# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2009**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PRECEPT 401K PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 01/01/1989

**2a** Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
F.B.P. INSURANCE SERVICES, INC.

PRECEPT

130 THEORY, SUITE 200
IRVINE, CA 92617-3065

**2b** Employer Identification Number (EIN)
93-0959770

**2c** Sponsor's telephone number
949-679-2100

**2d** Business code (see instructions)
524290

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 07/29/2010 | ALEX WASILEWSKI |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")

F.B.P. INSURANCE SERVICES, INC.
PRECEPT
130 THEORY, SUITE 200
IRVINE, CA 92617-3065

**3b** Administrator's EIN: 93-0959770

**3c** Administrator's telephone number: 949-679-2100

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 133 |
| **6** | Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** | Active participants | **6a** | 111 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 22 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 133 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 133 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 121 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2R

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| **(1)** | X | **R** (Retirement Plan Information) |
| **(2)** | | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| **(3)** | | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | | |
|---|---|---|---|
| **(1)** | X | | **H** (Financial Information) |
| **(2)** | | | **I** (Financial Information – Small Plan) |
| **(3)** | | 0 | **A** (Insurance Information) |
| **(4)** | X | | **C** (Service Provider Information) |
| **(5)** | | | **D** (DFE/Participating Plan Information) |
| **(6)** | | | **G** (Financial Transaction Schedules) |

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2009**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
PRECEPT 401K PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
F.B.P. INSURANCE SERVICES, INC.

**D** Employer Identification Number (EIN)
93-0959770

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

CHARLES SCHWAB & CO., INC.

94-1737782

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

ACTUARIAL DESIGNS AND SOLUTIONS,INC

01-0496183

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

CHARLES SCHWAB & CO., INC.

94-1737782

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 25 50 | NONE | 2547 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 50 | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN; |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN; |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
PRECEPT 401K PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
F.B.P. INSURANCE SERVICES, INC.

**D** Employer Identification Number (EIN)
93-0959770

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 26247 | 122 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 927542 | 1127719 |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | 267144 | 474340 |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 162094 | 240888 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 2894284 | 4691836 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 4277311 | 6534905 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 4277311 | 6534905 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 277180 | |
| | **(B)** Participants | 2a(1)(B) | 635350 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 122101 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 1034631 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 2265 | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | 11716 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 13981 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | 3733 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 62977 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 66710 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** (5) Unrealized appreciation (depreciation) of assets: (A) Real estate | 2b(5)(A) | | |
| (B) Other | 2b(5)(B) | | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | 0 |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 1259759 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 2375081 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 114940 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines 2e(1) through (3) | 2e(4) | | 114940 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: (1) Professional fees | 2i(1) | 2547 | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 2547 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 117487 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line 2j from line 2d | 2k | | 2257594 |
| **l** Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: WRIGHT FORD YOUNG & COMPANY (2) EIN: 95-3288054

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** | Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** | Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |
| **c** | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| **d** | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| **e** | Was this plan covered by a fidelity bond? | 4e | X | | 500000 |
| **f** | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| **g** | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| **h** | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| **i** | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| **j** | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| **k** | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| **l** | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
PRECEPT 401K PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
F.B.P. INSURANCE SERVICES, INC.

**D** Employer Identification Number (EIN)
93-0959770

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1** 0

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 42-1558009

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. ..... **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6** **a** Enter the minimum required contribution for this plan year ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11** **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete items (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

# PRECEPT 401(k) PLAN

# FINANCIAL STATEMENTS

# DECEMBER 31, 2009 AND 2008

PRECEPT 401(k) PLAN

INDEX TO

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2009 AND 2008


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# Wright Ford Young & Co.

*Certified Public Accountants and Consultants, Inc.*

## INDEPENDENT AUDITORS' REPORT

July 28, 2010

To the Participants and Administrator of the
Precept 401(k) Plan:

We were engaged to audit the financial statements and supplemental schedule of the Precept 401(k) Plan as of December 31, 2009 and 2008 and for the year ended December 31, 2009, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information described in Note 7, which was certified by The Charles Schwab Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Wright Ford Young & Co.

WRIGHT FORD YOUNG & CO



16140 Sand Canyon Avenue • Irvine, California 92618 • (949) 910-CPAS (2727) • Fax (949) 910-2728

PRECEPT 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|---|---|---|
| ASSETS: | | |
| Investments, at fair value: | | |
| Cash and cash equivalents | $ 1,127,841 | $ 953,789 |
| Common stocks | 474,340 | 267,144 |
| Registered investment companies | 4,691,836 | 2,894,284 |
| Participant loans | 240,888 | 162,094 |
| Total investments | 6,534,905 | 4,277,311 |
| Total assets | 6,534,905 | 4,277,311 |
| LIABILITIES | - | - |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 6,534,905 | $ 4,277,311 |

See independent auditors' report and notes to financial statements.

PRECEPT 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2009

| | |
|---|---|
| *Additions to net assets attributed to:* | |
| Investment income: | |
| Net appreciation in fair value of investments | $ 1,259,759 |
| Interest and dividends | 68,975 |
| Participant loan interest | 11,716 |
| Total investment income | 1,340,450 |
| Contributions: | |
| Participant | 635,350 |
| Employer | 277,180 |
| Rollover | 122,101 |
| Total contributions | 1,034,631 |
| Total additions | 2,375,081 |
| *Deductions from net assets attributed to:* | |
| Benefits paid to participants | 114,940 |
| Administrative expenses | 2,547 |
| Total deductions | 117,487 |
| NET INCREASE | 2,257,594 |
| NET ASSETS AVAILABLE FOR BENEFITS, beginning of year | 4,277,311 |
| NET ASSETS AVAILABLE FOR BENEFITS, end of year | $ 6,534,905 |

See independent auditors' report and notes to financial statements.

PRECEPT 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

## 1. DESCRIPTION OF PLAN

The following description of the Precept 401(k) Plan (the "Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

### General

The Plan is a defined contribution plan covering substantially all employees of FBP Insurance Services, dba Precept (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Employees who have attained at least 18 years of age are eligible to participate in the Plan on the earlier of, the first day of the month following completion of three consecutive full calendar months of employment or one year of service.

### Administration

The Plan is administered by the Company.

### Contributions

Participants may elect to contribute up to 100 percent of eligible pre-tax or post-tax compensation, not to exceed the limits of the Internal Revenue Code (the "IRC"). Participants direct the investment of their contributions into various investment options offered by the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

During 2009, the Company made a safe harbor contribution equal to 100 percent of the first 3 percent of compensation, plus 50 percent of the next 2 percent of compensation. The Company may also make discretionary profit sharing contributions as determined annually by the Board of Directors. For the year ended December 31, 2009, the Company made no discretionary profit sharing contributions.

### Vesting

Participants are immediately vested in their voluntary contributions, the Company's contributions and actual earnings thereon.

1. DESCRIPTION OF PLAN – (Continued)

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's interest in his or her account. For termination of service due to other reasons, a participant may receive the value of his or her account as a lump-sum distribution. Participants may also elect to rollover their account to another tax deferred account or remain in the Plan until they are legally required to begin taking distributions. All account balances not exceeding $1,000 will be immediately distributed in a lump-sum payment. With the plan administrator's approval, participants may withdraw all or part of their aggregate contributions in the event of a qualifying financial hardship.

Participant Loans

Participants may borrow from their fund accounts a maximum amount equal to the lesser of $50,000 or 50 percent of their account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Participant Loan fund. Loan terms range from 1 to 5 years or within a reasonable period of time that is longer than 5 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and generally bear interest at a rate commensurate with the rates that a bank or other professional lender would charge for making a loan in a similar circumstance. Principal and interest is paid ratably through payroll deductions.

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Administrative Expenses and Plan Fees

Plan fees and administrative expenses (exclusive of investment related expenses) are generally paid by the Company.

### Payment of Benefits

Benefits are recorded when paid.

### Investment Valuation and Income Recognition

The Plan's investments are stated at fair value in accordance with the provisions of accounting guidance issued by the Financial Accounting Standards Board ("FASB") on fair value measurements (see Note 3).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### Cash and Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

### Subsequent Events

In May 2009, the FASB issued new guidance which establishes general standards for accounting for and disclosure of events that occur after the date of the financial statements but before financial statements are available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Subsequent Events – (Continued)

More specifically, this new guidance sets forth the period after the date of the financial statements during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition in the financial statements, identifies the circumstances under which an entity should recognize events or transactions occurring after the date of its financial statements and the disclosures that should be made about events or transactions that occur after the date of the financial statements. This new guidance provides largely the same framework for the evaluation of subsequent events which previously existed only in auditing literature. The Company has evaluated subsequent events through the date of the audit report, which is the date the accompanying financial statements were available to be issued.

3. FAIR VALUE MEASUREMENTS

On January 1, 2008, the Plan adopted the required provisions of accounting guidance issued by the FASB on fair value measurements. The provisions of this guidance defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. The guidance is intended to enable the reader of the financial statements to assess the quality and reliability of the inputs used to develop those measurements by establishing a hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Plan. Unobservable inputs are inputs that reflect the Plan's estimates about the assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Defined as quoted market prices in active markets for identical assets and liabilities.

Level 2 – Defined as observable market-based inputs or unobservable inputs which are corroborated by market data.

3. FAIR VALUE MEASUREMENTS – (Continued)

Level 3 – Defined as unobservable inputs that are not corroborated by market data.

The fair value measurement level for an asset or liability, within the fair value hierarchy, is based on the lowest level of input that is significant to the fair value measurement at December 31, 2009 and 2008. Valuation methods need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation methodologies were used for the Plan's assets to measure fair value at December 31, 2009 and 2008:

*Cash and cash equivalents:* The carrying value of cash and cash equivalents is considered to be representative of their fair value based on the short term nature of these instruments and are classified within level 1 of the valuation hierarchy.

*Common stock:* These investments are public investment vehicles valued daily at the closing price reported on an active market using observable inputs. The net asset value (the "NAV") of these securities provided by the custodian is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

*Registered investment companies:* These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

*Participant loans:* Loans to plan participants are valued at amortized cost, which approximates fair value and are classified within level 3 of the valuation hierarchy.

Although the methods above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values, the Plan believes its valuation methods are appropriate and consistent with other market participants and that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

3. FAIR VALUE MEASUREMENTS – (Continued)

The following fair value hierarchy table presents information about the Plan's investments measured at fair value on a recurring basis as of:

| Description | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| December 31, 2009 | | | | |
| Cash and cash equivalents | $ 1,127,841 | $ 1,127,841 | $ - | $ - |
| Common stocks | 474,340 | 474,340 | - | - |
| Registered investment companies | 4,691,836 | 4,691,836 | - | - |
| Participant loans | 240,888 | - | - | 240,888 |
| Total assets at fair value | $ 6,534,905 | $ 6,294,017 | $ - | $ 240,888 |
| December 31, 2008 | | | | |
| Cash and cash equivalents | $ 953,789 | $ 953,789 | $ - | $ - |
| Common stocks | 267,144 | 267,144 | - | - |
| Registered investment companies | 2,894,284 | 2,894,284 | - | - |
| Participant loans | 162,094 | - | - | 162,094 |
| Total assets at fair value | $ 4,277,311 | $ 4,115,217 | $ - | $ 162,094 |

3. FAIR VALUE MEASUREMENTS – (Continued)

The following table presents a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2009:

| | Participant Loans |
|---|---|
| Balance, beginning of year | $ 162,094 |
| Purchases, sales, issuances and settlements, net | 78,794 |
| Balance, end of year | $ 240,888 |

4. TAX STATUS

The Company adopted a Volume Submitter Profit Sharing Plan which received a favorable opinion letter from the Internal Revenue Service (IRS), on January 15, 2010, which stated that the Plan, as then designed, was in accordance with applicable sections of the IRC. The Plan was amended and restated to include the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001. The plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

5. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## 6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate or amend the Plan at any time, subject to the provisions of ERISA.

## 7. INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, The Charles Schwab Trust Company ("Charles Schwab"), the trustee of the Plan, has certified to the completeness and accuracy of the following information which is included in the financial statements and supplemental schedule as of December 31, 2009 and 2008, and for the year ended December 31, 2009.

| | 2009 | 2008 |
|---|---|---|
| Cash and cash equivalents | $ 1,127,841 | $ 953,789 |
| Common stocks | 474,340 | 267,144 |
| Registered investment companies | 4,691,836 | 2,894,284 |
| Net appreciation in fair value of investments | 1,259,759 | n/a |
| Interest and dividends | 68,975 | n/a |

## 8. PARTY-IN-INTEREST TRANSACTIONS

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. Certain Plan investments are managed by Charles Schwab, the trustee of the Plan. During 2009 the Plan paid transaction specific third party administration fees of $2,452 and other foreign tax related administration expenses of $95. The Plan issues loans to participants, which are secured by the balances in the participants' accounts. The Company paid certain other administrative expenses of the Plan, including recordkeeping and audit fees. These transactions qualify as party in interest transactions for which a statutory exemption exists.

PRECEPT 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

9. INVESTMENTS

The following table presents investments that represent 5 percent or more of the Plan's net assets as of December 31, 2009 and 2008:

| | 2009 |
|---|---|
| Schwab Retirement Advantage Money Fund | $ 882,059 |
| Columbia Income Fund | 331,450 |
| Columbia Value and Restructuring Fund | 573,687 |
| Laudus International Marketmasters Fund | 584,654 |
| New Perspective Fund | 738,733 |
| Royce Micro Cap Fund | 380,187 |
| T. Rowe Price Mid Cap Value Fund | 336,695 |

| | 2008 |
|---|---|
| Schwab Retirement Advantage Money Fund | $ 832,683 |
| New Perspective Fund | 512,242 |
| Excelsior Value & Restructure Fund | 357,842 |
| Laudus International Marketmasters Fund | 298,420 |
| Royce Micro Cap Fund | 238,074 |
| Schwab S&P 500 Index Fund | 218,590 |

For the year ended December 31, 2009, the Plan's investments (including investments bought, sold and held during the year) appreciated in value by $1,259,759, as follows:

| | |
|---|---|
| Common stocks | $ 149,735 |
| Registered investment companies | 1,110,024 |
| | $ 1,259,759 |

PRECEPT 401(k) PLAN

PLAN FEIN#: 93-0959770

PLAN # 001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2009

| (a) | (b) Identity | (c) Description of investment | (d) Cost | (e) Current value |
|---|---|---|---|---|
| * | Schwab Retirement Advantage Money Fund | Cash & Cash Equivalent | ** | $ 882,059 |
| * | Schwab Money Market Fund | Cash & Cash Equivalent | ** | 245,782 |
| | | Total Cash & Cash Equivalents | | 1,127,841 |
| | Abbott Laboratories | Common Stock | ** | 8,099 |
| | Advanced Micro Devices | Common Stock | ** | 4,840 |
| | American International Group | Common Stock | ** | 3,088 |
| | ARC Wireless Solutions | Common Stock | ** | 233 |
| | Auto Data Processing | Common Stock | ** | 2,141 |
| | Bank of America Corporation | Common Stock | ** | 5,271 |
| | Berkshire Hathaway Class B | Common Stock | ** | 39,432 |
| | Biocryst Pharmaceuticals | Common Stock | ** | 485 |
| | Brookfield Asset Management, Inc. | Common Stock | ** | 14,972 |
| | Brookfield Infrastructure Partners | Common Stock | ** | 453 |
| | Coca Cola Company | Common Stock | ** | 11,400 |
| | Conexant Systems, Inc. | Common Stock | ** | 3,596 |
| | D S T Systems | Common Stock | ** | 8,710 |
| | Fiserv Inc. | Common Stock | ** | 7,272 |
| | General Dynamics Corporation | Common Stock | ** | 6,817 |
| | General Electric Company | Common Stock | ** | 1,513 |
| | General Mills Incorporated | Common Stock | ** | 10,622 |
| | International Fight League Incorporated | Common Stock | ** | 0 |
| | JDS Uniphase Corporation | Common Stock | ** | 3,605 |
| | Manhattan Pharmaceuticals, Inc. | Common Stock | ** | 300 |
| | Metropolitan Health Networks, Inc. | Common Stock | ** | 6,965 |
| | Mindspeed Technology, Inc. | Common Stock | ** | 2,345 |
| | Mueller Water Products | Common Stock | ** | 1,040 |
| | Nokia Corporation | Common Stock | ** | 6,425 |
| | Pfizer Incorporated | Common Stock | ** | 45,020 |
| | Polycom | Common Stock | ** | 1,498 |
| | Procter & Gamble Company | Common Stock | ** | 6,063 |
| | Simcere Pharmaceuticals GP ADR | Common Stock | ** | 785 |
| | Sinovac Biotech Limited Ord | Common Stock | ** | 475 |
| | Skyworks Solutions, Inc. | Common Stock | ** | 14,190 |
| | Standard Pacific Corporation | Common Stock | ** | 1,122 |
| | Studio One Media, Inc. | Common Stock | ** | 1,515 |
| | Vivus | Common Stock | ** | 8,740 |
| | Vodafone Group PLC | Common Stock | ** | 8,082 |
| | Washington Mutual | Common Stock | ** | 20 |
| | Wellpoint, Inc. | Common Stock | ** | 233,160 |
| | Wells Fargo & Company | Common Stock | ** | 4,049 |
| | | Total Common Stocks | | 474,340 |

See independent auditors' report and notes to financial statements.

PRECEPT 401(k) PLAN

PLAN FEIN#: 93-0959770

PLAN # 001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2009

| (a) | (b) Identity | (c) Description of investment | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | Baron Growth Fund | Mutual Funds | ** | 212,927 |
| | Blackrock Lifepath Retirement Port I Fund | Mutual Funds | ** | 189,876 |
| | Blackrock Lifepath 2020 Fund | Mutual Funds | ** | 23,628 |
| | Blackrock Lifepath 2030 Fund | Mutual Funds | ** | 14,269 |
| | Blackrock Lifepath 2040 Fund | Mutual Funds | ** | 38,886 |
| | Brandywine Blue Fund | Mutual Funds | ** | 226,712 |
| | Calamos Growth Class A Fund | Mutual Funds | ** | 254,892 |
| | Cambiar Opportunity Port Investment Fund | Mutual Funds | ** | 101,478 |
| | Columbia Income Fund | Mutual Funds | ** | 331,450 |
| | Columbia Value and Restructuring Fund | Mutual Funds | ** | 573,687 |
| | Laudus International Marketmasters Fund | Mutual Funds | ** | 584,654 |
| | Mainstay Balanced I Shares Fund | Mutual Funds | ** | 145,937 |
| | Marsico 21st Century Fund | Mutual Funds | ** | 218,010 |
| | New Perspective Fund | Mutual Funds | ** | 738,733 |
| | Royce Micro Cap Fund | Mutual Funds | ** | 380,187 |
| * | Schwab S&P 500 Index Fund | Mutual Funds | ** | 317,574 |
| | T Rowe Price Mid Cap Value Fund | Mutual Funds | ** | 336,695 |
| | Leuthold Asset Allocation Fund | Mutual Funds | ** | 1,012 |
| * | Schwab Financial Services Fund | Mutual Funds | ** | 1,230 |
| | | Total Mutual Funds | | 4,691,836 |
| | Participant Loans | Interest rates ranging from 4.25% - 9.25% | - | 240,888 |
| | | | | 6,534,905 |

* A party-in-interest as defined by ERISA

** Disclosure of this information is not required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA when the account is participant directed.

See independent auditors' report and notes to financial statements.

# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2009**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ___

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PRECEPT 401K PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 01/01/1989

**2a** Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)

F.B.P. INSURANCE SERVICES, INC.

PRECEPT

130 THEORY, SUITE 200

IRVINE CA 92617-3065

**2b** Employer Identification Number (EIN)
93-0959770

**2c** Sponsor's telephone number
949-679-2100

**2d** Business code (see instructions)
524290

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Alex Wasilewski | 7-28-10 | ALEX WASILEWSKI |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Alex Wasilewski | 7-28-10 | ALEX WASILEWSKI |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
F.B.P. INSURANCE SERVICES, INC.
PRECEPT
130 THEORY, SUITE 200
IRVINE CA 92617-3065

**3b** Administrator's EIN: 93-0959770

**3c** Administrator's telephone number: 949-679-2100

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:
**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 133 |
| **6** | Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** | Active participants | **6a** | 111 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 22 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 133 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 133 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 121 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 2R

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| (1) | ☐ | Insurance |
| (2) | ☐ | Code section 412(e)(3) insurance contracts |
| (3) | ☒ | Trust |
| (4) | ☐ | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| (1) | ☐ | Insurance |
| (2) | ☐ | Code section 412(e)(3) insurance contracts |
| (3) | ☒ | Trust |
| (4) | ☐ | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| (1) | ☒ | **R** (Retirement Plan Information) |
| (2) | ☐ | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| (3) | ☐ | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | |
|---|---|---|
| (1) | ☒ | **H** (Financial Information) |
| (2) | ☐ | **I** (Financial Information – Small Plan) |
| (3) | ☐ | **A** (Insurance Information) |
| (4) | ☒ | **C** (Service Provider Information) |
| (5) | ☐ | **D** (DFE/Participating Plan Information) |
| (6) | ☐ | **G** (Financial Transaction Schedules) |

PRECEPT 401(k) PLAN

PLAN FEIN#: 93-0959770

PLAN # 001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2009

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| | General Electric Company | Common Stock | ** | 1,513 |
| | General Mills Incorporated | Common Stock | ** | 10,622 |
| | International Fight League Incorporated | Common Stock | ** | 0 |
| | JDS Uniphase Corporation | Common Stock | ** | 3,605 |
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| | Wellpoint, Inc. | Common Stock | ** | 233,160 |
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| | | Total Common Stocks | | 474,340 |

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PRECEPT 401(k) PLAN

PLAN FEIN#: 93-0959770

PLAN # 001

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| | | | | 6,534,905 |

* A party-in-interest as defined by ERISA

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