolving Credit Note. Subject to the terms and conditions of this Agreement and as long as no Default or Event of Default then exists, on Borrower's request prior to the Revolving Credit Termination Date Lender shall lend to Borrower under a revolving credit facility (the "**Revolving Credit**") an aggregate principal sum (the "**Borrowing Capacity**") equal to the lesser of (a) **SIX MILLION AND 00/100 DOLLARS \$6,000,000.00** (the "**Revolving Credit Limit**"), or (b) the Borrowing Base. The maximum principal amount of any Advance shall not exceed an amount equal to the amount of the Borrowing Capacity *less* the aggregate amount of all Obligations then outstanding. Within the limits of the Borrowing Capacity, and subject to terms and conditions of this Agreement, Borrower may borrow, repay and reborrow the principal amount of the Revolving Credit. Borrower's obligation to pay the principal of, and interest on, Advances made to Borrower and the Revolving Credit shall be evidenced by an Authenticated promissory note in form and content acceptable to Lender (the "**Revolving Credit Note**").

2.2. Conditions to Loans and Advances. Lender's obligation to make any Loan or Advance under this Agreement is subject to the following conditions precedent: (a) that the representations set forth in ARTICLE 5 and in the other Loan Documents shall be true and complete on and as of the date of such Loan or Advance; (b) that on and as of the date of such Loan or Advance Borrower shall have complied with all covenants and agreements set forth in ARTICLE 6, ARTICLE 7 and ARTICLE 8 and in the other Loan Documents; and (c) that as of the date of such Loan or Advance, no Default or Event of Default shall have occurred and be continuing. Borrower's acceptance of each Loan or Advance under this Agreement shall constitute a confirmation by Borrower, as of the date of such Loan or Advance (i) of the accuracy and completeness of the representations set forth in ARTICLE 5 and in the other Loan Documents, (ii) of Borrower's satisfaction of the covenants and agreements set forth in ARTICLE 6, ARTICLE 7 and ARTICLE 8 and in the other Loan Documents, and (iii) of the absence of any Default or Event of Default. Borrower shall confirm such matters by delivery to Lender of an Authenticated "Compliance Certificate" as provided in **Section 6.4** and **Section 6.5**, and if requested by Lender by delivery of a Compliance Certificate with any "Notice of Borrowing" (as defined in **Section 2.5**) requesting an Advance.

2.3. Overadvances. Lender shall not be required to make any Advance at any time in a principal amount that would, when aggregated with the amount of the Obligations then outstanding, exceed the Borrowing Capacity. If the Obligations of Borrower to Lender incurred under the Revolving Credit exceed the Borrowing Capacity for any reason (the amount of such excess to be referred to as an “*Overadvance*”), then (a) such Overadvance will constitute an Advance for purposes of this Agreement, (b) payment of such Overadvance will be secured by the Collateral, (c) Borrower shall immediately repay the amount of such Overadvance without notice or demand by Lender, and (d) Lender may in Lender’s sole discretion refrain from making any additional Advances until the Overadvance has been repaid to Lender in full.

2.4. Reserves. Lender may at any time establish one or more reserves (“*Reserves*”) under the Revolving Credit in Lender’s sole discretion. For example, and without limitation, Lender may establish Reserves for liabilities of Borrower such as accrued warranties and prepaid maintenance contracts. A Reserve may limit the Borrowing Capacity, reduce the Borrowing Base (by reduction of an advance rate set forth in the Borrowing Base or otherwise), or otherwise restrict Borrower’s ability to borrow under the Revolving Credit. Lender shall notify Borrower promptly after the establishment of any Reserve; *provided, however*, under no circumstance shall the delivery or receipt of any such notice constitute a condition to Lender’s establishment of any Reserve. Prior to the repayment of all Obligations to Lender in cash and performance of the Obligations in full, Keltic shall maintain (a) a Reserve in an amount equal to the aggregate amount of all Federal and State payroll and employment-related taxes that Borrower is typically liable for in any calendar week, and (b) a Reserve in the aggregate amount of all checks cut by Borrower and held by Borrower in lieu of immediate delivery to a payee; Lender may remove, increase, decrease or otherwise adjust either such Reserve in Lender’s permitted discretion.

2.5. Manner of Revolving Credit Borrowing; Notice of Borrowing. Borrower shall request each Advance by delivering an Authenticated Notice of Borrowing in the form of **Exhibit A** (a “*Notice of Borrowing*”) to Lender (a) by facsimile, or (b) by electronic transmission including, without limitation, e-mail. Borrower must verify Lender’s receipt of each Notice of Borrowing by telephone confirmation, or upon Borrower’s request by Borrower’s receipt of confirming e-mail from Lender. Each Notice of Borrowing shall include documentation acceptable to Lender in its reasonable discretion evidencing all invoices and other Receivables included in such Notice of Borrowing, including, but not limited to, signed time cards or time sheets (in electronic format if available, otherwise in written format) or other reasonable methods for evidencing work performed by Borrower and constituting a Temporary Staffing Receivable. Subject to the terms and conditions of this Agreement, Lender shall deliver the amount of the Advance requested in the Notice of Borrowing for credit to any account of Borrower (other than a payroll account) at a bank in the United States of America as Borrower may specify in writing by wire transfer of immediately available funds (i) on the same day of Lender’s receipt of the Notice of Borrowing if Lender verifies that the Notice of Borrowing was received by Lender on or before 11 a.m. Eastern Time on a Banking Day, or (ii) on the Banking Day immediately following Lender’s receipt of the Notice of Borrowing if Lender verifies that the Notice of Borrowing was received by Lender after 11 a.m. Eastern Time on a Banking Day, or Lender verifies that the Notice of Borrowing was received by Lender on any day that is not a Banking Day. Lender shall charge to the Revolving Credit Lender’s usual and customary fees for the wire transfer of each Advance.

2.6. Collections.

(a) Borrower shall open a lockbox (the "**Lockbox**") with a financial institution, which financial institution shall be subject to Lender's approval, which approval shall not be unreasonably withheld (the "**Depository Bank**") pursuant to documents with the Depository Bank that are in form and content acceptable to Lender. Borrower shall instruct all Account Debtors to forward all payments of Receivables to the Lockbox. Borrower shall require each customer making a payment of a Receivable by check or other instrument to make such check or instrument payable to the order of (i) Borrower, or (ii) Lender, or (iii) Borrower and Lender jointly. Collected funds in the Lockbox shall be deposited into an account with the Depository Bank established by Lender and subject to Lender's sole dominion and control (including, but not limited to the sole power of withdrawal) (the "**Blocked Account**"). The agreement(s) relating to the Blocked Account between Lender, the Depository Bank and Borrower shall be in form approved by Lender, which approval shall not be unreasonably withheld.

(b) All Proceeds of Collateral received by Borrower, including cash, checks, drafts, notes, acceptances or other forms of payment, and whether Proceeds of Receivables, Inventory, insurance claims or other otherwise, shall be received by Borrower in trust for Lender. Borrower shall deliver all Proceeds of Collateral in Borrower's possession to the Blocked Account promptly after receipt, in precisely the form received (except for the endorsement or assignment of Borrower where necessary).

(c) Borrower shall cause Persons processing or collecting any credit card payments or Proceeds of Receivables on behalf of Borrower to deliver such payments or Proceeds to the Blocked Account promptly, but not less frequently than once every week.

2.7. Crediting of Funds. Each Banking Day Lender shall withdraw available funds from the Blocked Account, deposit such funds in the Settlement Account, and credit available funds received in the Settlement Account to the payment of the Obligations. Lender shall credit to the payment of the Obligations any other form of funds received by Lender in the Settlement Account for which Lender has received notice that such funds are collected and available to Lender (i) on the same day of Lender's receipt of such notice if such notice is received by Lender on or before 2 p.m. Eastern Time on a Banking Day, and (ii) on the Banking Day immediately following Lender receipt of such notice if such notice is received by Lender after 2 p.m. Eastern Time on a Banking Day, or if such notice is received by Lender on a day that is not a Banking Day. In the absence of an Event of Default, all funds credited to the repayment of the Obligations will be applied in the following order:

- (a) to unpaid fees and expenses;
- (b) to unpaid interest;
- (c) the outstanding principal balance of the Revolving Credit; and
- (d) to all other Obligations in such order as Lender shall elect.

Upon the occurrence and during the continuation of an Event of Default Lender shall credit available funds received in the Settlement Account to the repayment of the Obligations in such order and in such amounts as Lender determines in Lender's sole discretion.

All funds credited to the payment of the Obligations are conditional upon final payment to Lender in cash or solvent credits of the items giving rise to such funds. If any item credited to the payment of the Obligations is not paid to Lender, the amount of any credit given for such item shall be charged to the balance of the Obligations whether or not the item is returned. For the purpose of computing interest on the Obligations, interest shall continue to accrue on the amount of any funds credited to the payment of the Obligations by Lender for a period of three (3) Banking Days after the date so credited.

2.8. Records of Lender. Lender shall maintain Records relating to the Obligations, Loans and Advances (including schedules maintained electronically) containing such annotations as Lender deems appropriate, including but not limited to annotations regarding the dates and amounts of Advances, the principal balance of any Loan, and the dates and amounts of repayments of any Loans, and shall account to Borrower monthly. In the absence of manifest error each Record of any annotations delivered to Borrower shall be conclusive and binding upon Borrower unless Borrower delivers to Lender written notice of any objection within ten (10) Banking Days of receipt. If Borrower disputes the accuracy of any Record or annotation, Borrower's notice shall specify in detail the particulars of its basis for contending that such Record or annotation is inaccurate. No failure of Lender to render any Record or in making any annotation shall affect the obligation of Borrower to pay and perform the Obligations pursuant to the terms of this Agreement and the other Loan Documents.

2.9. Payment on Revolving Credit Termination Date; Termination of Advances. On the Revolving Credit Termination Date Borrower shall pay to Lender in cash the entire outstanding principal balance of the Revolving Credit, plus all accrued and unpaid interest thereon, plus all fees, costs, expenses and other amounts payable to Lender in connection with the Revolving Credit, plus all other Obligations payable to Lender pursuant to the terms of this Agreement and the other Loan Documents. Lender shall not be obligated to make or continue to extend any Advance or continue any Loan to Borrower under the Revolving Credit after the Revolving Credit Termination Date.

ARTICLE 3. INTEREST AND FEES.

3.1. Interest.

Borrower shall pay to Lender interest on the outstanding principal amount of the Revolving Credit until all Obligations have been finally and indefeasibly paid to Lender in cash and performed in full. Interest shall accrue daily on the daily unpaid principal amount of the Revolving Credit, and Borrower shall pay interest to Lender monthly in arrears commencing on the first Banking Day of the calendar month immediately following the Effective Date and on the first Banking Day of each calendar month thereafter. The interest rate on the Revolving Credit shall equal:

- (a) if no Default or Event of Default has occurred and is continuing, the Revolving Credit Rate; and
- (b) if a Default or an Event of Default has occurred and is continuing, the Default Rate.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, in no event shall any interest paid to Lender on the Revolving Credit exceed an amount that would cause the interest rate on the Revolving Credit to exceed the maximum rate permitted by applicable law. Any amount of interest paid to Lender that is finally and irrevocably determined by a court of competent jurisdiction to exceed the maximum interest payable on the Revolving Credit under applicable law shall be returned by Lender to Borrower promptly thereafter.

3.2. Facility Fee. Borrower shall pay to Lender annually a fee (the "**Facility Fee**") in an amount equal to one percent (1.00%) of the Revolving Credit Limit. The Facility Fee shall be earned in full on the Effective Date and on the first (1st) day of each subsequent Contract Year. In the absence of the occurrence and continuation of an Event of Default, the Facility Fee shall be paid in twelve (12) equal monthly installments, in arrears, on the first day of each calendar month. Upon the occurrence of any Event of Default and written notice by Lender, Borrower shall immediately pay to Lender the portion of the Facility Fee remaining unpaid for the then-current Contract Year. The Facility Fee shall be appropriately adjusted during any Contract Year in which the maximum principal amount of any Loan is increased.

3.3. Collateral Management Fee. Borrower shall pay to Lender monthly a collateral management fee (the "**Collateral Management Fee**") in an amount equal to One Thousand Five Hundred and 00/100 Dollars (\$1,500.00). The Collateral Management Fee shall be earned in full on the Effective Date and on the first (1st) day of each calendar month thereafter until the date all Obligations have been finally and indefeasibly paid to Lender in cash and performed in full. The Collateral Management Fee shall be paid in arrears commencing on the first Banking Day of the calendar month immediately following the Effective Date and on the first Banking Day of each calendar month thereafter. Upon the occurrence and during the continuation of a Default or Event of Default, the monthly Collateral Management Fee shall equal Three Thousand and 00/100 Dollars (\$3,000.00).

3.4. Commitment Fee. In connection with Lender's commitment to extend Loans to Borrower, Borrower shall pay to Lender a fee in an aggregate amount equal to One Hundred Twenty Thousand and 00/100 Dollars (\$120,000.00) (the "**Commitment Fee**"). On or before the Effective Date Borrower shall have paid to Lender a portion of a Commitment Fee equal to Eighty Thousand and 00/100 Dollars (\$80,000.00). In the absence of the occurrence and continuation of an Event of Default, the portion of the Commitment Fee unpaid as of the Effective Date (*i.e.*, \$40,000.00) shall be paid in six (6) equal monthly installments of Six Thousand Six Hundred Sixty Six and 67/100 Dollars (\$6,666.67) on the first day of each calendar month commencing with the calendar month immediately following the Effective Date. Upon the occurrence of any Event of Default and written notice by Lender, Borrower shall immediately pay to Lender the portion of the Commitment Fee then remaining unpaid.

3.5. Field Examination Fees; Appraisals. Borrower shall be liable for and promptly reimburse Lender for all fees, costs and expenses associated with periodic field examinations and appraisals of Collateral performed by Lender and/or Lender's agents, all as deemed necessary by Lender in its reasonable discretion.

3.6. Late Document Fee. Borrower shall pay to Lender a fee (the "**Late Document Fee**") of One Hundred Fifty and 00/100 Dollars (\$150.00) per document (a single "document" for purposes of this **Section 3.6** to mean and include all attachments and supplemental information to be delivered with such document pursuant to the terms of this Agreement) per calendar day for each document, instrument or report required to be delivered to Lender pursuant to ARTICLE 6 of this Agreement that is overdue by more than two (2) Banking Days. Notwithstanding the foregoing, the Late Document Fee shall not apply to Borrower's delivery of a Borrowing Base Certificate pursuant to **Section 6.1** below; *provided, however*, Borrower acknowledges and agrees that (a) Borrower shall not be permitted to request, and Lender shall not be obligated to make any Advance pursuant to the terms of this Agreement, until Borrower has delivered the Borrowing Base Certificate required in connection with such Advance, and (b) all other provisions of this Agreement applicable to Borrower's delivery of, or failure to deliver, a Borrowing Base Certificate (including but not limited to the provisions of **Section 6.1** and ARTICLE 9) shall continue to apply in all respects.

3.7. Liquidated Damages. Subject to the terms and conditions of this Agreement, Borrower shall have the right prior to the third (3rd) anniversary of the Effective Date and upon sixty (60) calendar days' advance written notice to Lender (a "**Principal Reduction Notice**") to prepay in full the entire outstanding principal balance of the Revolving Credit, all accrued and unpaid interest thereon, all fees, costs, expenses and other amounts payable to Lender in connection with the Revolving Credit, and all other Obligations payable to Lender under this Agreement and the other Loan Documents. A Principal Reduction Notice shall be irrevocable when delivered to Lender, and if all Obligations are finally and indefeasibly paid to Lender in connection with such Principal Reduction Notice the Revolving Credit shall be terminated and all obligations of Lender to extend credit to Borrower under the Revolving Credit shall terminate.

(a) If prior to the third (3rd) anniversary of the Effective Date Borrower prepays all Obligations outstanding in full (i) at a time in which no Default or Event of Default has occurred is continuing, and (ii) following Borrower's request to Lender to increase the Revolving Credit Limit in connection with the pending acquisition by Borrower of one or more companies conducting a business or businesses similar to one or more of the Borrowers' businesses as conducted on the Effective Date and Lender has declined to increase the Revolving Credit Limit, and (iii) if prior to entering into a new financing arrangement with another Person (a "**New Lender**") Borrower has provided Lender with a reasonable opportunity to provide financing substantially similar to the financing offered by the New Lender and Lender has declined to do so, then at the time of such prepayment, repayment, demand or acceleration, and in addition to the principal balance of the Revolving Credit, all accrued and unpaid interest thereon, all fees, costs, expenses and other amounts payable to Lender in connection with the Revolving Credit, and all other Obligations paid to Lender under this Agreement and the other Loan Documents, Borrower shall pay liquidated damages to Lender in an amount equal to the Revolving Credit Limit multiplied by (A) three percent (3.00%) if such prepayment occurs prior to the first (1st) anniversary of the Effective Date, and (B) two percent (2.00%) if such prepayment, repayment, demand or acceleration occurs on or after the first (1st) anniversary of the Effective Date.

(b) If prior to the third (3rd) anniversary of the Effective Date, and other than in connection with a prepayment described in **paragraph** (a) immediately above, (i) Borrower prepays all Obligations outstanding in full pursuant to the foregoing paragraph, or (ii) pursuant to the terms of this Agreement or any other Loan Document, either (A) Lender demands repayment of the outstanding Obligations in whole or in part, or (B) repayment of the outstanding Obligations are otherwise accelerated in whole or in part, then (iii) at the time of such prepayment, repayment, demand or acceleration, and in addition to the principal balance of the Revolving Credit, all accrued and unpaid interest thereon, all fees, costs, expenses and other amounts payable to Lender in connection with the Revolving Credit, and all other Obligations paid to Lender under this Agreement and the other Loan Documents, Borrower shall pay liquidated damages to Lender in an amount equal to the Revolving Credit Limit multiplied by (i) five percent (5.00%) if such prepayment, repayment, demand or acceleration occurs prior to the first (1st) anniversary of the Effective Date, (ii) three percent (3.00%) if such prepayment, repayment, demand or acceleration occurs on or after the first (1st) anniversary of the Effective Date but prior to the second (2nd) anniversary of the Effective Date, and (iii) one percent (1.00%) if such prepayment, repayment, demand or acceleration occurs on or after the second (2nd) anniversary of the Effective Date but prior to the third (3rd) anniversary of the Effective Date.

Borrower acknowledges and agrees that it would be difficult or impractical to calculate Lender's actual damages from early termination of the Revolving Credit and Lender's compensation from Loans hereunder following such early termination, the liquidated damages provided above are intended to be fair and reasonable approximations of such damages, and that the liquidated damages are not intended to be penalties.

3.8. Computation of Interest and Fees. All interest and fees under this Agreement shall be computed on the basis of a year consisting of three hundred sixty (360) days for the number of days actually elapsed.

ARTICLE 4. COLLATERAL AND SECURITY INTEREST.

4.1. Grant of Security Interest. As security for the final and indefeasible payment to Lender in cash and performance of the Obligations in full, Borrower hereby pledges to Lender, and grants to Lender a continuing general lien upon and security interest in and to the Collateral. Borrower acknowledges and agrees that Collateral securing any purchase money security interest in favor of Lender also secures all non-purchase money security interests in favor of Lender.

4.2. Nature of Security Interest. The pledge, lien and security interest granted to Lender pursuant to this Agreement shall continue in full force and effect until the Obligations have been finally and indefeasibly paid to Lender in cash and performed in full, notwithstanding the termination of any other Loan Document (in whole or in part), the termination of Lender's obligations to extend credit to Borrower under this Agreement or any other Loan Document, the full or partial termination (whether by prepayment, demand or acceleration) of any Loan, or that the Revolving Credit may from time to time be temporarily in a credit position. Any balances to the credit of Borrower in the possession of Lender, and any other Property or assets of Borrower in the possession of Lender, shall be held by Lender as Collateral, and applied in whole or partial satisfaction of the Obligations when due, subject to the terms of this Agreement.

4.3. Perfection and Protection of Security Interest.

(a) Borrower will execute and deliver to Lender security agreements, assignments (including, without limitation, assignments of specific Accounts, Receivables, Certificates of title, Chattel Paper, Documents, Instruments, Goods, Inventory, Equipment and General Intangibles), and other documents and instruments as Lender may at any time reasonably request to establish, evidence, attach, perfect, or protect any security interest, pledge, lien, charge, mortgage or other encumbrance granted to Lender. Borrower authorizes Lender to file all financing statements, and all continuations or amendments thereof, to establish, evidence attach, perfect or protect any security interest, pledge, lien, charge, mortgage or other encumbrance granted to Lender in the Collateral. Borrower agrees that subject to Borrower's rights under Section 9-509(d)(2) of the UCC, Borrower is not and shall not be authorized to file any financing statement or amendment, termination or corrective statement with respect to any financing statement filed by Lender, or with respect to any continuation or amendment thereof, without the prior written consent of Lender.

(b) Borrower will perform any and all actions requested by Lender in Lender's permitted discretion to establish, attach, perfect or protect any security interest, pledge, lien, charge, mortgage or other encumbrance of Lender in Inventory, including without limitation, placing and maintaining signs, appointing custodians, maintaining stock Records and transferring Inventory to warehouses. Upon Lender's request, Borrower shall record Lender's security interest on any Certificate Of Title for any Collateral that is a motor vehicle. Borrower hereby appoints Lender, and Lender's designee(s), as Borrower's attorney-in-fact (i) to execute and deliver notices of lien, financing statements, assignments, and any other documents, instruments, notices, and agreements necessary for the establishment, attachment, perfection or protection of any security interest, pledge, lien, charge, mortgage or other encumbrance of Lender in any Collateral, (ii) to endorse the name of Borrower on any checks, notes, drafts or other forms of payment or security consisting of Collateral that may come into the possession of Lender or any Affiliate of Lender, (iii) following the occurrence and during the continuation of an Event of Default, to sign Borrower's name on invoices or bills of lading, drafts against customers, notices of assignment, verifications and schedules relating to Collateral, (iv) following the occurrence and during the continuation of an Event of Default (A) to notify the Post Office authorities to change the address of delivery of mail to an address designated by Lender, and (B) to open and dispose of mail addressed to Borrower, and (v) generally, to do all things reasonably necessary to carry out the purposes and intent of this Agreement. The powers granted herein, being coupled with an interest, are irrevocable, and Borrower approves and ratifies all acts of the attorney(s)-in-fact consistent with the foregoing. Neither Lender nor any attorney(s)-in-fact shall be liable for any act or omission, error in judgment or mistake of law so long as the same does not constitute gross negligence or willful misconduct.

(c) Borrower shall cooperate with Lender in obtaining waivers or subordinations in favor of Lender as Lender may require, in Lender's permitted discretion, from third parties having any interest in any Collateral and Borrower shall cooperate with Lender in obtaining "control" of Collateral consisting of Deposit Accounts, electronic Chattel Paper, Investment Property, or Letter-Of-Credit Rights as provided in Sections 9-104 through 9-107, inclusive, of the UCC. If any Inventory is in the possession or control of any third party other than a purchaser in the ordinary course of business or a public warehouseman where the warehouse receipt is in the name of or held by Borrower, Borrower shall notify such person of each security interest, pledge, lien, charge, mortgage or other encumbrance of Lender therein and instruct such person or persons to hold such Inventory for the account and benefit of Lender and subject to Lender's instructions. Borrower will deliver to Lender warehouse receipts covering any Inventory located in warehouses showing Lender as the beneficiary thereof and will also cooperate with Lender in obtaining from warehousemen and bailees agreements relating to the release of warehouseman's and bailee's liens on Inventory as Lender may request.

(d) Borrower acknowledges and agrees that the security interest granted to Lender pursuant to this Agreement shall specifically include a security interest in all Commercial Tort Claims arising after the Effective Date, and in order to permit Lender to perfect its security interest in each such Commercial Tort Claim Borrower shall promptly deliver to Lender copies of all summonses, complaints, responses, motions and other pleadings filed by or against Borrower after the date hereof so that Lender may file a Uniform Commercial Code financing statement relating to each such Commercial Tort Claim.

4.4. Limited License. Regardless of whether Lender's security interests in and to any of the General Intangibles has attached or is perfected, until the Obligations have been finally and indefeasibly paid to Lender in cash and performed in full, Borrower hereby irrevocably grants to Lender a royalty-free, non-exclusive license to use Borrower's General Intangibles, including all trademarks, copyrights, patents and other proprietary and intellectual property rights, labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, and any Property of a similar nature, as it pertains to the Collateral in connection with the (a) advertisement for, and sale or other disposition of, any finished goods Inventory by Lender in accordance with the provisions of this Agreement, (b) manufacture, assembly, completion, preparation and advertising for sale or other disposition of any unfinished Inventory by Lender in accordance with the provisions of this Agreement, (c) sale, lease, license or other disposition of Collateral by Lender in accordance with the provisions of this Agreement, and Borrower's rights under all licenses and any franchise, sales, distribution and supply agreements shall inure to Lender's benefit for such purposes.

4.5. Rights of Lender as Secured Party. At all times prior to the final and indefeasible payment to Lender in cash and performance of the Obligations in full, Lender shall have, in addition to all other rights and remedies of Lender under this Agreement (a) all rights and remedies granted to a Secured Party in the UCC, and (b) all rights and remedies with respect to Collateral granted to Lender under the other Loan Documents, and (c) all rights and remedies of Lender with respect to the Collateral available under applicable law.

4.6. Communication with Account Debtors.

(a) Prior to the occurrence of and in the absence of a Default or Event of Default (i) Borrower authorizes Lender, upon reasonable notice to Borrower (A) to communicate directly with customers and Account Debtors of Borrower using Lender's trade name "Cohen and Roberts" by telephone for the purpose of verifying information supplied by Borrower to Lender with respect to Receivables pursuant to this Agreement, and (B) to communicate directly by telephone using Lender's trade name "Cohen and Roberts" with each contract officer of each Federal or State Governmental Unit with which Borrower does business or with whom Borrower has executed a contract in order to confirm matters relating to Borrower's business with such Governmental Unit or contract, including, but not limited to, the validity of Receivables owing to Borrower by such Governmental Unit, the award rating of Borrower, whether such Governmental Unit has declared Borrower to have defaulted on such business arrangement or contract, the continuing effectiveness of such business arrangement or contract and such other information as Lender deems reasonably necessary to determine the validity, amount and/or collectability of each Receivable under such business arrangement or contract, and (ii) Borrower shall be permitted, at Borrower's election, to participate in each such telephone call.

(b) Following the occurrence of and during the continuation of a Default of Event of Default, Lender shall be authorized at any time and without notice to, consent of or participation by Borrower, to communicate directly with customers and Account Debtors of Borrower by whatever means Lender shall elect for the purpose of verifying information supplied by Borrower to Lender with respect to Receivables pursuant to this Agreement, and also, if a Federal or State Governmental Unit with which Borrower does business or with whom Borrower has executed a contract, matters relating to Borrower's business with such Governmental Unit or contract, including, but not limited to, the validity of Receivables owing to Borrower by such Governmental Unit, the award rating of Borrower, whether such Governmental Unit has declared Borrower to have defaulted on such business arrangement or contract, the continuing effectiveness of such business arrangement or contract and such other information as Lender deems reasonably necessary to determine the validity, amount and/or collectability of each Receivable under such business arrangement or contract.

(c) Upon Lender's request at any time Borrower shall provide Lender with a list of the addresses, telephone and facsimile numbers of its Account Debtors.

4.7. Confirmatory Written Assignments. Upon Lender's request, promptly after the creation of any Receivable Borrower shall execute and deliver a confirmatory written assignment to Lender of such Receivable. Borrower's failure to execute or deliver any such assignment shall not affect or limit any security interest or lien or other right of Lender in and to such Receivable.

4.8. Lender's Right to Perform Borrower's Obligations. In the event that Borrower shall fail to purchase or maintain insurance, or to pay any tax, assessment, charge or levy of any Governmental Unit, except as the same may be otherwise permitted hereunder, or in the event that any lien, charge, encumbrance or security interest on any Collateral not specifically permitted by the terms of this Agreement shall not be paid in full or discharged, or in the event that Borrower shall fail to perform or comply with any other covenant, promise or Obligation to Lender hereunder or under any other Loan Document, Lender may, but shall not be required to, perform, pay, satisfy, discharge or bond the same for the account of Borrower, and all monies so paid by Lender, including reasonable attorneys' fees and expenses incurred by Lender in connection therewith, shall be treated as an Advance.

ARTICLE 5. REPRESENTATIONS.

5.1. Organization, Qualification and Structure.

(a) (i) GEE is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the State of Illinois. GEE's federal tax identification number is 36-6097429 and GEE's registration or filing number with the State of Illinois is 42415171. (ii) TPS is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the State of Illinois. TPS's federal tax identification number is 36-3510752 and TPS's registration or filing number with the State of Illinois is 54652283. (iii) BUMPS is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the State of Ohio. BUMP's federal tax identification number is 27-3921051 and BUMP's registration or filing number with the State of Ohio is 1975530. (iv) BMPS is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the State of Ohio. BMPS's federal tax identification number is 27-4022118 and BMPS's registration or filing number with the State of Ohio is 1976155. (v) BMCH is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the State of Ohio. BMCH's federal tax identification number is 38-3835243 and BMCH's registration or filing number with the State of Ohio is 2000421. (vi) BMCHPA is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania. BMCHPA's federal tax identification number is 45-0926845 and BMCHPA's registration or filing number with the Commonwealth of Pennsylvania is 4017463. (vii) Logistics is, and except as described in the Disclosure Schedule always has been, a corporation duly organized and existing under the laws of the State of Ohio. Logistics' federal tax identification number is 27-4669708 and Logistics' registration or filing number with the State of Ohio is 1990241.

(b) Each Borrower is qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified.

(c) Except as set forth in the **Disclosure Schedule** (i) Borrower has no subsidiaries or Affiliates that are not natural persons, and (ii) during the preceding five (5) years (A) Borrower has not acquired, been acquired by, or merged, consolidated, combined or amalgamated with or into, any other Person, in whole or in part (whether by purchase or sale of securities and/or assets, by assumption of liabilities, or by merger or otherwise), (B) Borrower has not liquidated, sold or disposed of any subsidiary or Affiliate (whether by sale or assignment of securities and/or assets or otherwise), and (C) Borrower has not engaged in any joint venture or partnership with any other Person.

5.2. Legally Enforceable Agreement. The execution, delivery and performance of this Agreement, each of the other Loan Documents and each of the other agreements, instruments and documents to be delivered by Borrower in connection with this Agreement or any other Loan Document, and the creation of all security interests, pledges, liens, charges, mortgages or other encumbrances in favor of Lender pursuant to this Agreement and any other Loan Document (a) are within Borrower's organizational power, (b) have been duly authorized by all necessary or proper actions of or pertaining to Borrower (including the consent of directors, officers, managers, partners, shareholders and/or members, as applicable), (c) are not in contravention of (i) any agreement or indenture to which Borrower is a party or by which Borrower is bound, or (ii) Borrower's Charter Documents, or (iii) any provision of law, or (iv) any order, writ, judgment, injunction, or decree of any court of competent jurisdiction binding on Borrower or its property, and (d) do not require the consent or approval of any Governmental Unit or any other Person that has not been obtained, and each such consent or approval obtained by Borrower has been furnished to Lender prior to the Effective Date.

5.3. Name and Address. During the preceding five (5) years, Borrower has not been known by and has not used any other name, whether corporate, fictitious or otherwise, except as set forth on the **Disclosure Schedule**. The **Disclosure Schedule** lists all real property owned or leased by Borrower, and if leased, the correct name and address of the landlord and the date and term of the applicable lease. Borrower's main office is at the main office address identified as such in the **Disclosure Schedule** and Borrower maintains no other offices or facilities except as described in the **Disclosure Schedule**.

5.4. Location of Collateral; Equipment List. The **Disclosure Schedule** lists:

(a) all places at which Records relating to the Collateral, including, but not limited to, all Documents and Instruments relating to Receivables and Inventory, are maintained by Borrower or by any other Person; and

(b) all places where Borrower maintains, or will maintain, Inventory, and whether the premises are owned or leased by Borrower or whether the premises are the premises of a warehouseman, bailee or other third party, and if owned by a third party, the name and address of such third party.

5.5. Title; Liens; Permitted Liens. Except for Permitted Liens and liens described in the **Disclosure Schedule** Borrower has good and marketable title to the Collateral and is the sole owner thereof. Except as set forth on the **Disclosure Schedule** none of the Collateral is subject to any prohibition against encumbering, granting a security interest in or to, pledging, hypothecating or assigning the same or requires notice or consent to any Person in connection therewith.

5.6. Existing Indebtedness. Borrower has no existing Indebtedness except the Indebtedness described in the **Disclosure Schedule**.

5.7. Financial Statements. The financial statements of Borrower described on the **Disclosure Schedule**, copies of which have been delivered to Lender, fairly present Borrower's financial condition and results of operations as of the dates and for the periods covered, contain no Material misstatements, and there has been no Material Adverse Change since such dates. Borrower has no contingent liabilities, liabilities for taxes, unusual forward or long-term commitments, or unrealized or unanticipated losses or expenses from any unfavorable commitments that have not been disclosed in such financial statements or the notes thereto.

5.8. Solvent Financial Condition. Borrower is Solvent.

5.9. General Intangibles, Patents, Trademarks, Copyrights and Licenses. Borrower owns or is licensed to use all rights, title and interests in and to all General Intangibles, including but not limited to patents, trademarks, service marks, trade names, copyrights, licenses and intellectual property, necessary for the conduct of Borrower's business on the Effective Date and planned future conduct of its business without any conflict with the rights of others. All General Intangibles owned or used by Borrower in Borrower's operations or the conduct of its business are listed on the **Disclosure Schedule** and indicate the owner of such General Intangible and a description of the rights of Borrower to use such General Intangible if not owned by Borrower.

5.10. Existing Business Relationships. Except as described in the **Disclosure Schedule** there exists no actual or threatened termination, cancellation or limitation of, or any adverse modification or change in, the business relationship of Borrower with any supplier, customer or group of customers that individually or in the aggregate could result in a Material Adverse Change.

5.11. Investment Company Act: Federal Reserve Board Regulations. Borrower is not an "investment company", or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended (15 U.S.C. §§ 80(a)(1), *et seq.*). The making of the Loans under this Agreement by Lender, the application of the proceeds and repayment thereof by Borrower and the performance of the transactions contemplated by this Agreement will not violate any provision of such Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. Borrower does not own any margin security as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System and the proceeds of the Loans made pursuant to this Agreement will be used only for the purposes contemplated under this Agreement. None of the proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry margin security or for any other purpose which might constitute any of the Loans under this Agreement a "purpose credit" within the meaning of said Regulation U or Regulation T or X of the Federal Reserve Board. Borrower will not take, or permit any agent acting on its behalf to take, any action which might cause this Agreement or any document or instrument delivered pursuant hereto to violate any regulation of the Federal Reserve Board.

5.12. Anti-Money Laundering and Terrorism Regulations. Borrower: (a) is familiar with all applicable Anti-Terrorism Laws; (b) acknowledges that its transactions are subject to applicable Anti-Terrorism Laws; (c) will comply in all material respects with all applicable Anti-Terrorism Laws, including, if appropriate, the USA Patriot Act; (d) acknowledges that Lender's performance hereunder is also subject to Lender's compliance with all applicable Anti-Terrorism Laws, including the USA Patriot Act; (e) acknowledges that its Affiliates are not Blocked Persons; (f) acknowledges that Lender will not conduct business with any Blocked Person; (g) will not (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any Property or interests in Property blocked pursuant to Executive Order No. 13224 or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law; (h) shall provide to Lender all such information about Borrower's ownership, officers, directors, business structure and, to the extent not prohibited by applicable law or agreement, customers, as Lender may reasonably require; and (i) will take such other action as Lender may reasonably request in connection with Lender's obligations described in clause (d) above.

5.13. Tax Returns. Borrower, and to Borrower's knowledge each Significant Holder of Borrower's Equity Interests has filed all Federal, state and local tax returns required to be filed, or has received an extension for such filing from the appropriate taxing authority, and has paid all taxes shown thereon to be due including interest and penalties or has provided adequate reserves therefor. No assessments have been made against Borrower by any taxing authority nor has any penalty or deficiency been made by any such authority. No Federal, state or local income tax return of Borrower, or to Borrower's knowledge of any Significant Holder of Borrower's Equity Interests, is presently being examined by the Internal Revenue Service or any applicable state or local taxing authority, and the results of any prior examination by the Internal Revenue Service or any state or local taxing authority is not being contested by Borrower, or to Borrower's knowledge by such Significant Holder.

5.14. Litigation. Except as disclosed in the **Disclosure Schedule** no action or proceeding at law, in equity or otherwise is pending, or to the knowledge of Borrower is threatened, by or before any Governmental Unit, or before any arbitrator or panel of arbitrators (a) against Borrower, (b) to Borrower's knowledge against any Obligor or Secondary Obligor, if any, or (c) by Borrower as plaintiff, as counter-claimant or otherwise pursuant to which Borrower has asserted claims for damages, and Borrower has not, and to Borrower's knowledge no Obligor or Secondary Obligor, if any, has, accepted liability for any matter described on the **Disclosure Schedule**.

5.15. ERISA Matters. The **Disclosure Schedule** lists all "Employee Benefit Plans" (as such term is defined in ERISA) offered by Borrower to any of its employees, officers and directors, and indicates whether any such plan is a defined benefit pension plan. If any Employee Benefit Plan is a defined benefit plan: (a) the present value of all accrued vested benefits under such defined benefit plan (calculated on the basis of the actuarial valuation for the plan) did not exceed, as of the date of the most recent actuarial valuation for such defined benefit plan, the fair market value of the assets of such plan allocable to such benefits, (b) Borrower is not aware of any information since the date of the most recent actuarial valuation that would affect the information contained therein, (c) such defined benefit plan has not incurred an "accumulating funding deficiency" (as that term is defined in Section 302 of ERISA or Section 412 of the Code) whether or not waived, or Borrower has made all "minimum required contributions" (as such term is defined in Section 303 of ERISA or Section 430 of the Code) to such defined benefit plan, (d) no liability to the Pension Benefit Guaranty Corporation (other than required premiums which have become due and payable, all of which have been paid) has been incurred with respect to such defined benefit plan, and (e) there has not been any Reportable Event which presents a risk of termination of the defined benefit plan by the Pension Benefit Guaranty Corporation. Borrower has not engaged in any transaction that would subject Borrower to tax, penalty or liability for prohibited transactions imposed by ERISA or the Code.

5.16. O.S.H.A. Borrower has complied in all Material respects with, and its facilities, business, leaseholds, equipment and other property are in Material compliance with, the provisions of the federal Occupational Safety and Health Act and all rules and regulations promulgated thereunder, and all Federal, state and local governmental rules, ordinances and regulations similar thereto. There are no outstanding citations, notices or orders of non-compliance issued to Borrower or relating to its facilities, business, leaseholds, equipment or other property under the federal Occupational Safety and Health Act, any rule or regulation promulgated thereunder, or any similar state or local Governmental Rules.

5.17. Environmental Matters. Except as disclosed in the **Disclosure Schedule**, Borrower is in Material compliance with all Environmental Laws.

5.18. Labor Disputes. There is no pending, or to Borrower's knowledge threatened, labor dispute which could result in a Material Adverse Change.

5.19. Location of Bank and Securities Accounts. The **Disclosure Schedule** lists all deposit, checking and other bank accounts, and all securities and other investment accounts, maintained with any financial institution or securities intermediary and all other similar accounts maintained by Borrower (collectively, "**Bank Accounts**"), together with a description thereof.

5.20. Compliance With Laws. Borrower is in Material compliance with all Governmental Rules applicable to its ownership or use of its Property and the operation and conduct of its business.

5.21. Capital Structure. The **Disclosure Schedule** describes (i) Borrower's holders of Equity Interests of record and the number and type of Equity Interests held by each such Person, and (ii) all holders of subscriptions, warrants, options, convertible securities, and other rights (fixed, contingent or otherwise) to purchase or otherwise acquire Equity Interests, and the number and type of Equity Interests that may be acquired by each such Person.

5.22. No Other Violations. Borrower is not in violation of any term or provision of its Charter Documents, and no event or condition or series of events or conditions has or have occurred or is or are continuing which constitutes or results in (or would constitute or result in, with the giving of notice, lapse of time or other condition) (a) a breach of, or a default under, Borrower's Charter Documents or any agreement, undertaking or instrument to which Borrower is a party or by which it or any of the Collateral may be affected, or (b) the imposition of any security interest, pledge, lien, charge, mortgage or other encumbrance on any Collateral.

5.23. Full Disclosure. No information contained in any Loan Document, the financial statements or any written statement furnished by or on behalf of Borrower under any Loan Document, or to induce Lender to execute the Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

5.24. Survival of Representations. All representations of Borrower contained in this Agreement and in the other Loan Documents shall be true, accurate and complete at the time of Borrower's execution of this Agreement, shall be true, accurate and complete on the Effective Date, and shall be true, accurate and complete on the date of each Advance and Loan made to Borrower. Lender's right to bring an action for breach of any such representation or to exercise any right or remedy under this Agreement or any other Loan Document based upon the breach of any such representation shall survive the execution, delivery and acceptance of this Agreement and each other Loan Document, and the closing of the transactions described in this Agreement until the Obligations are finally and indefeasibly paid to Lender in cash and performed in full.

ARTICLE 6. FINANCIAL INFORMATION TO BE DELIVERED TO LENDER. Borrower covenants and agrees that at all times prior to the final and indefeasible payment to Lender in cash and performance of the Obligations in full, Borrower shall deliver to Lender, or shall cause to be delivered to Lender:

6.1. Borrowing Base Certificates. A satisfactorily completed and Authenticated certificate in the form of **Exhibit B** (a “*Borrowing Base Certificate*”) together with accompanying sales journals, cash receipts journals and detailed sales credit reports (a) contemporaneously with each request for an Advance, (b) if no Advance was requested in a calendar week (a “*Reporting Week*”), by 11 a.m. on the Monday that is closest to nine (9) calendar days following the end of such Reporting Week, prepared as of the Saturday immediately following the end of such Reporting Week, and (c) monthly (within ten (10) calendar days after the end of each calendar month, prepared as of the end of such month). In addition, Borrower shall provide to Lender with each Borrowing Base Certificate a report showing in reasonable detail all sales to Account Debtors (i) on consignment or on approval, under all bill and hold, guaranteed sale, sale or return, billing in advance of shipment, and other “pre-billing” arrangements, and (ii) under all payment plans, scheduled installment plans, extended payment terms or on any other repurchase or return basis. With each Borrowing Base Certificate submitted, Borrower shall furnish to Lender (A) copies of all invoices to Borrower’s customers included in Borrower’s calculation of the Borrowing Base and all time reports for all employees covered by each such invoice, (B) a schedule of all checks cut by Borrower but then currently held by Borrower, and (C) a schedule of all Federal, State, FICA, FUTA and other payroll-related taxes then outstanding and unpaid, whether required to be withheld by Borrower from employees’ compensation, paid directly by Borrower or otherwise.

6.2. A/R and A/P Aging. (a) Weekly (on or before 11 a.m. on Friday of such week) a summary report of Borrower’s agings of accounts receivable and accounts payable (each, based on the respective invoice dates), and (b) monthly (within ten (10) calendar days after the end of each month, prepared as of the end of such month) a detailed report of Borrower’s agings of accounts receivable, and accounts payable on a consolidated and consolidating basis (each, based on the respective invoice dates).

6.3. Ineligible Receivables. Weekly (on or before 11 a.m. on Friday of such week) and monthly (within ten (10) calendar days after the end of each calendar month, prepared as of the end of such month) a report showing Borrower’s Receivables that are not Eligible Receivables.

6.4. Annual Financial Statements; Compliance Certificates. Within ninety (90) calendar days after the close of each Fiscal Year, a copy of audited consolidated and consolidating annual financial statements of Borrower prepared by an independent certified public accountant in accordance with GAAP consisting of a balance sheet, statements of operations and retained earnings, statements of cash flow, acceptable to Lender in its reasonable discretion, together with a satisfactorily completed and Authenticated Compliance Certificate in the form of **Exhibit C** (a “*Compliance Certificate*”) prepared as of and for the end of such Fiscal Year. If Borrower’s independent certified public accountant has prepared footnotes to accompany any such financial statements, Borrower shall deliver such footnotes to Lender contemporaneously with Borrower’s delivery of the associated financial statements to Lender. The financial statements delivered to Lender pursuant to this **Section 6.4** shall fairly present Borrower’s financial condition and results of operations as of the dates and for the periods covered, and shall not contain any Material misstatements.

6.5. Monthly Financial Statements; Compliance Certificates. Within thirty (30) calendar days after the end of each calendar month (a) financial statements consisting of balance sheets, statements of operations and retained earnings and statements of cash flow, prepared by management of Borrower on a consolidated and consolidating basis as of and for the end of such calendar month in accordance with GAAP (except for the absence of footnotes), (b) a satisfactorily completed and Authenticated Compliance Certificate prepared as of and for the end of such calendar month and (c) a copy (front and back) of all processed checks, and a schedule of the federal reference numbers, dates and amounts, of each payment made by Borrower during the calendar month covered by such financial statements and Compliance Certificate, for Federal, State, FICA, FUTA and other payroll-related taxes then outstanding and unpaid, whether required to be withheld by Borrower from employees’ compensation, paid directly by Borrower or otherwise. The financial statements delivered to Lender pursuant to this **Section 6.5** shall fairly present Borrower’s financial condition and results of operations as of the dates and for the periods covered, and shall not contain any Material misstatements.

6.6. Projections. No later than fifteen (15) calendar days prior to the end of each Fiscal Year, quarterly financial projections for the next Fiscal Year and annual projections for each succeeding Fiscal Year ending on or prior to the Revolving Credit Termination Date, in form satisfactory to Lender.

6.7. Customer and Vendor Lists. On each July 31 and January 31 a list of all of Borrower's customers and vendors, including the addresses, telephone and facsimile numbers of each customer and vendor as of June 30 and December 31, respectively.

6.8. Insurance. Annually, no later than thirty (30) calendar days prior to the renewal date of each of Borrower's insurance policies, evidence of insurance with respect to such insurance in form and content satisfactory to Lender and otherwise in compliance with **Section 7.5** of this Agreement, together with the original insurance policy.

6.9. Tax Returns. Annually, within ten (10) calendar days of filing, copies of Borrower's federal and state tax returns.

6.10. Other Information; Accountant's Access Letter. Such other information relating to the financial condition of Borrower, or any Property or Collateral of Borrower in, on or respect to which Lender may have a security interest, pledge, lien, charge, mortgage or other encumbrance, as Lender may from time to time reasonably request. On or before the Effective Date, Borrower shall use its reasonable best efforts to deliver to Lender a letter in form and content reasonably acceptable to Lender addressed to Borrower's independent certified accountants instructing such accountants to comply with the provisions of this **Section 6.10**, which letter shall be acknowledged by such accountants (an "**Accountant's Access Letter**"). Borrower hereby authorizes such accountants to disclose to Lender any and all financial statements, and such other information that Lender may reasonably request (other than such accountant's work papers), and Lender shall treat and hold all such information in a confidential manner.

(a) Prior to the occurrence of and in the absence of a Default or Event of Default (i) Borrower authorizes Lender, upon reasonable notice to Borrower, to communicate directly by telephone with Borrower's independent certified public accountants executing an Accountant Access Letter in connection with the transactions contemplated hereby and (ii) Borrower shall be permitted, at Borrower's election, to participate in each such telephone call.

(b) Following the occurrence of and during the continuation of a Default or Event of Default Lender shall be authorized at any time and without notice to, consent of or participation by Borrower to communicate directly by telephone with Borrower's independent certified public accountants executing an Accountant Access Letter in connection with the transactions contemplated hereby.

ARTICLE 7. AFFIRMATIVE COVENANTS. Borrower covenants and agrees that at all times prior to the final and indefeasible payment to Lender in cash and performance of the Obligations in full, Borrower shall:

7.1. Use of Loan Proceeds. Use all proceeds of Advances for Borrower's working capital purposes and to refinance Borrower's existing credit facilities with Wells Fargo Bank, N.A.

7.2. Business and Existence; Trade Names. Preserve and maintain Borrower's separate existence and rights, privileges and franchises, and except for trade names described in the **Disclosure Schedule** transact business in Borrower's own name and invoice all of Borrower's Receivables in Borrower's own name.

7.3. Taxes. Pay and discharge all taxes, assessments, charges, levies and encumbrances imposed upon Borrower, Borrower's income or Borrower's profits or upon any Property of Borrower by any Governmental Unit prior to the date on which penalties attach thereto, except where the same is being contested by Borrower in good faith by appropriate proceedings being diligently conducted and Reserves for such amounts have been established by Lender and have been maintained by Borrower.

7.4. Compliance with Laws. Comply in all Material respects with all Governmental Rules applicable to Borrower including, without limitation, all laws and regulations regarding the collection, payment and deposit of employees' income, unemployment and Social Security taxes, all Environmental Laws and all applicable provisions of ERISA and the Code, and any other applicable laws, rules or regulations relating to the compensation of employees and funding of employee pension plans.

7.5. Maintain Properties; Insurance. (a) Maintain its Properties in good condition and repair at all times, (b) preserve its Properties from loss, damage, or destruction of any nature whatsoever, and (c) keep all of its Properties insured with insurance companies licensed to do business in the State where such Property is located against loss or damage by fire or other risk under extended coverage endorsement and against theft, burglary, and pilferage together with such other hazards, and in such amounts, as Lender may from time to time reasonably request. Borrower shall deliver to Lender each policy of insurance covering any Property and certificates of insurance containing endorsements in form satisfactory to Lender naming Lender as lender loss payee, additional insured and such other beneficiary designations as required by Lender, and providing that the insurance shall not be canceled, amended or terminated except upon thirty (30) calendar days' prior written notice to Lender. Lender shall retain all Proceeds of insurance received by Lender for application to the payment of all or any portion of the Obligations as Lender may determine in Lender's sole discretion.

7.6. Business Records. Keep adequate records and books of account with respect to Borrower's business activities in which proper entries are made in accordance with sound bookkeeping practices reflecting all financial transactions of Borrower. Borrower shall maintain full, accurate and complete Records respecting Receivables, Inventory (including a perpetual inventory reporting system), and all other Collateral at all times. Borrower shall maintain all of its Bank Accounts as set forth on the **Disclosure Schedule**. Borrower shall cause all of its invoices to be printed and to bear consecutive numbers, and to issue its invoices in such consecutive numerical order.

7.7. Delivery of Documents and Instruments. Appropriately endorse and promptly deliver to Lender all notes, trade acceptances, Instruments and Documents included in or evidencing the Proceeds of any Receivables, and all Documents of title and Chattel Paper, whether or not negotiable, covering any Inventory. Borrower acknowledges that Borrower waives protest regardless of the form of the endorsement on any note, trade acceptance, Instrument, Document, Document of title or Chattel Paper delivered to Lender.

7.8. Name Change; Organizational Change; Creation of Affiliates. Provide Lender with not fewer than thirty (30) calendar days' notice in an Authenticated Record prior to any proposed (a) change in Borrower's state of organization or organizational structure, (b) change of Borrower's name, (c) use of any trade name or fictitious name, "d/b/a" or other similar designation not described in the **Disclosure Schedule**, (d) creation of any Affiliate under the control of Borrower, or (e) transaction or series of transactions pursuant to which Borrower would become an Affiliate under the control of any other Person.

7.9. Change of Offices; Records. Provide Lender with not fewer than thirty (30) calendar days' notice in an Authenticated Record prior to any change of Borrower's chief executive office or any office where Borrower maintains its Records (including computer printouts and programs) with respect to Receivables or any other Collateral.

7.10. Change of Fiscal Year. Provide Lender with not fewer than ninety (90) calendar days' notice in an Authenticated Record prior to any change of Borrower's Fiscal Year.

7.11. Access to Books and Records. Provide Lender with reasonable access to Borrower's books and Records and permit Lender to copy and inspect such books and Records all as Lender may reasonably request to enable Lender to monitor the Loans and the Collateral. Lender may examine and inspect the Equipment or other Collateral and may examine, inspect and copy all books and Records with respect thereto at any time during Borrower's normal business hours (a) in the absence of a Default or Event of Default, upon reasonable notice to Borrower, and (b) following the occurrence and during the continuation of a Default or Event of Default, without notice.

7.12. Solvency. Continue to be Solvent.

7.13. Notice to Lender. Provide Lender with prompt telephonic notice (followed by notice in an Authenticated Record) after becoming aware of any of the following:

(a) the happening of any event, occurrence or condition, or series of events, occurrences or conditions, that would cause any representation contained in ARTICLE 5 to be untrue, inaccurate or misleading;

(b) the existence of a Default or an Event of Default;

(c) the happening of any event, occurrence or condition, or series of events, occurrences or conditions, that has resulted in, or that may reasonably be expected to result in, a Material Adverse Change;

(d) any dispute that may arise between Borrower and any Governmental Unit, including any action relating to any tax liability of Borrower, in connection with which Borrower would be liable (as damages, penalties, fines, costs or expenses, or any combination of the foregoing) for a Material amount if adversely determined;

(e) any labor controversy resulting in or threatening to result in a strike or work stoppage against Borrower in connection with which Borrower would suffer Material damages;

(f) any proposal by any Governmental Unit to acquire any Material Property of Borrower;

(g) the location of any Collateral other than at Borrower's place(s) of business as described in the **Disclosure Schedule** if (i) consisting of Accounts, Receivables and/or Records (whether physical or electronic), or (ii) consisting of any Collateral other than Records, an in a Material amount;

(h) any cancellation, non-renewal, acceleration, draw upon, termination or other event (as applicable) with respect to any letter of credit, bond, note or other financial accommodation in a Material face amount or Material principal amount issued or made to, or in favor of, any other Person, for which Borrower has agreed to or is obligated to repay, or to reimburse or indemnify the issuer thereof, the creditor with respect thereto or any other Person, in whole or in part (a "**Third Party Obligation**"), whether such obligation of Borrower arises by reason of the extension of credit, the opening, guaranteeing or confirming of a letter of credit, any loan, guaranty, indemnification, or any other manner, whether direct or indirect (including if acquired by purchase, assignment or otherwise), absolute or contingent;

(i) the commencement of any litigation, suit, action or proceeding, at law or in equity (i) against Borrower as defendant, co-defendant, third party defendant or otherwise, involving money or Property of a Material amount, or (ii) by Borrower as plaintiff, as counter-claimant or otherwise pursuant to which Borrower has asserted claims for damages of a Material amount;

(j) if any Proceeds of Receivables shall include, or any of the Receivables shall be evidenced by, notes, trade acceptances or Instruments or Documents, or if any Inventory is covered by any Certificate of Title or Chattel Paper, whether or not negotiable; and

(k) any damage to or destruction of any Collateral in a Material amount, or the happening of any event, occurrence or condition, or series of events, occurrences or conditions, that has caused, or that may cause, a Material loss or depreciation in the value of any Collateral or a Material loss or decline in the value of insured Property or the existence of an event justifying a Material claim under any insurance; *provided however*, the provisions of this **paragraph** (k) shall not apply to (i) obsolete, worn out or surplus Property, (ii) Equipment replaced in the ordinary course of Borrower's business as conducted on the Effective Date, and (iii) Inventory disposed of in the ordinary course of Borrower's business as conducted on the Effective Date.

ARTICLE 8. NEGATIVE COVENANTS. Borrower covenants and agrees that at all times prior to the final and indefeasible payment to Lender in cash and performance of the Obligations in full, Borrower shall not:

8.1. Indebtedness. Create, incur, assume or suffer to exist, voluntarily or involuntarily, any Indebtedness, except (i) Obligations to Lender, (ii) trade debt incurred in the ordinary course of Borrower's business as conducted on the Effective Date; (iii) purchase money financing and equipment leases with a principal amount not to exceed either individually or in the aggregate Twenty Five Thousand and 00/100 Dollars (\$25,000.00) in any Fiscal Year; (iv) existing Indebtedness described on the **Disclosure Schedule**, and (v) extensions, renewals and replacements of any Indebtedness described in clauses (ii) through (iv), inclusive, of this **Section 8.1** that do not increase the outstanding principal amount thereof.

8.2. Mergers; Consolidations; Acquisitions. Enter into any transaction or series of transactions that directly or indirectly would constitute a merger, consolidation, reorganization or recapitalization with any other Person; take any action in contemplation of dissolution or liquidation; conduct any part of its business through any Affiliate or other Person; or acquire substantially all of the equity interests or assets of any Person, whether by merger, consolidation, purchase of equity interests or otherwise. Notwithstanding the foregoing Borrower shall be permitted to acquire, by stock purchase of or by acquisition of all or substantially all of the assets of, a Person conducting a business similar to the business of Borrower as conducted on the Effective Date (a "**Strategic Acquisition**") if such Strategic Acquisition is funded by proceeds of Borrower's sale of Equity Interests that do not, in whole or in part, consist of Indebtedness of Borrower, on a national securities exchange.

8.3. Change of Management; Change of Control. (a) From and after the Effective Date allow a change in the ownership of the Equity Interests of any Borrower other than GEE, whether by the issuance, sale, transfer, exchange, assignment or other direct or indirect hypothecation of Equity Interests, or by the issuance of subscriptions, warrants, options, convertible securities, or other rights (fixed, contingent or otherwise) to purchase or otherwise acquire Equity Interests, or (b) permit any person other than Michael K. Schroering to be elected Chairman or C.E.O. of GEE or to assume or otherwise be granted with the powers and duties of the Chairman or C.E.O. of GEE, or as existing on the date of this Agreement without the prior consent of Lender in an Authenticated Record, (c) permit any person other than Andrew J. Norstrud to be elected C.F.O. or Treasurer of GEE or to assume or otherwise be granted with the powers and duties of the C.F.O. or Treasurer of GEE as existing on the date of this Agreement without the prior consent of Lender in an Authenticated Record. Notwithstanding the foregoing, Borrower shall provide Lender with at least five (5) Banking Days written notice of any event or series of related events that would cause or that would result in the Equity Interests of Michael K. Schroering in GEE to fall below fifty one percent (51.0%) of the Equity Interests of GEE on an as-issued and fully diluted basis.

8.4. Sale or Disposition. Sell or otherwise dispose of all or any Collateral, or grant any Person an option to acquire any Collateral, except for (a) obsolete, worn out or surplus Collateral disposed of in the ordinary course of Borrower's business as conducted on the Effective Date, (b) Collateral replaced in the ordinary course of Borrower's business as conducted on the Effective Date, and (c) Collateral sold in the ordinary course of Borrower's business as conducted on the Effective Date.

8.5. Real Property Defaults. Permit any landlord, mortgagee, trustee under deed of trust, warehouseman, bailee or lienholder to declare a default under any lease, mortgage, deed of trust, warehousing or bailee agreement or lien on real estate owned or leased by Borrower or in which Borrower maintains any Collateral, which default remains uncured after the lesser of (a) any stated cure period, or (b) a period of thirty (30) days from its occurrence, unless such default is being contested by Borrower in good faith by appropriate proceedings being diligently conducted and Reserves for such amounts have been established by Lender and have been maintained by Borrower.

8.6. Liens and Encumbrances. Grant, permit or suffer to exist the imposition of any security interest, pledge, lien, charge, mortgage or other encumbrance on any Collateral (collectively, “*liens*”), except (a) liens in favor of Lender, (b) liens described in the **Disclosure Schedule**, and (c) Permitted Liens.

8.7. Dividends and Distributions; Payment of Indebtedness. (a) Pay any cash dividends or profits to any current or former holder of its Equity Interests, (b) make any distribution or return of capital in cash or other Property to any current or former holder of its Equity Interests, (c) make any payment or distribution in cash or other Property to any current or former holder of its Equity Interests in connection with any direct or indirect redemption or purchase of Equity Interests entered into on or prior to the date hereof, (d) directly or indirectly purchase or redeem any of its Equity Interests, or retire any of its Equity Interests, or take any action which would have an effect equivalent to any of the foregoing, or (e) pay any principal, interest, or other amount in connection with any Indebtedness (other than the Obligations) not permitted pursuant to **Section 8.1**.

8.8. Guaranties; Contingent Liabilities. Assume, guarantee, endorse, contingently agree to purchase, assume or otherwise become liable for the Indebtedness of any Person, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower’s business as conducted on the Effective Date.

8.9. Removal of Collateral. Remove, or cause or permit to be removed, from the premises where currently located and described in the **Disclosure Schedule**:

- (a) any Collateral consisting of Accounts, Receivables and/or Records (whether physical or electronic), or
- (b) any material amount of any Collateral not described in **paragraph (a)** immediately above;

provided, however, the prohibitions described in this **Section 8.9**, above, shall not apply to (a) sales of Collateral in the ordinary course of Borrower’s business as conducted on the Effective Date, (b) dispositions of worn-out, obsolete or surplus Collateral in the ordinary course of Borrower’s business as conducted on the Effective Date, and (c) off-site repairs of Collateral in the ordinary course of Borrower’s business as conducted on the Effective Date.

8.10. Transfer of Notes or Accounts. (a) Sell, assign, transfer, or otherwise dispose of any Account, or any Chattel Paper, Letter-Of-Credit Rights, promissory note or other Instrument payable to Borrower or evidencing any Account, or (b) accept or negotiate any discount on any Account, promissory note or other Instrument payable to Borrower except in the ordinary course of Borrower’s business as conducted on the Effective Date.

8.11. Settlements. Compromise, settle or adjust any Material claim relating to any Collateral except in the ordinary course of Borrower’s business as conducted on the Effective Date.

8.12. Change of Business. Cause or permit a change in the nature of its business as conducted on the Effective Date.

8.13. Change of Accounting Practices. Change its accounting principles or practices as in effect on the Effective Date in any respect, except for changes in accounting principles as may be required by changes in GAAP for which Borrower has provided prior written notice to Lender in an Authenticated Record. Notwithstanding the foregoing, within four (4) calendar months of the Effective Date Borrower shall have implemented a centralized billing system pursuant to which all invoice and payment records (whether physical or electronic) for all Borrowers, and all invoicing and payment functions for all Borrowers, shall be maintained by one Borrower.

8.14. Inconsistent Agreement. Enter into any agreement that would be violated by the payment or performance of the Obligations or Borrower's other liabilities and obligations under this Agreement or any other Loan Document.

8.15. Loan or Advances; Personal Expenses. Make any loans or advances to any Person, or make any payments or pay any liabilities, costs or expenses, of or on behalf of any other Person (collectively, "*third party expenses*"), whether such third party expenses have arisen or have been incurred on or prior to the date of this Agreement, or arise or are incurred after the date hereof, except for (a) advances for or reimbursements of business-related expenses incurred by employees of Borrower in the ordinary course, including but not limited to business expenses for food, lodging, travel and credit card charges, and (b) loans to non-executive employees in an aggregate outstanding principal amount not to exceed Fifty Thousand and 00/100 Dollars (\$50,000.00) at any time.

8.16. Investments. Other than Strategic Investments permitted pursuant to **Section 8.2**, above, make any investment in any Person or Affiliate after the Effective Date, whether in the form of equity interests (including, but not limited to, subscriptions, warrants, options or other rights convertible into equity interests), Indebtedness (including Indebtedness that is convertible into equity interests), any combination of equity interests and Indebtedness, or otherwise.

8.17. Bank Accounts. Open or maintain any deposit, checking, operating or other bank account, or similar money handling account, with any bank or other financial institution except for those accounts identified in the **Disclosure Schedule**, or close or permit to be closed any of the accounts listed in the **Disclosure Schedule**, in each case without Lender's prior written consent, which consent shall not be unreasonably withheld and then only after Borrower has implemented agreements with such bank or financial institution and Lender in form and substance reasonably acceptable to Lender that provide Lender with the same rights of ownership, control and monitoring as Lender's rights with respect to the Lockbox and Blocked Account established as of the Effective Date.

8.18. Transactions with Affiliates. Make, enter into or otherwise undertake any transaction with any Affiliate, if such transaction (a) has not been approved or otherwise consented to pursuant to the applicable terms of Borrower's Charter Documents, (b) has not been approved by at least a majority of the disinterested directors of Borrower entitled to approve or vote on such transaction after being informed of the material terms of such transaction, and (c) is not at least as favorable to Borrower as a similar transaction entered into at arms' length with an unrelated third party. The foregoing provisions of this **Section 8.18** shall not prohibit Borrower from entering into employment agreements with its executive officers or from compensating its executive officer officers and directors for services rendered in the ordinary course of business.

8.19. Unfunded Capital Expenditures. Permit Unfunded Capital Expenditures to exceed, individually or in the aggregate, an amount equal to (a) Three Hundred Thousand and 00/100 Dollars (\$300,000.00) in Borrower's Fiscal Year ending September 30, 2014, (b) Two Hundred Twenty Five Thousand and 00/100 Dollars (\$225,000.00) in Borrower's Fiscal Year ending September 30, 2015, and (c) Two Hundred Twenty Five Thousand and 00/100 Dollars (\$225,000.00) in Borrower's Fiscal Year ending September 30, 2016.

8.20. EBITDA. Permit EBITDA as of and for:

(a) The Fiscal Quarter ending on December 31, 2013, to be less than Three Hundred Seventy Thousand and 00/100 Dollars (\$370,000.00);

(b) The six (6) consecutive calendar month period ending on March 31, 2014, to be less than Seven Hundred Fifteen Thousand and 00/100 Dollars (\$715,000.00);

(c) The nine (9) consecutive calendar month period ending on June 30, 2014, to be less than One Million One Hundred Thirty Thousand and 00/100 Dollars (\$1,130,000.00);

(d) The Fiscal Year ending on September 30, 2014, to be less than One Million Three Hundred Thousand and 00/100 Dollars (\$1,300,000.00); and

(e) For any period commencing on or after October 1, 2014, no less than such amounts as are established by Lender for such period based on the annual financial projections including such period delivered by Borrower pursuant to **Section 6.6**, above. Borrower acknowledges and agrees that the above EBITDA covenant levels, and Lender's adjustment in accordance with the preceding sentence, have been established by Lender based on Borrower's operations as conducted on the Effective Date, and that any material change to such operations, whether by Strategic Acquisition or otherwise, will necessitate an adjustment by Lender of the above EBITDA covenant levels, and that Lender will make such adjustments in Lender's permitted discretion.

ARTICLE 9. EVENTS OF DEFAULT; REMEDIES OF LENDER.

9.1. Events of Default. The happening of any of the following events, occurrences or conditions, or series of events, occurrences or conditions, shall be an "*Event of Default*" (collectively, "*Events of Default*") under this Agreement:

(a) Borrower shall fail to pay the amount of any Obligation (whether principal, interest, fees, costs, charges, expenses, or otherwise) in full when due pursuant to the terms of this Agreement or any other Loan Document; or

(b) any representation contained in ARTICLE 5 of this Agreement, or any representation or certification contained in any certificate, document or instrument delivered to Lender pursuant to ARTICLE 6 of this Agreement, shall have been inaccurate when made by Borrower or shall have been otherwise breached; or

(c) Borrower shall fail to comply with any provision, term, covenant or condition contained in **Section 2.6**, or ARTICLE 6, ARTICLE 7 or ARTICLE 8 of this Agreement; or

(d) other than with respect to the provisions, terms, covenants and conditions contained in ARTICLE 6, ARTICLE 7 and ARTICLE 8 of this Agreement, if Borrower shall fail to comply with any provision, term, covenant, or condition contained in this Agreement, and such failure continues for a period in excess of ten (10) Banking Days after the date that Borrower failed to comply with such provision, term, covenant or condition, respectively; or

(e) the occurrence of any "default" or "event of default" under any other Loan Document (as such terms are defined in the respective Loan Document), after taking into consideration any applicable period of grace, notice and/ or cure as provided for in such Loan Document, if any; or

(f) Borrower shall (i) cease to be Solvent, (ii) make an assignment for the benefit of its creditors, (iii) call a meeting of its creditors to obtain any general financial accommodation, (iv) suspend business, or (v) commence any case under any provision of the Bankruptcy Code including provisions for reorganizations; or

(g) (i) if any case under any provision of the Bankruptcy Code, including provisions for reorganizations, shall be commenced against Borrower and such case remains undismissed, undischarged or unbonded for a period of sixty (60) calendar days from the date of commencement, or (ii) if a receiver, trustee or equivalent officer shall be appointed for all or any of the Collateral or of Borrower's Property which results in the entry of an order for relief or such adjudication or appointment; or

(h) if any federal or state tax lien is filed or recorded against Borrower and is not bonded or discharged within fifteen (15) calendar days of the date of filing or recording; or

(i) if a Material judgment shall be entered against Borrower in any action or proceeding and shall not be stayed, vacated, bonded, paid or discharged within fifteen (15) calendar days of entry, except a judgment where the claim is fully covered by insurance and the insurer has accepted full liability therefor in writing and such writing has been delivered to Lender; or

(j) if, other than with respect to the Obligations (i) any Material Indebtedness of Borrower shall be declared to be or shall become due and payable prior to its stated maturity; or (ii) any obligation of Borrower with respect to any Material Indebtedness shall not be paid or performed as and when the same becomes due; or (iii) any payment by Borrower with respect to any Material Indebtedness shall be declared to be or shall become due and payable prior to its stated maturity; or (iii) there shall occur any event or condition which constitutes an event of default under any mortgage, indenture, Instrument, agreement or evidence of Indebtedness relating to any Material Indebtedness of Borrower the effect of which is to permit the holder or the holders of such mortgage, indenture, Instrument, agreement or evidence of Indebtedness, or a trustee, agent or other representative on behalf of such holder or holders, to cause the Indebtedness evidenced thereby to become due prior to its stated maturity; or

(k) if Borrower becomes obligated to pay any Material amount under any Third Party Obligation, or any Third Party Obligation is not renewed or replaced on terms substantially similar to or more favorable to Borrower than the original Third Party Obligation; or

(l) the occurrence of any Reportable Event that could in Lender's reasonable discretion result in the termination of any Employee Benefit Plan, or if a trustee shall be appointed by a United States District Court or other court or administrative tribunal to administer any Employee Benefit Plan, or if the Pension Benefit Guaranty Corporation shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Employee Benefit Plan; or

(m) the occurrence of any Material Adverse Change.

9.2. Continuation of Events of Default. For purposes of this Agreement, an Event of Default shall be deemed to be continuing from the date of occurrence of such Event of Default until the earlier of (a) the date, if any, Lender waives such Event of Default in writing, or (b) the date that Borrower cures such Event of Default to Lender's satisfaction in Lender's permitted discretion.

9.3. Rights and Remedies with Respect to Loans and Advances.

(a) Termination of Lending Obligations. Upon the occurrence and during the continuation of an Event of Default Lender may, in Lender's sole discretion (i) terminate any or all Loans and correspondingly terminate its obligations to otherwise lend to or extend credit to Borrower under this Agreement, under any Note and/or any other Loan Document, without prior notice to Borrower, and/or (ii) increase the amount of interest payable on any Loan to the applicable Default Rate, and/or (iii) increase all fees payable to Borrower under this Agreement that may be increased upon the occurrence of an Event of Default pursuant to the terms of this Agreement, and/or (iv) demand payment in full of all or any portion of the Obligations or any Note (whether or not payable on demand prior to such Event of Default), and/or (v) take all other and further actions and avail itself of any and all rights and remedies available to Lender under this Agreement, any other Loan Document, under law or in equity.

(b) Obligations Immediately Due. Notwithstanding the provisions of **Section 9.3(a)** immediately above, upon the occurrence of any Event of Default described in **Section 9.1(f)** or **Section 9.1(g)**, without notice, demand or other action by Lender (i) all of Borrower's Obligations to Lender shall immediately become due and payable whether or not payable on demand prior to such Event of Default, and (ii) all interest payable on the Obligations shall increase to the applicable Default Rate, and (iii) all fees payable to Borrower under this Agreement that may be increased upon the occurrence of an Event of Default shall increase to their applicable amount after an Event of Default, and (iv) Lender may take all other and further actions and avail itself of any and all rights and remedies available to Lender under this Agreement, any other Loan Document, under law or in equity.

9.4. Rights and Remedies with Respect to Collateral. Without limiting any rights or remedies Lender may have pursuant to this Agreement, under applicable law or otherwise, and in addition to all rights and remedies granted to Lender as a Secured Party in the UCC, upon the occurrence and during the continuation of an Event of Default:

(a) Notification of Account Debtors. (i) Lender may notify Account Debtors of Lender's security interest in and to Accounts and Receivables and direct Account Debtors to make payment directly to Lender without notice to, consent of, or any other action by Borrower, or (ii) Borrower, at the request of Lender, shall notify Account Debtors of Lender's security interest in Borrower's Accounts and Receivables and direct Account Debtors to make payment directly to Lender. Borrower hereby authorizes Account Debtors to make payments directly to Lender and to rely on notice from Lender without further inquiry. Lender may on Borrower's behalf endorse all items of payment received by Lender that are payable to Borrower for the purposes described above.

(b) Collections; Modifications of Terms. Lender may but shall be under no obligation to (i) notify all appropriate parties that the Collateral, or any part thereof, has been assigned to Lender; (ii) demand, sue for, collect and give receipts for and take all necessary or desirable steps to collect any Collateral or Proceeds in its or Borrower's name, and apply any such collections against the Obligations in such amounts and in such order as Lender determines in Lender's sole discretion; (iii) take control of any Collateral and any cash and non-cash Proceeds of any Collateral; (iv) enforce, compromise, extend, renew settle or discharge any rights or benefits of Borrower with respect to or in and to any Collateral, or deal with the Collateral as Lender may deem advisable; and (v) make any compromises, exchanges, substitutions or surrenders of Collateral Lender deems necessary or proper in its reasonable discretion, including without limitation, extending the time of payment, permitting payment in installments, or otherwise modifying the terms or rights relating to any of the Collateral, all of which may be effected without notice to, consent of, or any other action of Borrower and without otherwise discharging or affecting the Obligations, the Collateral or the security interests granted to Lender under this Agreement or any other Loan Document.

(c) Insurance. Lender may file proofs of loss and claim with respect to any of the Collateral with the appropriate insurer, and may endorse in its own and Borrower's name any checks or drafts constituting Proceeds of insurance. Any Proceeds of insurance received by Lender may be applied by Lender against payment of all or any portion of the Obligations as Lender may elect in its reasonable discretion.

(d) Possession and Assembly of Collateral. Lender may take possession of the Collateral and/or without removal render Borrower's Equipment unusable. Upon Lender's request, Borrower shall assemble the Collateral and make it available to Lender at a place or places to be designated by Lender that is reasonably convenient to Lender and Borrower.

(e) Set-off. Lender may and without any notice to, consent of or any other action by Borrower (such notice, consent or other action being expressly waived), set-off or apply (i) any and all deposits (general or special, time or demand, provisional or final) at any time held by or for the account of Lender, and/or (ii) any Indebtedness at any time owing by Lender or any Affiliate of Lender or any participant in the Loans to or for the credit or the account of Borrower, to the repayment of the Obligations irrespective of whether any demand for payment of the Obligations has been made.

(f) Disposition of Collateral.

(i) *Sale, Lease, etc. of Collateral.* Lender may, without demand, advertising or notice, all of which Debtor hereby waives (except as the same may be required by the UCC or other applicable law), at any time or times in one or more public or private sales or other dispositions, for cash, on credit or otherwise, at such prices and upon such terms as are commercially reasonable (within the meaning of the UCC) (A) sell, lease, license or otherwise dispose of any and all Collateral, and/or (B) deliver and grant options to a third party to purchase, lease, license or otherwise dispose of any and all Collateral. Lender may sell, lease, license or otherwise dispose of any Collateral in its then-present condition or following any preparation or processing deemed necessary by Lender in its reasonable discretion. Lender may be the purchaser at any such public or private sale or other disposition of Collateral, and in such case Lender may make payment of all or any portion of the purchase price therefor by the application of all or any portion of the Obligations due to Lender to the purchase price payable in connection with such sale or disposition. Lender may, if it deems it reasonable, postpone or adjourn any sale or other disposition of any Collateral from time to time by an announcement at the time and place of the sale or disposition to be so postponed or adjourned without being required to give a new notice of sale or disposition; provided, however, that Lender shall provide Debtor with written notice of the time and place of such postponed or adjourned sale or disposition. Borrower hereby acknowledges and agrees that Lender's compliance with any requirements of applicable law in connection with a sale, lease, license or other disposition of Collateral will not be considered to adversely affect the commercial reasonableness of any sale, lease, license or other disposition of such Collateral.

(ii) *Application of Disposition Proceeds.* Borrower shall be obligated for, and the Proceeds of any sale, lease, license or other disposition of Collateral pursuant to this **paragraph** (f) shall be applied (A) first to the costs of retaking, holding, preparing for disposition, processing, and disposing of Collateral, including the fees and disbursements of attorneys, auctioneers, appraisers, consultants and accountants employed by Lender in connection with the foregoing, and then (B) to the payment of the Obligations in whatever order Lender may elect. Borrower shall remain liable for all amounts of the Obligations remaining unpaid as a result of any deficiency of the Proceeds of the sale, lease, license or other disposition of Collateral after such Proceeds are applied as provided in the foregoing sentence. Lender shall pay any Proceeds of the sale, lease, license or other disposition of Collateral remaining after application as provided in clause (A) and (B), above, in accordance with the applicable provisions of the UCC.

(iii) *Warranties; Sales on Credit.* Lender may sell, lease, license or otherwise dispose of the Collateral without giving any warranties and may specifically disclaim any and all warranties, including but not limited to warranties of title, possession, merchantability and fitness. Debtor hereby acknowledges and agrees that Lender's disclaimer of any and all warranties in connection with a sale, lease, license or other disposition of Collateral will not be considered to adversely affect the commercial reasonableness of any such disposition of the Collateral. If Lender sells, leases, licenses or otherwise disposes of any of the Collateral on credit, Borrower will be credited only with payments actually made by the recipient of such Collateral and received by Lender and applied to the Obligations. If any Person fails to pay for Collateral acquired pursuant to this **paragraph** (f) on credit, Lender may re-offer the Collateral for sale, lease, license or other disposition.

(g) *Election of Remedies for Non-Collateral Property.* Notwithstanding Lender's security interest in and to the Collateral, to the extent that the Obligations are now or are hereafter secured by any Property other than the Collateral, or by the guaranty, endorsement, assets or Property of any other Person, Lender shall have the right in Lender's sole discretion to determine which rights, security, security interests, liens, charges, encumbrances and/or remedies Lender may at any time pursue, foreclose upon, relinquish, subordinate, modify or take any other action with respect to, without in any way impairing, modifying or affecting any of Lender's other rights, security, security interests, liens, charges, encumbrances and/or remedies with respect to such Property, or any of Lender's rights or remedies under this Agreement or any other Loan Document.

(h) *Lender's Obligations.* Borrower agrees that Lender shall not have any obligation to preserve rights to any Collateral against prior parties or to marshal any Collateral of any kind for the benefit of any other creditor of Borrower or any other Person. Lender shall not be responsible to Borrower for loss or damage resulting from Lender's failure to enforce its security interests or collect any Collateral or Proceeds or any monies due or to become due under the Obligations or any other liability or obligation of Borrower to Lender.

(i) *Waiver of Rights by Borrower.* Except as may be otherwise specifically provided in this Agreement, Borrower waives, to the extent permitted by law, all bonds, security or sureties required by any Governmental Rule or otherwise as an incident to Lender's taking of possession of, or sale, lease, license or other disposition of, any Collateral. Borrower authorizes Lender, upon the occurrence of an Event of Default to enter upon any premises owned by or leased to Borrower where the Collateral is kept, without obligation to pay rent or for use and occupancy, through self-help, without judicial process and without having first given notice to Borrower or obtained an order of any court, and peacefully retake possession thereof by securing at or removing same from such premises.

ARTICLE 10. GENERAL PROVISIONS.

10.1. Construction if Multiple Borrowers. If this Agreement is executed by two (2) or more Persons as Borrower, each of the undersigned executing this Agreement as Borrower acknowledges and agrees that:

(a) the obligations of Borrower under this Agreement (including the Obligations) are joint and several obligations of each of the undersigned, and the term "Borrower" shall include each of the undersigned individually as well as all of the undersigned collectively. Each of undersigned expressly represents that it is part of a common enterprise and that any financial accommodations by Lender under this Agreement and under the other Loan Documents are and will be of direct and indirect interest, benefit and advantage to the undersigned;

(b) to the fullest extent permitted by applicable law, the obligations of the undersigned under this Agreement (including the Obligations) shall not be affected by (i) the failure of Lender to assert any claim or demand or to enforce or exercise any right or remedy against any of the undersigned under the provisions of this Agreement, any other Loan Document or otherwise, (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of this Agreement or any other Loan Document, or (iii) the failure to perfect any security interest in, or the release of, any of the Collateral or other security held by or on behalf of Lender;

(c) the obligations of the undersigned under this Agreement (including the Obligations) shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the final and indefeasible payment in cash and performance of the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the undersigned under this Agreement (including the Obligations) shall not be discharged or impaired or otherwise affected by the failure of Lender to assert any claim or demand or to enforce any remedy under this Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, any default, failure or delay, willful or otherwise, in the performance of any of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any of the undersigned or that would otherwise operate as a discharge of the undersigned as a matter of law or equity (other than the final and indefeasible payment in cash and performance in full of all the Obligations on or after the Revolving Credit Termination Date);

(d) To the fullest extent permitted by applicable law, each of the undersigned waives any defense based on or arising out of any defense of the undersigned or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other of the undersigned, other than the final and indefeasible payment in cash and performance in full of all the Obligations and the termination of Lender's commitment to make Loans hereunder. Lender may, at its election, foreclose on any security held by one or more of the undersigned by one or more judicial or non-judicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any other of the undersigned, or exercise any other right or remedy available to it against any other of the undersigned, without affecting or impairing in any way the liability of the undersigned under this Agreement except to the extent that all the Obligations have been finally and indefeasibly paid in cash and performed in full and Lender's commitment to make Loans has been terminated. Each of the undersigned waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of the undersigned against any other of the undersigned, as the case may be, or any security; and

(e) each of the undersigned is jointly and severally obligated to repay and perform the Obligations as joint and several obligors under this Agreement. Upon payment by any of the undersigned of any Obligations, all rights of such Person against any of the other undersigned arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior final and indefeasible payment to Lender in cash and performance of all the Obligations in full and the termination of Lender's commitment to make Loans. In addition, any Indebtedness of any of the undersigned now or hereafter held by any other of the undersigned is hereby subordinated in right of payment to the prior indefeasible payment to Lender in cash and performance of the Obligations in full and each of the undersigned will not demand, sue for or otherwise attempt to collect any such Indebtedness.

10.2. Rights and Remedies Cumulative. Lender's rights and remedies under this Agreement (specifically including all rights and remedies of Lender under ARTICLE 9) shall be cumulative and not alternative or exclusive, irrespective of any other rights or remedies that may be available to Lender under any other Loan Document, by operation of law or otherwise, and may be exercised by Lender at such time or times and in such order as Lender in Lender's sole discretion may determine, and are for the sole benefit of Lender. Lender's failure to exercise or delay in exercising any right or remedy shall not (a) preclude Lender from exercising such right or remedy thereafter, (b) preclude Lender from exercising any other right or remedy of Lender, or (c) result in liability to Lender or Lender's Affiliates or their respective members, managers, shareholders, directors, officers, partners, employees, consultants or agents.

10.3. Reinstatement. The agreements, covenants, liabilities and obligations of Borrower set forth in this Agreement (including, but not limited to, the final and indefeasible payment to Lender in cash and performance of the Obligations in full) shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of the Obligations is rescinded or must otherwise be restored or returned by Lender by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Borrower or any other Person, or any Property of Borrower or any other Person, or otherwise, all as though such payment had not been made.

10.4. Successors and Assigns. This Agreement is entered into for the benefit of the parties hereto and their successors and assigns and shall be binding upon the parties, their successors and assigns. Lender shall have the right, without the necessity of any consent, authorization or other action by Borrower, to sell, assign, securitize or grant participations in all or a portion of Lender's interest in the Loans to other financial institutions of Lender's choice and on such terms as are acceptable to Lender in Lender's sole discretion. Borrower shall not assign, exchange or otherwise hypothecate any rights, liabilities or obligations under this Agreement, in whole or in part, without the prior written consent of Lender, which consent may be granted or withheld in Lender's sole discretion, and any attempted assignment, exchange or hypothecation without Lender's written consent shall be void and be of no effect.

10.5. Notice. Wherever this Agreement provides for notice to any party (except as expressly provided to the contrary), it shall be given by messenger, facsimile, certified U.S. mail with return receipt requested, or nationally recognized overnight courier with receipt requested, effective when either received or receipt rejected by the party to whom addressed, and shall be addressed as provided in the **Disclosure Schedule**, or to such other address as the party affected may hereafter designate.

10.6. Strict Performance. The failure by Lender at any time to require Borrower's strict compliance with or performance of any provision of this Agreement shall not waive, affect, impair or diminish any right of Lender thereafter to demand Borrower's strict compliance with and performance of such provision. Any suspension or waiver by Lender of any Default or Event of Default shall not suspend, waive or affect any other Default or Event of Default, whether the same is prior or subsequent to such suspension or waiver and whether of the same or a different type.

10.7. Waiver. Borrower waives presentment, protest, notice of dishonor and notice of protest with respect to any Document or Instrument on or for which it may be liable to Lender as maker, endorser, guarantor or otherwise (including but not limited to this Agreement and each Note).

10.8. Construction of Agreement. The parties hereto agree that the terms, provisions and language of this Agreement were the result of negotiations between the parties, and, as a result, there shall be no presumption that any ambiguities in this Agreement shall be resolved against either party. Any controversy over the construction of this Agreement shall be decided without regard to events of authorship or negotiation.

10.9. Expenses; Taxes.

(a) Borrower shall reimburse Lender for all expenses incurred by Lender in connection with the transactions contemplated by this Agreement or the other Loan Documents, including, without limitation, fees in connection with any bank account, the Lockbox, the Blocked Account, wire charges, automatic clearing house fees and other similar costs and expenses incurred by Lender in carrying out the transactions contemplated by this Agreement.

(b) If, at any time or times prior or subsequent to the Effective Date, regardless of any of the transactions contemplated by this Agreement are concluded, or whether or not a Default or an Event of Default then exists, Lender employs counsel for advice or other representation, incurs legal fees or expenses, consulting fees or expenses, fees, costs or expenses of external professionals engaged by Lender, or other out-of-pocket costs or expenses in connection with: (i) the exercise of any right or remedy of Lender described in this Agreement or any other Loan Document; (ii) the negotiation and preparation of this Agreement or any other Loan Document, or any amendment, modification or restatement of this Agreement or any other Loan Document; (iii) the administration of this Agreement or any other Loan Document and the transactions contemplated hereby and thereby; (iv) periodic field exams or audits and appraisals performed by Lender; (v) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Lender, Borrower or any other Person) in any way relating to the Collateral, this Agreement or any other Loan Document or Borrower's business or affairs; (vi) the establishment, attachment, perfection or protection of any security interest or lien on the Collateral; (vii) any attempt to enforce any right or remedy of Lender against Borrower or any other Person who may be obligated to Lender by virtue of this Agreement or any other Loan Document including, without limitation, Account Debtors; or (viii) any attempt to inspect, verify, protect, preserve, restore, collect, sell, lease, license, liquidate or otherwise dispose of or realize upon the Collateral; then, in any such event, all reasonable attorneys' fees arising from such services and all reasonable expenses, costs and charges of such counsel, all reasonable fees, costs, expenses and charges of consultants and professionals engaged by Lender, and all other reasonable costs and out-of-pocket expenses of Lender relating to any of the events or actions described above shall be payable by Borrower to Lender, and shall be additional Obligations under this Agreement secured by the Collateral.

(c) Additionally, if any tax, levy or charge (including any intangibles tax, stamp tax or recording tax) shall be imposed upon or payable by Lender in connection with the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any other Loan Document, or the creation of any of the Obligations under this Agreement (i) Borrower will pay (or will promptly reimburse Lender for the payment of) all such taxes, levies and charges including, but not limited to, any interest and penalties thereon, (ii) following receipt of notice from Lender regarding the claim for payment of, or imposition of, any such tax, levy or charge, with the consent of Lender, which consent may not be unreasonably withheld, conditioned or delayed, Borrower shall have the right, at its own cost and expense, to contest the imposition of such tax, levy or charge, and with the consent of the Lender, which consent may not be unreasonably withheld, conditioned or delayed, to compromise or settle such claim for such tax, levy or charge and pay the same following such compromise or settlement, and (iii) in any circumstance described in clause (i) or (ii) above, Borrower will indemnify, defend and hold Lender harmless from and against any liability in connection therewith.

(d) Borrower's obligations under this **Section 10.9** shall survive termination of the Loans and the termination of this Agreement.

10.10. Interest, Fees and Reimbursements Charged to Revolving Credit. Borrower agrees that Lender (a) may charge all interest, fees, costs and expenses payable by Borrower to Lender pursuant to the terms of this Agreement and the other Loan Documents (including any amount paid by Lender and required to be reimbursed by Borrower pursuant to the provisions of **Section 10.9**) to the Revolving Credit, (b) pay such amounts to Lender from the proceeds of the Revolving Credit, and (c) treat each such payment as an Advance of the Revolving Credit on the date the proceeds of an Advance described immediately above are paid to Lender.

10.11. Marketing and Advertising. Borrower hereby authorizes and gives permission for Lender and Lender's Affiliates to use the legal or fictional company name, logo, trademark and/or personal quotes in connection with promotional materials that Lender may disseminate to the public relating to Lender's relationship with Borrower. Promotional materials may include, but are not limited to, brochures, video tapes, emails, internet websites, advertising in newspapers and/or other periodicals, lucites, pictures and photographs. Lender shall provide Borrower with a copy of promotional materials prepared by Lender or Lender's Affiliates prior to making such promotional materials available to the public.

10.12. Waiver of Right to Jury Trial. Borrower and Lender recognize that in matters related to the Loans and/or this Agreement, and as it may be subsequently modified and/or amended, either party may be entitled to a trial in which matters of fact are determined by a jury (as opposed to a trial in which such matters are determined by a judge, magistrate, referee or other elected or appointed decider of facts). By executing this Agreement, Lender and Borrower will give up their respective right to a trial by jury. Borrower and Lender each hereby expressly acknowledges that this waiver is entered into to avoid delays, minimize trial expenses, and streamline the legal proceedings in order to accomplish a quick resolution of claims arising under or in connection with Agreement, the Loan(s), the Note(s) and the transactions contemplated by this Agreement.

(a) **WAIVER OF JURY TRIAL.** TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, BORROWER AND LENDER EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT THAT BORROWER OR LENDER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, ACTION, SUIT OR PROCEEDING, DIRECTLY OR INDIRECTLY, AT ANY TIME ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT, ANY LOAN, ANY NOTE, ANY LOAN DOCUMENT OR ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT, BEFORE OR AFTER MATURITY.

(b) **CERTIFICATIONS.** BORROWER HEREBY CERTIFIES THAT NEITHER ANY REPRESENTATIVE NOR AGENT OF LENDER NOR LENDER'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT LENDER WOULD NOT, IN THE EVENT OF ANY LITIGATION, ACTION SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER. BORROWER ACKNOWLEDGES THAT LENDER HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATION HEREIN.

10.13. Indemnification by Borrower. Borrower hereby covenants and agrees to indemnify, defend (with counsel selected by Lender) and hold harmless Lender, Lender's Affiliates and their respective members, managers, directors, shareholders, officers, partners, employees, attorneys, consultants and agents (collectively, the "**Indemnitees**") from and against any and all claims, damages, liabilities, costs and expenses (including, without limitation, actual attorney's fees and expenses and other costs of investigation or defense, including those incurred upon any appeal), which may be incurred by or asserted against any Indemnitee (whether for breach of contract, in tort or under any other theory of liability) in connection with or as a result of credit having been extended, suspended or terminated under this Agreement or the other Loan Documents or with respect to the execution, delivery, enforcement, performance or administration of, or in any other way arising out of relating to, this Agreement or the other Loan Documents or any other documents or transactions contemplated by or referred to in this Agreement, or any action or failure to act with respect to any of the foregoing, including any and all product liabilities, environmental liabilities, taxes and legal costs and expenses arising out of or incurred in connection with disputes between or among any parties to any of the Loan Documents, the correctness, validity or genuineness of any Instrument or Document that may be released or endorsed to Borrower by Lender (which shall automatically be deemed to be without recourse to Lender in any event), the existence, character, quantity, quality, condition, value or delivery of any Goods purporting to be represented by any such Instruments or Documents, or any broker's commission, finder's fee or similar charge or fee payable by Borrower in connection with the Loans and the transactions contemplated by this Agreement (collectively, the "**Indemnified Liabilities**"), except to the extent that any such Indemnified Liability is finally determined by a court of competent jurisdiction to have resulted solely from such Indemnitee's gross negligence or willful misconduct. BORROWER, FOR ITSELF AND FOR ALL SUCCESSORS, ASSIGNS, THIRD PARTY BENEFICIARIES AND ALL OTHER PERSONS THAT MAY ASSERT CLAIMS DERIVATIVELY THROUGH SUCH PARTY, HEREBY WAIVES ANY AND ALL CLAIMS FOR INDEMNIFIED LIABILITIES AGAINST ALL INDEMNITEES EXCEPT TO THE EXTENT THAT ANY SUCH INDEMNIFIED LIABILITY IS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED SOLELY FROM SUCH INDEMNITEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO BORROWER, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR FOR INDIRECT PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER. THE PROVISIONS OF THIS SECTION 10.13 SHALL SURVIVE TERMINATION OF THE LOANS AND THE TERMINATION OF THIS AGREEMENT.

10.14. Savings Clause for Indemnification. To the extent that Borrower's undertaking to indemnify, pay and hold harmless set forth in **Section 10.13** above may be unenforceable because it violates any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all matters referred to under **Section 10.13**.

10.15. Lender's Performance. Lender shall not be responsible for any failure of any Advance to be credited to any account of Borrower (i) if such failure is caused by conditions beyond Lender's control including, but not limited to Acts of God, restrictions of Governmental Units (including the denial or cancellation of any necessary license, registration or permit), wars, insurrections, or interruptions of telephone service or internet access caused by a service provider or resulting from the failure of a service provider's equipment, software or personnel, and (ii) if such failure is not caused by or due to an event, occurrence or condition described in clause (i) immediately above, unless such failure is caused by or due to Lender's gross negligence or willful misconduct.

10.16. Entire Agreement; Amendments; Lender's Consent. This Agreement (including the Schedules and Exhibits) constitutes the entire agreement between Lender and Borrower with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions between Lender and Borrower, whether express or implied, oral or written, with respect to the subject matter hereof. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be Authenticated by Lender in a Record, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.17. Cross Default; Cross Collateralization. Borrower hereby acknowledges and agrees that (a) each other Loan Document and agreement between Borrower and Lender is hereby amended, to the extent necessary, to provide that a Default or an Event of Default under this Agreement is a default or event of default, respectively, under each such Loan Document or agreement, and a default or event of default under any Loan Document or agreement between Borrower and Lender is a Default or an Event of Default, respectively, under this Agreement, and (b) the Collateral secures the final and indefeasible payment to Lender in cash and performance of the Obligations in full, whether now or hereafter outstanding under all other Loan Documents and agreements between Borrower and Lender, and that the Collateral and any other Property of any other Person pledged to Lender in connection with the transactions contemplated by this Agreement under any other Loan Document or agreement with Lender secures the final and indefeasible payment to Lender in cash and performance of the Obligations in full.

10.18. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

10.19. Severability of Provisions. Any provision of this Agreement or any of the other Loan Documents that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or the other Loan Documents or affecting the validity or enforceability of such provision in any other jurisdiction.

10.20. Governing Law; Consent To Jurisdiction.

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF EACH NOTE DELIVERED PURSUANT HERETO WERE AND ARE DISBURSED FROM THE STATE OF NEW YORK. THE PARTIES AGREE THAT THE STATE OF NEW YORK HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND IN ALL RESPECTS, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED ENTIRELY IN SUCH STATE WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS. TO THE FULLEST EXTENT PERMITTED BY LAW, LENDER AND BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT OR ANY NOTE ISSUED BY BORROWER TO LENDER IN CONNECTION HERewith, AND THIS AGREEMENT AND EACH SUCH NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED ENTIRELY IN SUCH STATE WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN THE SOLE OPTION OF LENDER IN ANY FEDERAL OR STATE COURT LOCATED IN WESTCHESTER COUNTY, NEW YORK, OR ERIE COUNTY, NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW; HOWEVER, LENDER MAY, AT ITS OPTION, COMMENCE ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER APPROPRIATE FORUM OR JURISDICTION TO OBTAIN POSSESSION OF OR FORECLOSE UPON ANY COLLATERAL, TO OBTAIN EQUITABLE RELIEF OR TO ENFORCE ANY JUDGMENT OR ORDER OBTAINED BY LENDER AGAINST BORROWER OR WITH RESPECT TO ANY COLLATERAL, TO ENFORCE ANY RIGHT OR REMEDY UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR TO OBTAIN ANY OTHER RELIEF DEEMED APPROPRIATE BY LENDER, AND LENDER AND BORROWER EACH WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND LENDER AND BORROWER EACH HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER REPRESENTS AND ACKNOWLEDGES THAT IT HAS REVIEWED THIS CONSENT TO JURISDICTION PROVISION WITH ITS LEGAL COUNSEL, AND HAS MADE THIS WAIVER KNOWINGLY AND VOLUNTARILY, WITHOUT COERCION OR DURESS.

10.21. Table of Contents; Headings. The table of contents and headings preceding the text of this Agreement are inserted solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

LENDER:

KELTIC FINANCIAL PARTNERS II, LP

By Keltic Financial Services, LLC, its general partner

By: _____

Name: _____

Its: _____

Effective Date: _____

BORROWER:

GENERAL EMPLOYMENT ENTERPRISES, INC.

By: _____

Name: _____

Its: _____

Date: _____

BUSINESS MANAGEMENT PERSONNEL, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMCH, INC.

By: _____

Name: _____

Its: _____

Date: _____

TRIAD LOGISTICS, INC.

By: _____

Name: _____

Its: _____

Date: _____

TRIAD PERSONNEL SERVICES, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMPS, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMCHPA, INC.

By: _____

Name: _____

Its: _____

Date: _____

DEFINITIONS SCHEDULE

“Advance” means each principal amount of the Revolving Credit delivered to Borrower in connection with a Notice of Borrowing, and each other amount charged to the principal of the Revolving Credit pursuant to this Agreement.

“Affiliate” of a Person means a “Person related to” such Person as defined in Sections 9-102(62) and 9-102(63) of the UCC, and for purposes of this Agreement also includes any employee of such Person, and any entity controlled by or under common control with any such employee. For purposes of this definition the term “control” as used in Section 9-102(63) of the UCC means the possession, directly or indirectly, of the power to direct or cause the direction of the management and/or policies of a Person, whether through the ownership of voting stock or other equity interests, by agreement or otherwise.

“Anti-Terrorism Laws” shall mean any and all laws, regulations, rules, orders, etc. in effect from time to time relating to anti-money laundering and terrorism, including, without limitation, Executive Order No. 13224 (effective September 24, 2001) and the USA Patriot Act (Pub. L. No. 107-56 (Oct. 12, 2001)).

“Banking Day” means a day on which commercial banks are not authorized or required to close in New York State.

“Blocked Person” shall mean (a) any person (i) listed in the annex to Executive Order No. 13224, (ii) owned or controlled by, or acting for or on behalf of, any person listed in the annex to Executive Order No. 13224, (iii) with which Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (iv) that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, (v) that is named a “specially designated national” or “blocked person” on the most current list published by the U.S. Department of Treasury Office of Foreign Assets Control or any successor agency (“**OFAC**”) or other similar list, or (vi) that is named a “denied person” on the most current list published by the U.S. Commerce Department, or (b) an agency of the government of a Sanctioned Country, (c) an organization controlled by a Sanctioned Country, or (d) a person resident in a Sanctioned Country to the extent subject to a sanctions program administered by OFAC.

“Borrowing Base” means, at any time, an amount equal to:

(a) an amount not to exceed eighty five percent (85.00%) of the aggregate amount of Temporary Staffing Receivables that are Eligible Receivables at such time; **plus**

(b) an amount of Permanent Placement Receivables not to exceed the lesser of (i) seventy percent (70.00%) of the aggregate amount of Permanent Placement Receivables that are Eligible Receivables at such time, or (ii) One Million and 00/100 Dollars (\$1,000,000.00); **less**

(c) the aggregate amount of all Reserves in effect at such time.

“Capital Expenditures” means for any period, as determined in accordance with GAAP, the dollar amount of gross expenditures (including obligations under capital leases) made or incurred for fixed assets, real property, plant and equipment, and all renewals, improvements and replacements thereto (but not repairs thereof) during such period.

“Charter Documents” means (a) with respect to a corporation, such corporation’s certificate or articles of incorporation (as applicable) and bylaws in effect on the Effective Date, and as the same may be amended, restated or otherwise modified after the date hereof, (b) with respect to a partnership, such partnership’s articles or certificate of formation or certificate of partnership (as applicable) or other certificate required to be filed with any Governmental Authority in order to form such partnership, and partnership agreement in effect on the Effective Date, and as the same may be amended, restated or otherwise modified after the date hereof, and (c) with respect to a limited liability company or limited liability partnership, such limited liability company’s or limited liability partnership’s articles or certificate of formation (as applicable) and limited liability company agreement, limited liability partnership agreement or operating agreement (as applicable) in effect on the Effective Date, and as the same may be amended, restated or otherwise modified after the date hereof.

“**Code**” means the Internal Revenue Code of the United States, as the same may be amended.

“**Collateral**” means all of Borrower’s right, title and interest in and to the following, wherever located and whether owned on the Effective Date or thereafter acquired, whether owned or held by Borrower or by any other Person in any manner for Borrower’s account (and specifically includes all accessions to, substitutions for and all replacements, products and cash and non-cash proceeds of all of the following): all cash, Money (as defined in Section 1-201(24) of the UCC), Accessions, Accounts (including without limitation all Receivables and unearned premiums with respect to insurance policies insuring any of the Collateral and claims against any Person for loss of, damage to, or destruction of any or all of the Collateral), Certificates of title, Chattel Paper, Commercial Tort Claims (specifically including all Commercial Tort Claims arising from or in connection with the matters described in the attached **Disclosure Schedule**), Deposit Accounts, Documents (including but not limited all to books and records, and all recorded data of any kind or nature, regardless of the medium of recording, including, without limitation, writings, plans, specifications, schematics customer lists, credit files, computer programs, printouts and other computer materials and records of Borrower pertaining to any of the items or subject matter described in this paragraph), Equipment, General Intangibles, Goods, Health-Care-Insurance Receivables, Instruments, Inventory, Investment Property, Letter-Of-Credit Rights, Proceeds, Records, Software and Supporting Obligations, all rights to payment for money or funds advanced or sold, and all monies or other Property of any kind now or at any time or times hereafter in the possession or under the control of Lender or any Affiliate of Lender or any representative, agent or correspondent of Lender pertaining to any of the items or subject matter described in this paragraph, and to the extent not otherwise included in the foregoing, all other property in which a security interest may be granted under the UCC or which may be delivered to and held by Lender pursuant to the terms hereof. Notwithstanding the foregoing, if on or prior to the Effective Date Borrower has not obtained the written consent of a Governmental Authority necessary to permit the assignment of any Document, Instrument, Chattel Paper, contract or agreement by and between Borrower and any Governmental Authority (a “**Government Contract**”) in connection with the granting by Borrower to Lender of the security interests described herein, the Collateral and Lender’s security interests described herein shall specifically exclude each such Government Contract, and all of Borrower’s rights, title and interests therein, however, in such case the Collateral and Lender’s security interests granted herein shall specifically include and shall be limited to all Accounts and Receivables in connection with such Government Contract and all of Borrower’s rights, title and interests in and to such Accounts and Receivables, and all such Accounts and Receivables shall be considered as Collateral for purposes hereof.

“**Contract Year**” means initially the period of twelve (12) consecutive calendar months commencing on the Effective Date, and thereafter each period of twelve (12) consecutive calendar months commencing on the annual anniversary of the Effective Date.

“**Default**” means each event, occurrence or condition, or series of events, occurrences or conditions (individually and collectively, an “**Occurrence**”), that would constitute an Event of Default as defined in **Section 9.1**, disregarding (a) all requirements of notice to be delivered to Borrower under this Agreement in connection with such Occurrence as a condition to the existence of such prospective Event of Default, and (b) all periods of time, grace or cure under this Agreement that must pass prior to the existent of such prospective Event of Default.

“**Default Rate**” means an annualized rate of interest that is equal to three and one quarter percent (3.25%) more than the Revolving Credit Rate.

“**Eastern Time**” means North American Eastern Standard Time, including Eastern standard time when observing standard time, and Eastern daylight time when observing daylight saving time.

“EBITDA” means, for any period, Borrower’s total income before interest expense, taxes, depreciation and amortization for such period on a consolidated basis, all calculated in accordance with GAAP, consistently applied and determined as of and at the end of such period. For purposes of this Agreement, EBITDA for any period shall be determined disregarding any extraordinary items of income and expense during such period.

“Eligible Receivable” means each Temporary Staff Receivable and each Permanent Placement Receivable: for which the Records and accounts are located at Borrower’s facilities where such Records are maintained as described in the **Disclosure Schedule**; arising out of a sale in the ordinary course of Borrower’s business as conducted on the Effective Date; relating to a sale made by Borrower to a Person that is not an Affiliate of Borrower; that is not in dispute; with respect to which each representation with respect to Eligible Receivables set forth in this Agreement is accurate, and; that is acceptable to Lender in Lender’s reasonable discretion. Lender may treat any Receivable as ineligible if:

(a) more than ninety (90) consecutive calendar days has passed from the original invoice date for such Receivable; or

(b) any representation contained in this Agreement with respect to such Receivable or with respect to whether such Receivable is an Eligible Receivable was inaccurate when made; or

(c) the Account Debtor has disputed liability or made any claim with respect to such Receivable or with respect to any other material Receivable due from the Account Debtor; or

(d) the Account Debtor (i) has filed a case for bankruptcy or reorganization under the Bankruptcy Code, or (ii) has had filed against it any case under the Bankruptcy Code, or (iii) has made an assignment for the benefit of creditors, or (iv) has failed, suspended business operations, become insolvent, or (v) has had a receiver or a trustee appointed for all or a significant portion of its assets or affairs; or

(e) the Account Debtor is a supplier to or creditor of Borrower, or the Account Debtor has provided prepayments or deposits for future products or services from Borrower; or

(f) the Account Debtor has or asserts any right of offset with respect to any Receivable or asserts any claim or counterclaim against Borrower with respect to any Receivable; or

(g) Borrower is not the sole owner of the Receivable; Borrower has sold, assigned or otherwise transferred all or any portion thereof; or any portion of the Receivable is subject to any claim, lien or security interest (other than a Permitted Lien); or

(h) the sale giving rise to such receivable is to an Account Debtor domiciled outside of the continental United States; or

(i) twenty five percent (25.00%) or more of the Receivables of any Account Debtor and/or its Affiliates is ineligible, then all the Receivables of such Account Debtor and its Affiliates shall be treated as ineligible; or

(j) any portion of the Eligible Receivables of the Account Debtor and/or its Affiliates exceeds fifteen percent (15.00%) of the total amount of all Eligible Receivables, then the amount of such excess shall be treated as ineligible; or

(k) such Receivable relates to a sale of goods or services to the United States of America, or to a Governmental unit of the United States of America, unless Borrower assigns its right to payment of such Receivable to Lender in compliance with the Assignment of Claims Act of 1940, as amended; or

(l) such Receivable relates to a sale of goods or services to any State of the United States of America, or to any Governmental Unit of any State of the United States of America, unless Borrower assigns its right to payment of such Receivable to Lender in compliance with all applicable laws, rules, regulations or administrative or judicial determinations relating to the assignment (in whole or in part) of any agreement or contract pursuant to which such sale was made; or

(m) the goods or services covered by such Receivable were shipped to the customer or performed for the customer, as applicable, prior to or after the date of the invoice giving rise to such Receivable, or such Receivable consists of a sale to an Account Debtor: on consignment; on any bill and hold basis; on any guaranteed sale, sale or return, sale on approval or other repurchase or return basis; on any billing in advance of shipment or other “pre-billing” basis; or under any payment plan, scheduled installment plan, or other extended payment terms basis; or

(n) the Account Debtor is located in a state in which Borrower is deemed to be doing business under the laws of such state and such state denies creditors access to its courts in the absence of Borrower’s qualification to transact business in such state or of Borrower’s filing of any reports with such state, unless Borrower has qualified as a foreign corporation authorized to do business in such state and has filed all required reports; or

(o) such Receivable is evidenced by chattel paper or an instrument of any kind which has not been assigned or endorsed and delivered to Lender, or such Receivable has been reduced to judgment; or

(p) such Receivable arises from a sale of goods or services to an individual who is purchasing such goods primarily for personal, family or household purposes;

(q) Lender reasonably believes that collection of such Receivable is insecure or that such Receivable may not be paid by reason of the Account Debtor’s financial inability to pay; or

(r) if a Temporary Staffing Receivable, such Receivable is not evidenced by signed time cards or time sheets (whether written or electronic) or other reasonable methods for evidencing work performed by Borrower.

“Environmental Law” means each federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation law, statute, ordinance or code relating to the protection of any water or water vapor, any land surface or subsurface, air, fish, wildlife, biota or any other natural resources and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of “hazardous substances” and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of any Governmental Unit with respect thereto.

“Equity Interests” of a Person means such Person’s issued and outstanding equity securities, or membership, partnership or profits interests, as applicable, or debt or securities (or combinations thereof) convertible into such Person’s equity securities, or membership, partnership or profits interests, as applicable.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Fiscal Quarter” means the three (3) consecutive calendar month period commencing on the first day of the Fiscal Year, and each three (3) consecutive calendar month period in such Fiscal Year commencing on the day immediately following end of the preceding Fiscal Quarter.

“Fiscal Year” means a year of 365 or 366 days, as the case may be, ending on the last day of September in any calendar year.

“GAAP” means generally accepted accounting principles consistently applied and maintained throughout the period indicated and consistent with the prior financial practice of Borrower, except for changes mandated by the Financial Accounting Standards Board or any similar accounting authority of comparable standing.

“Governmental Rules” means all Federal, state and local governmental rules, ordinances and regulations applicable to Borrower’s ownership or use of properties or the operation or conduct of its business.

“Governmental Unit” means, with respect to the government of the United States, a State of the United States or a foreign county (a “government”) (a) a subdivision, agency, department, county, parish, municipality or other unit of such government, or (b) an entity exercising executive, legislative, judicial, taxing, law enforcement, regulatory or administrative powers or functions of or pertaining to such government.

“Indebtedness” of a Person means all obligations for borrowed money of any kind or nature, including funded debt and unfunded liabilities, contingent obligations under guaranties or letters of credit or similar financial instruments or accommodations, and all obligations for the acquisition or use of any fixed asset or improvements, including capitalized leases, which are payable over a period longer than one (1) year, regardless of the term thereof or the Person or Persons to whom the same is payable.

“Lender’s permitted discretion” means, that in connection with a determination to be made by Lender under this Agreement, or in connection with an election by Lender to take or refrain from taking an action under this Agreement, Lender may make such determination, or elect to take or not take such action, as applicable, in good faith and in the exercise of reasonable business judgment from the perspective of a secured asset based lender.

“Lender’s sole discretion” means, that in connection with a determination to be made by Lender under this Agreement, or in connection with an election by Lender to take or refrain from taking an action under this Agreement, Lender may make such determination, or elect to take or not take such action, as applicable, after consideration by Lender of only its own interests, without regard to the effect of such determination or election on Borrower, including but not limited to Borrower’s interests, Borrower’s business or Borrower’s operations.

“LIBOR Rate” means the annual rate of interest for deposits in U.S. Dollars for a term of three (3) months as quoted on LIBOR01 Page as of 11:00 a.m. London Time on the second (2nd) Banking Day prior to the date of an Advance until the first day of the first full month following the date of such Advance, and for each calendar month thereafter on the second (2nd) Banking Day prior to the first day of each calendar month, adjusted for reserve requirements and such other requirements as may be imposed by federal, state or local government and regulatory agencies.

“LIBOR01 Page” means the Reuters Screen LIBOR01 Page (or such other page as may replace the LIBOR01 on that service or such other service as may be nominated by the British Bankers’ Association as the information vendor for the purpose of displaying British Bankers’ Association Interest Settlement Rates for U.S. Dollar deposits).

“Loan Document” means this Agreement and each other agreement, document and instrument delivered by Borrower or any other Person to Lender or by Lender to any other Person in connection with the Obligations, the Loans, the Notes, or any other Indebtedness payable to Lender in connection with the transactions contemplated by this Agreement, as the same may be amended, modified, supplemented, extended or restated from time to time.

“Loans” means the Revolving Credit (including all Advances thereof) and all other Indebtedness of Borrower to Lender under the terms of this Agreement.

“Material” and **“Materially”** mean a level of significance that (a) if capable of reduction to a monetary amount, would be reasonably expected to exceed One Hundred Thousand and 00/100 Dollars (\$100,000.00) individually, or Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) when aggregated with all other similar matters, and (b) if not capable of reduction to a monetary amount, would have affected any decision of a reasonable business person in Lender’s position as an asset-based lender regarding whether (i) to enter into this Agreement, or (ii) to consummate the transactions contemplated by this Agreement, or (iii) to continue to make Advances to, or to continue to extend the Loans, in whole or in part, to Borrower.

“Material Adverse Change” means any: (a) Material adverse change in the business, assets, operations, prospects, profits or condition (financial or otherwise), of Borrower; or (b) Material adverse change in the ability of Borrower to pay or perform the Obligations in accordance with their terms; or (c) Material adverse change in the value, collectability or salability of the Collateral; or (d) the occurrence of any event, development, circumstance or condition, or series of events, developments, circumstances or conditions, that would reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any of the other Loan Documents, or on the perfection or priority of Lender’s security interests in any Collateral; or (e) the occurrence of any event, development, circumstance or condition, or series of events, developments, circumstances or conditions, that would reasonably be expected to have a material adverse effect on Lender’s practical realization of the benefits, rights and remedies inuring to Lender under this Agreement or under any other Loan Document; or (f) the occurrence of any event, development, circumstance or condition, or series of events, developments, circumstances or conditions, that would reasonably be expected to have materially impair Lender’s security, materially increase Lender’s risks, or materially impair Borrower’s ability to perform under this Agreement or under any of the other Loan Documents. The determination of whether a Material Adverse Change has occurred shall be made by Lender in Lender’s permitted discretion.

“Note” means a promissory note Authenticated by Borrower and delivered to Lender pursuant to the terms of this Agreement.

“Obligation” means any Indebtedness, liability, obligation, covenant or duty owed or owing by Borrower to Lender, of any kind or nature, present or future, whether or not evidenced by any note, guaranty, Supporting Obligation or other agreement, document or instrument, whether arising under this Agreement, any other Loan Document or under any other agreement, document, instrument delivered to Lender by Borrower, or by operation of law, whether or not for the payment of money, whether arising in connection with an extension of credit to Borrower or Borrower’s opening, guaranteeing or confirming of a letter of credit, loan, guaranty, indemnification or other financial accommodation, whether direct or indirect (including those acquired by purchase or assignment), absolute or contingent, due or to become due, now or hereafter arising and howsoever acquired including, without limitation, each Loan, Advance, and other Indebtedness payable by Borrower to Lender, all interest payable to Lender with respect to each Loan, Advance and other Indebtedness of Borrower to Lender, and each charge, cost, expense, fee, and other sum chargeable to Borrower under this Agreement, any other Loan Document or any other agreement, document or instrument delivered by Borrower to Lender. The Obligations shall specifically include, but not be limited to (i) Borrower’s obligations to finally and indefeasibly pay to Lender in cash the full principal amounts of all Loans, Notes and other Indebtedness of Borrower to Lender when due, whether upon termination, maturity, demand or acceleration under the terms of the Loan Documents, all interest due and payable thereon, and all fees, costs and expenses payable in connection therewith, and (ii) Borrower’s obligations to perform in full all agreements, covenants and duties of Borrower under the Loan Documents in the manner and at such times as provided by the terms of each such Loan Document.

“Permanent Placement Receivable” means each Receivable consisting of work performed by Borrower to permanently place a candidate into a position for a fee and invoiced by GEE.

“Permitted Liens” means:

(a) liens securing the Obligations;

(b) liens for taxes, assessments and other governmental charges or levies (excluding any Lien imposed pursuant to the provisions of ERISA or Environmental Laws) (i) not yet due and payable or (ii) which are being properly contested and for which Borrower has established adequate reserves;

(c) claims of materialmen, mechanics, carriers, warehousemen, processors or landlords arising out of operation of law so long as the obligations secured thereby (i) are not past due or (ii) are being properly contested and for which Borrower has established adequate reserves;

(d) liens consisting of deposits or pledges made in the ordinary course of business in connection with workers’ compensation, unemployment insurance, social security and similar laws;

(e) liens on equipment (including capital leases) to secure purchase money Indebtedness permitted under **Section 8.1**, so long as such security interests do not apply to any property of Borrower other than the equipment so acquired, and the Indebtedness secured thereby does not exceed the cost of such equipment; and

(f) security interests, pledges, liens, charges, mortgages or other encumbrances in, to or on any Collateral in favor of any creditor of Borrower other than Lender so long and to the extent that such security interest, pledge, lien, charge, mortgage or other encumbrance is junior and subordinate to the security interests, pledges, liens, charges, mortgages and other encumbrances in, to or on Collateral in favor of Lender pursuant to a subordination agreement executed by Lender.

“Person” means an individual, partnership, limited liability company, limited liability partnership, corporation, joint venture, joint stock company, land trust, business trust, unincorporated organization, or Governmental Unit.

“Prime Rate” means, at any time, the prime rate published in the “Money Rates” column of The Wall Street Journal at such time, and in the event that The Wall Street Journal is not available at such time, the prime rate published in another publication as determined by Lender in its discretion.

“Property” means, with respect to a Person, all of such Person’s tangible and intangible property, assets and interests in property and assets, whether personal, real or mixed, owned on the Effective Date or thereafter acquired.

“Receivable” means, with respect to Borrower, each (i) Account, (ii) Health-Care-Insurance Receivable, (iii) credit card receivable, (iv) right to payment under any contract, Document Instrument promissory note, Chattel Paper, or electronic chattel paper, (v) tax refund or right to receive any tax refund, (vi) bond or certificate owned or held by Borrower or held for the benefit of Borrower, (vi) right to payment for the sale, lease or license of any Inventory, Equipment or General Intangible, (vii) policy of insurance issued to or for the benefit of Borrower and each right to payment and Proceeds of such insurance, (viii) right to payment in connection with each Investment Property, Deposit Account, book account, credit or reserve, and (ix) form of obligation whatsoever owing to Borrower, together with all Instruments, Documents and Certificates of title representing any of the foregoing, and all rights in any merchandise or Goods which any of the same may represent, all files and Records with respect to any collateral or security given by Borrower to Lender in the foregoing, together with all rights, title, security, Supporting Obligations and guarantees with respect to the foregoing, including any right of stoppage in transit, whether now owned or hereafter created or acquired by Borrower or in which Borrower now has or hereafter acquires any interest.

“Reportable Event” has the same definition as provided in Title IV of ERISA.

“Revolving Credit Rate” means a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus three and one quarter percent (3.25%), (B) the LIBOR Rate plus six and one quarter percent (6.25%), and (C) six and one half percent (6.50%).

“Revolving Credit Termination Date” means the earliest to occur of (a) the third (3rd) anniversary of the Effective Date, (b) the date Lender terminates the Revolving Credit pursuant to **Section 9.3(a)**, and (c) the date on which repayment of the Revolving Credit, or any portion thereof, becomes immediately due and payable pursuant to **Section 9.3(b)**.

“Settlement Account” means Lender’s account at Harris Trust and Savings Bank, Chicago, IL 60690, Account Name: Keltic Financial Partners II, LP; Account No. 3117009, ABA No. 071000288, or such other account as Lender may advise Borrower.

“Significant Holder” means a Person that directly or indirectly holds ten percent (10%) or more of Borrower’s Equity Interests.

“Solvent” when used with respect to a Person means that such Person is able to pay all of its Indebtedness as such Indebtedness matures.

“Temporary Staffing Receivable” means each Receivable consisting of work performed by Borrower to temporarily place a candidate into a position for a fee and invoiced by Borrower.

“to Borrower’s knowledge”, ***“to the knowledge of Borrower”*** and all variations and derivations of such terms mean (i) the actual individual and/or collective knowledge of any of Borrower’s (as applicable) directors, chief executive officer and chief financial officer (individually and collectively, the ***“Knowledge Parties”***), after due inquiry by each of the Knowledge Parties, and (ii) the individual and/or collective knowledge of any fact, condition, event, occurrence or circumstance that would have come to the attention of any of the Knowledge Parties in the course of discharging his or her duties as a director or officer of Borrower (as applicable) in a reasonable and prudent manner consistent with sound business practices.

“UCC” means the New York Uniform Commercial Code as in effect on the date of this Agreement, and as may be amended or modified after the date of this Agreement; ***provided, however***, in the event that, by reason of mandatory provisions of law, the perfection, the effect of perfection or nonperfection or priority of Lender’s security interest in any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, then the term ***“UCC”*** shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction ***solely*** for the purposes of the provisions hereof relating to perfection, the effect of perfection or nonperfection or priority of Lender’s security interest in such Collateral.

“Unfunded Capital Expenditures” means, for any period, the aggregate amount of Capital Expenditures made by Borrower during such period, less the aggregate principal amount of all Indebtedness assumed or incurred by Borrower during such period for the purpose of financing such Capital Expenditures (other than the principal amount of Loans made for the purpose of financing such Capital Expenditures).

UCC Definitions. When used in this Agreement, the following terms have the same definitions as provided in Article 9 of the UCC, but for convenience in this Agreement the first letter of all such terms shall be capitalized : ***“Accession”***, ***“Account”***, ***“Account Debtor”***, ***“Authenticate”*** (and all derivations thereof), ***“Certificate Of Title”***, ***“Chattel Paper”***, ***“Commercial Tort Claim”***, ***“Deposit Account”***, ***“Document”***, ***“Equipment”***, ***“General Intangible”***, ***“Goods”***, ***“Health-Care-Insurance Receivable”***, ***“Instrument”***, ***“Inventory”***, ***“Investment Property”***, ***“Letter-Of-Credit Right”***, ***“Obligor”***, ***“Proceeds”*** (as specifically defined in Section 9-102(64) of the UCC), ***“Record”***, ***“Secondary Obligor”***, ***“Secured Party”***, ***“Software”*** and ***“Supporting Obligation”***.

DISCLOSURE SCHEDULE

SEE ATTACHED.

EXHIBIT A: NOTICE OF BORROWING

Keltic Financial Partners II, LP
580 White Plains Road
Suite 610
Tarrytown, NY 10591

Re: Request for Advance

The undersigned requests the following Advance(s) of the Revolving Credit pursuant to Section 2.1 of the Loan and Security Agreement dated as of September __, 2013 between Keltic Financial Partners II, LP and the undersigned, as the same may be amended, supplemented or otherwise modified ("***Loan Agreement***"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

Revolving Credit: \$ _____

For credit to:

General Employment Enterprises, Inc.: \$ _____

Triad Personnel Services, Inc.: \$ _____

Business Management Personnel, Inc.: \$ _____

BMPS, Inc.: \$ _____

BMCH, Inc.: \$ _____

BMCHPA, Inc.: \$ _____

Triad Logistics, Inc.: \$ _____

Please wire the requested Advance(s) to our operating account number _____ at _____ in accordance with the following wire instructions (and such additional wire instructions attached hereto):

_____.

Please call the undersigned to confirm receipt of this fax at (____) _____.

GENERAL EMPLOYMENT ENTERPRISES, INC.

By: _____

Name: _____

Its: _____

Date: _____

BUSINESS MANAGEMENT PERSONNEL, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMCH, INC.

By: _____

Name: _____

Its: _____

Date: _____

TRIAD LOGISTICS, INC.

By: _____

Name: _____

Its: _____

Date: _____

TRIAD PERSONNEL SERVICES, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMPS, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMCHPA, INC.

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT B: BORROWING BASE CERTIFICATE

BORROWING BASE CERTIFICATE

Certificate #: 2
As of Date:

BORROWER: General Employment Enterprises, Inc.

ACCOUNTS RECEIVABLE ROLL-FORWARD

PREVIOUS REPORTED A/R AS OF:	8/26/13	_____	COMMENTS
Gross Sales			x
Misc. Debit			
Credit Memos			x
Cash Receipts (AR CASH + NON AR CASH + CASH DISC ALLOWED)			
Add Back: Non-A/R Cash Receipts			
A/R Adjustments (Misc/misc cash discounts/FRT)			
Cash Discounts (allowed/taken)			
ENDING A/R REPORT:			MUST AGREE WITH AGING
			6,674,475.30
			(6,674,475.30)
SUBTOTAL A/R INELIGIBLE S (FROM A/R INELIGIBLE WORKSHEET):		0.00	
ELIGIBLE ACCOUNTS RECEIVABLE:		0.00	
AVAILABLE ACCOUNTS RECEIVABLE @	85%	\$ -	

Gross Permanent Placement Receivables:		
Past Due Perm. (Ineligible under Temp):	(-)	0
Cross age 25% Perm	(-)	0
Verification Ineligible Perm.:	(-)	0
Other: Missing Documentation	(-)	
Other		0
Eligible Permanent Placement Receivables:		0.00
AVAILABLE PERMAACCOUNTS RECEIVABLE @	70%	0.00

RESERVE S:		
Reserve 1: Held Checks		(322,000.00)
Reserve 2: Payroll Taxes		(162,000.00)
Reserve 3:		-
Reserve 4:	0.0%	-
TOTAL RESERVES		\$ (484,000.00)

NET COLLATERAL AVAILABILITY \$ (484,000.00)

LOWER OF COLLATERAL AVAILABILITY AND LINE LIMIT OF \$6,000,000 \$ (484,000.00)

AVAILABILITY BLOCK DUE AT CLOSE: 1,000,000.00

NET BORROWING CAPACITY PRIOR TO LOAN BALANCE \$ (1,484,000.00)

REVOLVING LOAN ACTIVITY:	LOAN LEDGER
PRIOR OUTSTANDING REVOLVING LOAN BALANCE A S OF	0.00 (-)
PLUS: LOAN ADVANCES	0.00 (-)
PLUS: OTHER LOAN CHARGES (INTEREST, FEES, EXPENSES)	0.00 (-)
LESS: LOCKBOX / BLOCKED ACCOUNT SWEEPS	0.00 (-)
OUTSTANDING REVOLVING LOAN BALANCE A S OF	0.00
NET AVAILABILITY:	\$ (1,484,000.00)

I hereby certify in connection with the Loan and Security Agreement dated as September __, 2013 among Borrower and Keltic Financial Partners II, LP, that the information and each calculation set forth above is true, correct and complete as of the date hereof and have been calculated in accordance with the Loan and Security Agreement. Unless otherwise defined herein, all terms used herein shall have the meanings ascribed to them in the Loan and Security Agreement.

Approved By: _____
(Authorized Signature Required)

EXHIBIT C: COMPLIANCE CERTIFICATE

GENERAL EMPLOYMENT ENTERPRISES, INC., a corporation organized under the laws of the State of Illinois ("**GEE**"), **TRIAD PERSONNEL SERVICES, INC.**, a corporation organized under the laws of the State of Illinois ("**TPS**"), **BUSINESS MANAGEMENT PERSONNEL, INC.**, a corporation organized under the laws of the State of Ohio ("**BUMPS**"), **BMPS, INC.**, a corporation organized under the laws of the State of Ohio ("**BMPSOH**"), **BMCH, INC.**, a corporation organized under the laws of the State of Ohio ("**BMCH**"), **BMCHPA, INC.**, a corporation organized under the laws of the Commonwealth of Pennsylvania ("**BMCHPA**"), and **TRIAD LOGISTICS, INC.**, a corporation organized under the laws of the State of Ohio ("**Triad**") (the foregoing to be individually and collectively referred to as "**Borrower**") hereby certifies, jointly and severally, to **KELTIC FINANCIAL PARTNERS II, LP** in accordance with the provisions of the Loan and Security Agreement dated as of September __, 2013 between Keltic Financial Partners II, LP and the undersigned, as the same may be amended, supplemented or otherwise modified (the "**Loan Agreement**") that:

A. General. As of date of this Certificate:

- Borrower has complied in all respects with all the terms, covenants and conditions of the Loan Agreement;
- the representations contained in the Agreement are true, accurate and complete in all respects with the same effect as though such representations and warranties had been made on the date hereof; and
- there exists no Default or Event of Default as defined in the Loan Agreement.

B. Financial Covenants. As of and for such periods as designated below, the computations, ratios and calculations as set forth below are true, accurate and correct:

Unfunded Capital Expenditures as of _____: _____

EBITDA as of and for the period ending _____: _____

GENERAL EMPLOYMENT ENTERPRISES, INC.

By: _____

Name: _____

Its: _____

Date: _____

TRIAD PERSONNEL SERVICES, INC.

By: _____

Name: _____

Its: _____

Date: _____

BUSINESS MANAGEMENT PERSONNEL, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMCH, INC.

By: _____

Name: _____

Its: _____

Date: _____

TRIAD LOGISTICS, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMPS, INC.

By: _____

Name: _____

Its: _____

Date: _____

BMCHPA, INC.

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT 23.01

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-166173, 033-46124, 333-25129, and 333-78879) of General Employment Enterprises, Inc. ("GEE") of our report dated January 13, 2014, relating to the consolidated financial statements of GEE, which appears in the Form 10-K of GEE for the years ended September 30, 2013 and 2012.

/s/ FRIEDMAN LLP

New York, New York

January 13, 2014

EXHIBIT 31.01

CERTIFICATION

I, Andrew J. Norstrud, certify that:

1. I have reviewed this Form 10-K annual report for the fiscal year ended September 30, 2013 of General Employment Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 13, 2014

/s/ Andrew J. Norstrud
Andrew J. Norstrud
(Principal Financial Officer)

CERTIFICATION

I, Andrew J. Norstrud, certify that:

1. I have reviewed this Form 10-K annual report for the fiscal year ended September 30, 2013 of General Employment Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 13, 2014

/s/ Andrew J. Norstrud
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

**CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

In connection with the Annual Report of General Employment Enterprises, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2013 filed with the Securities and Exchange Commission (the "Report"), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: January 13, 2014

By: /s/ Andrew J. Norstrud
Andrew J. Norstrud
(Principal Executive Officer)

EXHIBIT 32.02

**CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

In connection with the Annual Report of General Employment Enterprises, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2013 filed with the Securities and Exchange Commission (the "Report"), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: January 13, 2014

By: /s/ Andrew J. Norstrud
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial Officer)
