

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## 3PEA INTERNATIONAL, INC.

**Form: 10-K/A**

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

FORM 10-K/A  
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2010

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-54123

**3PEA INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

Nevada 95-4550154  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

1700 W Horizon Ridge Parkway, Suite 102, Henderson, Nevada 89012  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (702) 453-2221

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:  
Common Stock, \$0.001 par value  
(Title of class)

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 past 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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No [ ]

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

Indicate by check mark 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.

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company)

Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No x

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$564,898 based upon a market price of \$0.05 per share.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 35,245,069 as of March 21, 2011.

#### DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

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EXPLANATORY NOTE

This Amendment No. 1 to our annual report on Form 10-K for the period ending December 31, 2011 is being filed to amend certain information in Items 1A, 5, 7 and 15, in response to comments by the SEC to our original filing.

PART I

ITEM 1A. RISK FACTORS.

*An investment in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this registration statement, including our consolidated financial statements and related notes included elsewhere in this prospectus, before deciding to invest in our common stock. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the market price of our common stock could decline and you could lose part or all of your investment.*

**Risks Related to Our Business**

**Because our auditor has issued a going concern opinion regarding our company, there is an increased risk associated with an investment in our company.**

Our auditor has issued a going concern opinion on our financial statements, which means that our auditor has substantial doubt about our ability to continue as a going concern. We plan to seek additional sources of capital through the issuance of debt or equity financing to fund new marketing initiatives and repayment of debt, but there can be no assurance we will be successful in accomplishing our objectives. Our ability to continue as a going concern is dependent on additional sources of capital and the success of generating sufficient revenues to fund our operating activities and pay our obligations. Our consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. As a result, there is an increased risk that you could lose the entire amount of your investment in us.

**Our growth rates may decline in the future.**

In fiscal 2009, we experienced rapid growth as a result increased sales resulting from the continued acceptance of our pharmaceutical sampling card by the pharmaceutical industry. However, we have not experienced the same growth in 2010. There can be no assurance that we will be able to resume our historical growth rates in future periods. In the near term, our continued growth depends in significant part on our ability, among other things, to attract new pharmaceutical companies as clients, and to convince pharmaceutical companies that the distribution of debit cards is a more effective marketing tool than the distribution of actual samples. Our continued growth also depends on our ability to develop and market other debit card products that can utilize the platform that we have developed for our pharmaceutical sampling business.

As the prepaid financial services industry continues to develop, our competitors may be able to offer products and services that are, or that are perceived to be, substantially similar to or better than ours. This may force us to compete on the basis of price and to expend significant marketing, product development and other resources in order to remain competitive. Even if we are successful at increasing our operating revenues through our various initiatives and strategies, we will experience an inevitable decline in growth rates as our operating revenues increase to higher levels and we may also experience a decline in margins. If our operating revenue growth rates slow materially or decline, our business, operating results and financial condition could be adversely affected.

**Our business could suffer if there is a change in pharmaceutical marketing expenditures.**

At this time, our primary product is the marketing of debit cards for pharmaceutical sampling programs, and as such we are dependent on the size of the marketing budgets of major pharmaceutical companies and how those budgets are allocated among different marketing opportunities available to them. In the event there are is a material decline in the size of pharmaceutical marketing budgets, we could see a decline in revenues. In addition, if pharmaceutical companies begin to allocate their marketing budgets to other forms of advertising that they believe are more cost effective, we could also see a decline in revenues.

**We operate in a highly regulated environment, and failure by us or business partners to comply with applicable laws and regulations could have an adverse effect on our business, financial position and results of operations.**

We operate in a highly regulated environment, and failure by us or our business partners to comply with the laws and regulations to which we are subject could negatively impact our business. We are subject to state money transmission licensing requirements and a wide range of federal and other state laws and regulations, which are described under "Business – Regulation" above. In particular, our products and services are subject to an increasingly strict set of legal and regulatory requirements intended to protect consumers and to help detect and prevent money laundering, terrorist financing and other illicit activities.

Many of these laws and regulations are evolving, unclear and inconsistent across various jurisdictions, and ensuring compliance with them is difficult and costly. For example, with increasing frequency, federal and state regulators are holding businesses like ours to higher standards of training, monitoring and compliance, including monitoring for possible violations of laws by the businesses that participate in our reload network. Failure by us or those businesses to comply with the laws and regulations to which we are subject could result in fines, penalties or limitations on our ability to conduct our business, or federal or state actions, any of which could significantly harm our reputation with consumers and other network participants, banks that issue our cards and regulators, and could materially and adversely affect our business, operating results and financial condition.

**Changes in the laws, regulations, credit card association rules or other industry standards affecting our business may impose costly compliance burdens and negatively impact our business.**

There may be changes in the laws, regulations, card association rules or other industry standards that affect our operating environment in substantial and unpredictable ways. Changes to statutes, regulations or industry standards, including interpretation and implementation of statutes, regulations or standards, could increase the cost of doing business or affect the competitive balance. For example, more stringent anti-money laundering regulations could require the collection and verification of more information from our customers, which could have a material adverse effect on our operations. Regulation of the payments industry has increased significantly in recent years. A number of regulations impacting the credit card industry were recently implemented. Additional changes may require us to incur significant expenses to redevelop our products. Also, failure to comply with laws, rules and regulations or standards to which we are subject, including with respect to privacy and data use and security, could result in fines, sanctions or other penalties, which could have a material adverse affect on our financial position and results of operations, as well as damage our reputation.

**A data security breach could expose us to liability and protracted and costly litigation, and could adversely affect our reputation and operating revenues.**

We, the banks that issue our cards, our third party service providers receive, transmit and store confidential customer and other information in connection with our products and services. The encryption software and the other technologies we and our partners use to provide security for storage, processing and transmission of confidential customer and other information may not be effective to protect against data security breaches. The risk of unauthorized circumvention of our security measures has been heightened by advances in computer capabilities and the increasing sophistication of hackers. The banks that issue our cards, our clients and our third-party processors also may experience similar security breaches involving the receipt, transmission and storage of our confidential customer and other information. Improper access to our or these third parties' systems or databases could result in the theft, publication, deletion or modification of confidential customer and other information.

A data security breach of the systems on which sensitive cardholder data and account information are stored could lead to fraudulent activity involving our products and services, reputational damage and claims or regulatory actions against us. If we are sued in connection with any data security breach, we could be involved in protracted and costly litigation. If unsuccessful in defending that litigation, we might be forced to pay damages and/or change our business practices or pricing structure, any of which could have a material adverse effect on our operating revenues and profitability. We would also likely have to pay (or indemnify the banks that issue our cards for) fines, penalties and/or other assessments imposed by Visa or MasterCard as a result of any data security breach. Further, a significant data security breach could lead to additional regulation, which could impose new and costly compliance obligations. In addition, a data security breach at one of the banks that issue our cards or our third party service providers could result in significant reputational harm to us and cause the use and acceptance of our cards to decline, either of which could have a significant adverse impact on our operating revenues and future growth prospects.

**We Have Substantial Liabilities That May Require That We Raise Capital.**

As of December 31, 2010, we had \$42,214 of cash, current assets (excluding restricted cash) of \$1,644,887, current liabilities (excluding of card funding liabilities funded by restricted cash) of \$4,922,251, and a working capital deficit of (\$3,235,150). Our current liabilities include \$2,425,351 of accounts payable and accrued liabilities, some of which are past due, and \$2,496,900 of loans payable that are classified as current because the loan is either evidenced by a note that has matured or is not documented by a note at all. We are currently able to pay our accounts payable that are essential to our continued operation in the ordinary course of business from our ongoing revenues, but have not paid other accounts payable that are held by nonessential vendors. We have managed to forestall any legal action by all of our creditors by maintaining good relations with our creditors. However, if any material creditor decides to commence legal action to collect from us, it could jeopardize our ability to continue in business. Our plan is to renegotiate the payment terms of our indebtedness or request that creditors convert their debt into common stock.

**The industry in which we compete is highly competitive, which could adversely affect our operating revenue growth.**

A number of other companies provide debit cards for the pharmaceutical sampling business, including McKesson, Emdeon and Trial Card. We also compete for the marketing dollars of pharmaceutical companies with other forms of marketing, such as mass media advertising and direct sales.

We believe that our existing competitors have longer operating histories, are substantially larger than we are, may already have or could develop substantially greater financial and other resources than we have, may offer, develop or introduce a wider range of programs and services than we offer or may use more effective advertising and marketing strategies than we do to achieve broader brand recognition, customer awareness and retail penetration. We may also face price competition that results in decreases in the purchase and use of our products and services. To stay competitive, we may have to increase the incentives that we offer to our marketing partners and decrease the prices of our products and services, which could adversely affect our operating results.

**We rely on relationships with card issuing banks to conduct our business, and our results of operations and financial position could be materially and adversely affected if we fail to maintain these relationships or we maintain them under new terms that are less favorable to us.**

To date, all of our cards have been issued by Monterey County Bank. Our relationship with this bank is currently, and will be for the foreseeable future, a critical component of our ability to conduct our business and to maintain our revenue and expense structure, because we are currently unable to issue our own cards. If we lose or do not maintain existing banking relationships, we would incur significant switching and other costs and expenses and we and users of our products and services could be significantly affected, creating contingent liabilities for us. As a result, the failure to maintain adequate banking relationships could have a material adverse effect on our business, results of operations and financial condition. Our agreement with the bank that issues our cards provide for cost and expense allocations between the parties. Changes in the costs and expenses that we have to bear under these relationships could have a material impact on our operating expenses. In addition, we may be unable to maintain adequate banking relationships or, following their expiration in 2013, renew our agreements with the bank that currently issues substantially all of our cards under terms at least as favorable to us as those existing before renewal. We are actively seeking to develop a relationship with another issuing bank to diversify our banking relationships and reduce our dependence on Monterey County Bank.

**We receive important services from third-party vendors, and replacing them could entail unexpected integration costs.**

We have vendors that provide certain services to our business, including fraud management and other customer verification services, transaction processing and settlement, pharmacy claims adjudication, card production and customer service. All of our vendors could be replaced with competitors if our vendor terminated our contract or went out of business. However, in some cases replacing a vendor would entail one-time integration costs to connect our systems to the successor's systems, and could result in less advantageous contract terms for the same service, which could adversely affect our profitability.

**Changes in credit card association or other network rules or standards set by Visa and MasterCard, or changes in card association and debit network fees or products or interchange rates, could adversely affect our business, financial position and results of operations.**

We and the banks that issue our cards are subject to Visa and MasterCard, Pulse, NYCE and Star association rules that could subject us to a variety of fines or penalties that may be levied by the card associations or networks for acts or omissions by us or businesses that work with us. The termination of the card association registrations held by us or any of the banks that issue our cards or any changes in card association or other debit network rules or standards, including interpretation and implementation of existing rules or standards, that increase the cost of doing business or limit our ability to provide our products and services could have an adverse effect on our business, operating results and financial condition. In addition, from time to time, card associations increase the organization and/or processing fees that they charge, which could increase our operating expenses, reduce our profit margin and adversely affect our business, operating results and financial condition.

For example, a portion of our operating revenues is derived from interchange fees. The amount of interchange revenues that we earn is highly dependent on the interchange rates that Visa and MasterCard set and adjust from time to time. There is a risk that interchange rates for certain products and certain issuing banks will decline significantly in the future as a result of the expected enactment of the Dodd-Frank Bill. If interchange rates decline, whether due to actions by Visa or MasterCard or future legislation or regulation, we would likely need to change our fee structure to compensate for lost interchange revenues. To the extent we increase the pricing of our products and services, we might find it more difficult to acquire consumers and to maintain or grow card usage and customer retention. We also might have to discontinue certain products or services. As a result, our operating revenues, operating results, prospects for future growth and overall business could be materially and adversely affected.

**We may not be able to successfully manage our intellectual property and may be subject to infringement claims.**

In the rapidly developing legal framework, we rely on a combination of contractual rights and copyright, trademark and trade secret laws to establish and protect our proprietary technology. Despite our efforts to protect our intellectual property, third parties may infringe or misappropriate our intellectual property or may develop software or technology competitive to us. Our competitors may independently develop similar technology, duplicate our products or services or design around our intellectual property rights. We may have to litigate to enforce and protect our intellectual property rights, trade secrets and know-how or to determine their scope, validity or enforceability, which is expensive and could cause a diversion of resources and may not prove successful. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection could harm our business and ability to compete.

We may also be subject to costly litigation in the event our products and technology infringe upon another party's proprietary rights. Third parties may have, or may eventually be issued, patents that would be infringed by our products or technology. Any of these third parties could make a claim of infringement against us with respect to our products or technology. We may also be subject to claims by third parties for breach of copyright, trademark or license usage rights. Any such claims and any resulting litigation could subject us to significant liability for damages. An adverse determination in any litigation of this type could require us to design around a third party's patent or to license alternative technology from another party. In addition, litigation is time consuming and expensive to defend and could result in the diversion of the time and attention of our management and employees. Any claim from third parties may result in limitation on our ability to use the intellectual property subject to these claims.

**Additional equity or debt financing may be dilutive to existing stockholders or impose terms that are unfavorable to us or our existing stockholders.**

We plan to raise capital through a private placement of our common stock to repay indebtedness and provide capital for our expansion into other products and services using our debit card platform. If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, may involve arrangements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences, that are not favorable to us or our current stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies and products or grant unfavorable license terms.

**We depend on key personnel and could be harmed by the loss of their services because of the limited number of qualified people in our industry.**

Because of our small size, we require the continued service and performance of our management team, sales and technology employees, all of whom we consider to be key employees. Competition for highly qualified employees in the financial services and healthcare industry is intense. Our success will depend to a significant degree upon our ability to attract, train, and retain highly skilled directors, officers, management, business, financial, legal, marketing, sales, and technical personnel and upon the continued contributions of such people. In addition, we may not be able to retain our current key employees. The loss of the services of one or more of our key personnel and our failure to attract additional highly qualified personnel could impair our ability to expand our operations and provide service to our customers.

**Our future success depends on our ability to attract, integrate, retain and incentivize key personnel.**

Our future success will depend, to a significant extent, on our ability to attract, integrate, retain and incentivize key personnel, namely our management team and experienced sales, marketing and program and systems management personnel. We must retain and motivate existing personnel, and we must also attract, assimilate and motivate additional highly-qualified employees. We may experience difficulty assimilating our newly-hired personnel, which may adversely affect our business. Competition for qualified management, sales, marketing and program and systems management personnel can be intense. Competitors have in the past and may in the future attempt to recruit our top management and employees. If we fail to attract, integrate, retain and incentivize key personnel, our ability to manage and grow our business could be harmed.

**Security and privacy breaches of our electronic transactions may damage customer relations and inhibit our growth.**

Any failures in our security and privacy measures could have a material adverse effect on our business, financial condition and results of operations. While we do not currently store personal information about consumers, some of the products we are contemplating offering in the future would require that we store personal information, including birth dates, addresses, bank account numbers, credit card information, social security numbers and merchant account numbers. If we are unable to protect this information, or if consumers perceive that we are unable to protect this information, our business and the growth of the electronic commerce market in general could be materially adversely affected. A security or privacy breach may:

- cause our customers to lose confidence in our services;

- deter consumers from using our services;
- harm our reputation;
- require that we expend significant additional resources related to our information security systems and could result in a disruption of our operations;
- expose us to liability;
- increase expenses related to remediation costs; and
- decrease market acceptance of electronic commerce transactions and SVC use.

Although management believes that we have utilized proven applications designed for premium data security and integrity in electronic transactions, our use of these applications may be insufficient to address changing market conditions and the security and privacy concerns of existing and potential customers.

**The market for electronic commerce services is evolving and may not continue to develop or grow rapidly enough for us to become profitable.**

If the number of electronic commerce transactions does not continue to grow or if consumers or businesses do not continue as projected to adopt our products and services, it could have a material adverse effect on our business, financial condition and results of operations. Management believes future growth in the electronic commerce market will be driven by the cost, ease of use and quality of products and services offered to consumers and businesses. In order to reach and thereafter maintain our profitability, consumers and businesses must continue to adopt our products and services.

**The debit card and SVC industry is a fairly new industry that is developing and building standards, processes and relationships.**

We are a developmental company building our networks and relationships. In the course of this development of our network, relationships, load locations and related systems, there exists the possibility that the associated companies may delay roll-out of our products and services. These delays could have an adverse effect on cash flow, sales and inventory levels.

**If we do not respond to rapid technological change or changes in industry standards, our products and services could become obsolete and we could lose our customers.**

If competitors introduce new products and services, or if new industry standards and practices emerge, our existing product and service offerings, technology and systems may become obsolete. Further, if we fail to adopt or develop new technologies or to adapt our products and services to emerging industry standards, we may lose current and future customers, which could have a material adverse effect on our business, financial condition and results of operations. The electronic commerce industry is changing rapidly. To remain competitive, we must continue to enhance and improve the functionality and features of our products, services and technologies.

**Changes in the Bank Secrecy Act and/or the USA PATRIOT Act could impede our ability to circulate cards that can be easily loaded or issued.**

Our current compliance program and screening process for the distribution and/or sale of SVCs is designed to comply with the Bank Secrecy Act (“BSA”) and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the “USA PATRIOT Act”). These regulations require financial institutions to obtain and confirm information related to their respective cardholders. If the BSA and/or the USA PATRIOT Act or subsequent legislation increases the level of scrutiny that we must apply to our cardholders and customers, it may be costly or impractical for us to continue to profitably issue and load cards for our customers.

**Internal processing errors could result in our failing to appropriately reflect transactions in customer accounts.**

In the event of a system failure that goes undetected for a substantial period of time, we could allow transactions on blocked accounts, confirm false authorizations, fail to deduct charges from accounts or fail to detect systematic fraud or abuse. Errors or failures of this nature could adversely impact our operations, our credibility and our financial standing.

**Our business is dependent on the efficient and uninterrupted operation of computer network systems and data centers.**

Our ability to provide reliable service to our clients and cardholders depends on the efficient and uninterrupted operation of our computer network systems and data centers as well as those of our third party service providers. Our business involves movement of large sums of money, processing of large numbers of transactions and management of the data necessary to do both. Our success depends upon the efficient and error-free handling of the money. We rely on the ability of our employees, systems and processes and those of the banks that issue our cards, our third party service providers to process and facilitate these transactions in an efficient, uninterrupted and error-free manner.

In the event of a breakdown, a catastrophic event (such as fire, natural disaster, power loss, telecommunications failure or physical break-in), a security breach or malicious attack, an improper operation or any other event impacting our systems or processes, or those of our vendors, or an improper action by our employees, agents or third-party vendors, we could suffer financial loss, loss of customers, regulatory sanctions and damage to our reputation. The measures we have taken, including the implementation of disaster recovery plans and redundant computer systems, may not be successful, and we may experience other problems unrelated to system failures. We may also experience software defects, development delays and installation difficulties, any of which could harm our business and reputation and expose us to potential liability and increased operating expenses. We currently do not carry business interruption insurance.

**Difficult conditions in the economy generally may materially adversely affect our business and results of operations, and we do not expect these conditions to improve in the near future.**

Our results of operations are materially affected by conditions in the economy generally. The capital and credit markets have been experiencing extreme volatility and disruption for more than twelve months at unprecedented levels. Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a declining U.S. real estate market have contributed to increased volatility and diminished expectations for the economy and consumer spending. These factors in declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and national recession. These events and the continuing market upheavals may have an adverse effect on us because we are dependent upon customer and consumer behavior. Our revenues are likely to decline in such circumstances. In addition, in the event of extreme and prolonged market events, such as the global credit crisis, we could incur significant losses.

Factors such as consumer spending, business investment, the volatility and strength of the capital markets, and inflation all affect the business and economic environment and, ultimately, the amount and profitability of our business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our SVC products and services could be adversely affected. Adverse changes in the economy could affect our results negatively and could have a material adverse effect on our business and financial condition. The current mortgage crisis and economic slowdown has also raised the possibility of future legislative and regulatory actions that could further impact our business. We cannot predict whether or when such actions may occur, or what impact, if any, such actions could have on our business, results of operations and financial condition

**The soundness of other institutions and companies could adversely affect us.**

Our ability to engage in loading and purchasing transactions could be adversely affected by the actions and failure of other institutions and companies, our card issuing banks and distributors that carry our SVCs. As such, we have exposure to many different industries and counterparties. As a result, defaults by, or even questions or rumors about, one or more of these institutions or companies could lead to losses or defaults by us or other institutions. Losses related to these defaults or failures could materially and adversely affect our results of operations.

**A prolonged economic downturn could reduce our customer base and demand for our products.**

We are in uncertain economic times, including uncertainty with respect to financial markets that have been volatile as a result of sub-prime mortgage related and other matters. Our success significantly depends upon the growth of demand of our products from a growing customer base. If the communities in which we operate do not grow, or if prevailing economic conditions locally, nationally or internationally are unfavorable, our business may not succeed. A prolonged economic downturn would likely contribute to the deterioration of the demand for SVC's and our products and services, which in turn would hurt our business. A prolonged economic downturn could, therefore, result in losses that could materially and adversely affect our business.

***Risks Related to Our Common Stock***

**There Is A Limited Market For Our Common Stock.**

The trading market for our common stock is limited. Our common stock is trading on Pink Sheets and is not eligible for trading on any national or regional securities exchange or the Nasdaq National Market. We have located a market maker that is willing to file an application to enable our common stock to be traded on the OTC Bulletin Board after we register our common stock under Section 12 of the Securities Exchange Act. A more active trading market for our common stock may never develop, or if such a market develops, it may not be sustained.

**Our Common Stock is Subject to the "Penny Stock" Rules of the SEC and the Trading Market in Our Securities is Limited, Which Makes Transactions in Our Stock Cumbersome and May Reduce the Value of an Investment in Our Stock.**

The Securities and Exchange Commission has adopted Rule 15c-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

**Concentration of ownership among our existing directors, executive officers and principal stockholders may prevent new investors from influencing significant corporate decisions.**

Our current directors, executive officers, holders of more than 5% of our total shares of common stock outstanding and their respective affiliates will, in the aggregate, beneficially own approximately 67.4% of our outstanding common stock. As a result, these stockholders will be able to exercise a controlling influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, and will have significant influence over our management and policies for the foreseeable future. Some of these persons or entities may have interests that are different from yours. For example, these stockholders may support proposals and actions with which you may disagree or which are not in your interests. The concentration of ownership could delay or prevent a change in control of our company or otherwise discourage a potential acquirer from attempting to obtain control of our company, which in turn could reduce the price of our common stock. In addition, these stockholders, some of which have representatives sitting on our board of directors, could use their voting control to maintain our existing management and directors in office, delay or prevent changes of control of our company, or support or reject other management and board of director proposals that are subject to stockholder approval, such as amendments to our employee stock plans and approvals of significant financing transactions.

**Our stock price could decline due to the large number of outstanding shares of our common stock eligible for future sale.**

We have outstanding 35,233,639 shares of our common stock, assuming no exercise of outstanding options or warrants. None of the shares are subject to any lock-up agreements, and all are eligible for sale, subject in some cases to volume and other restrictions imposed by Rule 144. Sales of substantial amounts of our common stock in the public market, or even the perception that these sales could occur, could cause the trading price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

**We Will Incur Significant Costs As A Result Of Operating As A Public Company. We May Not Have Sufficient Personnel For Our Financial Reporting Responsibilities, Which May Result In The Untimely Close Of Our Books And Record And Delays In The Preparation Of Financial Statements And Related Disclosures.**

As a registered public company, we will experience an increase in legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), as well as new rules subsequently implemented by the SEC, has imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and make some activities more time-consuming and costly.

If we are not able to comply with the requirements of Sarbanes-Oxley Act, or if we or our independent registered public accounting firm identifies additional deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC and other regulatory authorities.

**Our operating results may fluctuate in the future, which could cause our stock price to decline.**

Our quarterly and annual results of operations may fluctuate in the future as a result of a variety of factors, many of which are outside of our control. If our results of operations fall below the expectations of investors or any securities analysts who follow our common stock, the trading price of our common stock could decline substantially. Fluctuations in our quarterly or annual results of operations may be due to a number of factors, including, but not limited to:

- the timing and volume of purchases, use and reloads of our prepaid cards and related products and services;
- the timing and success of new product or service introductions by us or our competitors;
- seasonality in the purchase or use of our products and services;
- reductions in the level of interchange rates that can be charged;
- fluctuations in customer retention rates;
- changes in the mix of products and services that we sell;
- changes in the mix of retail distributors through which we sell our products and services;
- the timing of commencement, renegotiation or termination of relationships with significant our third party service providers;
- changes in our or our competitors' pricing policies or sales terms;
- the timing of commencement and termination of major advertising campaigns;
- the timing of costs related to the development or acquisition of complementary businesses;
- the timing of costs of any major litigation to which we are a party;
- the amount and timing of operating costs related to the maintenance and expansion of our business, operations and infrastructure;
- our ability to control costs, including third-party service provider costs;
- volatility in the trading price of our common stock, which may lead to higher stock-based compensation expenses or fluctuations in the valuations of vesting equity; and
- changes in the regulatory environment affecting the banking or electronic payments industries generally or prepaid financial services specifically.

**Our revenues from our pharmaceutical marketing cards fluctuate widely and are difficult to forecast.**

Our primary line of business is our pharmaceutical marketing cards. Revenues and costs associated with that line of business fluctuate more widely, and are more difficult to forecast, than other debit card lines of business. Even though a pharmaceutical card program is created at the direction of a pharmaceutical company, the pharmaceutical company often does not distribute the cards via their pharmaceutical sales representatives to various end points for distribution until days, weeks or months after it creates a program, often with little advance warning to the Company. We also experience dramatic usage swings based on collateral marketing efforts by the pharmaceutical companies, such as print, web, radio and

television advertising campaigns that run in association with one of our card programs. Constant variations in program start and stop dates, variations in program timelines which range anywhere between six and thirty six months, and variations in program characteristics such as the monetary value of the load, all contribute to provide dramatic swings in the revenue generated from the programs. As a result, our revenues and cost of revenues do not correlate neatly to the number of cards in circulation or even the number of programs that are active at any given time. Consequently, it is not the composition of our revenue that causes the significant swing in revenues from period to period rather; rather, the start, usage and expiration of the pharmaceutical card program is solely dependent on the timing of marketing programs by the pharmaceutical companies. Over time, we intend to mitigate this uncertainty by offering more traditional prepaid card products, such as general spend reloadable, payroll and other types that will help to stabilize and minimize the changes for each period, and make our results more predictable.

**The price of our common stock may be volatile, and you could lose all or part of your investment.**

In the recent past, stocks generally, and financial services company stocks in particular, have experienced high levels of volatility. The trading price of our common stock may fluctuate substantially. The trading price of our common stock will depend on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock as you may be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market prices and trading volumes of financial services company stocks;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;
- actual or anticipated changes in the expectations of investors or the recommendations of any securities analysts who follow our common stock;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- litigation involving us, our industry or both or investigations by regulators into our operations or those of our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- general economic conditions; and

sales of shares of our common stock by us or our stockholders.

In the past, many companies that have experienced volatility in the market price of their stock have become subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

**If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our common stock, the trading price of our common stock could decline.**

We expect that the trading price for our common stock will be affected by any research or reports that securities analysts publish about us or our business. If one or more of the analysts who may elect to cover us or our business downgrade their evaluations of our common stock, the price of our common stock would likely decline. If one or more of these analysts cease coverage of our company, we could lose visibility in the market for our common stock, which in turn could cause our stock price to decline.

**We do not intend to pay dividends for the foreseeable future.**

We have never declared or paid any cash dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. As a result, you will likely receive a return on your investment in our common stock only if the market price of our common stock increases.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

During 2010 and 2009, our common stock was traded on the Pink Sheets under the symbol "TPNL". The following table summarizes the low and high prices for our common stock for each of the calendar quarters of 2010 and 2009.

	<u>2010</u>		<u>2009</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	0.064	0.02	0.055	0.002
Second Quarter	0.06	0.04	0.020	0.010
Third Quarter	0.47	0.03	0.020	0.020
Fourth Quarter	0.43	0.10	0.075	0.020

There were 383 shareholders of record of the common stock as of December 31, 2010. This number does not include an indeterminate number of shareholders whose shares are held by brokers in "street name."

Our common stock is subject to rules adopted by the Securities and Exchange Commission ("Commission") regulating broker dealer practices in connection with transactions in "penny stocks." Those disclosure rules applicable to "penny stocks" require a broker dealer, prior to a transaction in a "penny stock" not otherwise exempt from the rules, to deliver a standardized disclosure document prepared by the Commission. That disclosure document advises an investor that investment in "penny stocks" can be very risky and that the investor's salesperson or broker is not an impartial advisor, but rather paid to sell the shares. The disclosure contains further warnings for the investor to exercise caution in connection with an investment in "penny stocks," to independently investigate the security, as well as the salesperson the investor is working with and to understand the risky nature of an investment in this security. The broker dealer must also provide the customer with certain other information and must make a special written determination that the "penny stock" is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction. Further, the rules require that, following the proposed transaction, the broker provide the customer with monthly account statements containing market information about the prices of the securities. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for our common stock. Many brokers may be unwilling to engage in transactions in our common stock because of the added disclosure requirements, thereby making it more difficult for stockholders to dispose of their shares.

#### **Dividend Policy**

We have not declared any cash dividends on our Common Stock during our fiscal years ended on December 31, 2010 or 2009. Our Board of Directors has made no determination to date to declare cash dividends during the foreseeable future, but is not likely to do so. There are no restrictions on our ability to pay dividends.

#### **Securities Issued in Unregistered Transactions**

During the years ended December 31, 2009 and 2010, we issued the following securities:

- In September 2007, we entered into a share exchange agreement with WOW Technologies, Inc. As a result of that share exchange agreement, we agreed to issue one share of our common stock for each 14 shares of WOW common stock presented for exchange. In addition, we agreed to allow \$280,000 of convertible notes issued by Wow to convert into shares of our common stock, such that Wow convertible noteholders would be entitled to receive the same number of shares of our common stock that they would have received had they converted their Wow notes into Wow common stock immediately prior to the share exchange agreement. The maximum number of shares issuable for Wow common stock and in conversion of Wow convertible notes was 4,220,020. The terms and conditions of the share exchange were determined to be fair by an order entered in the case styled 3Pea International, Inc. v. Wow! Technologies, Inc., Case No. A564118, Dept. XI, in the District Court for Clark County, Nevada. Accordingly, we believe that the issuance of our shares of common stock to WOW shareholders or note holders is exempt from registration pursuant to Section 3(a)(10) of the Securities Act of 1933. All shares are issued with a restrictive legend. During the fiscal years ending December 31, 2009 and 2010, we issued 524,688 and 11,430 shares, respectively, of restricted common shares pursuant to the share exchange agreement. During the fiscal year ending December 31, 2009, we issued 114,286 shares of common stock in conversion of \$80,000 of Wow indebtedness.

- During the fiscal year ending December 31, 2010, we issued a total of 6,000,000 restricted common shares that were previously approved during the first quarter of 2009 to officers, directors and employees for services rendered. All shares issued for consulting services were valued at the market price on the date of approval by our board of directors. The issuance of the shares was exempt under Rule 701 of the Securities Act of 1933. The issuances did not involve a public offering of securities, as the shares were not offered or sold by means of any form of general solicitation or general advertising, and were issued with a restrictive legend. In our judgment, the recipients had knowledge of our assets, liabilities and business plan, and such information about us as was necessary to make an informed investment decision by virtue of their positions with us. Of the recipients of the shares, we believe that Anthony DePrima and David Weiler were accredited, and that the other recipients were unaccredited.
- During the fiscal year ending December 31, 2010, we issued 100,000 shares of common stock in conversion of \$25,029 of indebtedness for legal services. The indebtedness was to a law firm of which one of our directors is a member. The issuance of our shares of common stock in satisfaction of the indebtedness was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933. The issuance did not involve a public offering of securities, as the shares were not offered or sold by means of any form of general solicitation or general advertising, and were issued with a restrictive legend. In our judgment, the recipient had knowledge of our assets, liabilities and business plan, and such information about us as was necessary to make an informed investment decision by virtue of their position with us. We believe that the recipient was an accredited investor because all of its equity owners were accredited investors.
- During the three months ending September 30, 2010, we issued 1,000 shares of common stock to a vendor for cash equal to \$0.25 per share. The issuance of our shares of common stock in satisfaction of the indebtedness was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933. The issuance did not involve a public offering of securities, as the shares were not offered or sold by means of any form of general solicitation or general advertising, and were issued with a restrictive legend. In our judgment, the recipient had knowledge of our assets, liabilities and business plan, and such information about us as was necessary to make an informed investment decision by virtue of their position with us. We believe that the recipient was an accredited investor.

#### **Issuer Purchases of Equity Securities**

During the fiscal year ending December 31, 2009, we cancelled 250,000 shares of common stock previously issued in 2008 to an officer for services rendered.

#### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.**

##### ***Disclosure Regarding Forward Looking Statements***

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 ("Forward Looking Statements"). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of our business, we, in an effort to help keep our shareholders and the public informed about our

operations, may from time-to-time issue certain statements, either in writing or orally, that contain or may contain Forward-Looking Statements. Although we believe that the expectations reflected in such Forward Looking Statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by us, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of our operations are subject to a number of uncertainties, risks and other influences, many of which are outside of our control and any one of which, or a combination of which, could materially affect the results of our proposed operations and whether Forward Looking Statements made by us ultimately prove to be accurate. Such important factors ("Important Factors") and other factors could cause actual results to differ materially from our expectations are disclosed in this report, including those factors discussed in "Item 1A. Risk Factors." All prior and subsequent written and oral Forward Looking Statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from our expectations as set forth in any Forward Looking Statement made by or on behalf of us.

### **Overview**

We are a payment solutions company which currently focuses on providing proprietary transaction processing solutions for healthcare and financial applications providing prepaid debit cards, which are also known as stored value cards (SVCs). Our products and services are aimed at capitalizing on the growing demand for stored value and reloadable ATM/prepaid card financial products in a variety of market niches. Our proprietary platform is scalable and customizable, delivering cost benefits and revenue building opportunities to partners. We manage all aspects of the debit card lifecycle, from managing the card design and approval processes with partners and associations, to production, packaging, distribution, and personalization. We also oversee inventory and security controls, renewals, lost and stolen card management and replacement.

Currently, the primary market for our cards is the pharmaceutical marketing or drug sampling market, and secondarily the surveys and rewards card market, although we are expanding into other markets for SVC's, including, pharmacy benefits cards, payment distribution and reimbursement cards and payroll cards.

We also offer a Survey Instant Rewards card program to organizations interested in gathering survey data, particularly for companies that have difficulty locating and inducing qualified consumers to provide survey data for market research. With a Survey Instant Rewards Program, the client mails a survey recipient an unloaded debit card and invites him or her to take your online or phone based survey. When his survey is complete, the card is automatically loaded with the incentive reward, which the recipient can immediately redeem at the nearest ATM machine or point of sale location.

We have identified a variety of other markets that our debit cards can be used in, such as corporate incentive or reimbursement programs, gift cards, payroll payments, government benefit payments, and as a reloadable debit card for use by consumers without a traditional bank account.

In order to expand into new markets, we will need to invest funds in technology improvements, sales and marketing expenses, and regulatory compliance costs. We are currently attempting to raise capital in a private placement to enable us to

diversify into new market niches. If we do not raise new capital, we believe that we will still be able to expand into new markets using internally generated funds, but our expansion will be delayed. We also have a substantial amount of notes payable and delinquent accounts payable from prior operations, which we plan to convert into equity at some point. If we are unable to convert our debts into equity, we may be forced to use any capital we raise to reduce our indebtedness instead of costs associated with expanding our business, which will slow our rate of expansion.

### **Results of Operations**

#### *Fiscal Years Ended December 31, 2010 and 2009*

Revenues for the year ended December 31, 2010 were \$4,347,831, an increase of \$146,756 compared to the year ended December 31, 2009, when revenues were \$4,201,075. The increase in revenue is due to an increase in processing of program cards compared to the prior year primarily due to continuing market acceptance of our processing platform. Program card load transactions for the year ended December 31, 2010 approximated 717,000 compared to approximately 674,000 for the year ended December 31, 2009. In particular, more pharmaceutical companies are beginning to recognize the substantial benefits of providing drug samples by means of debit card rather than distributing actual samples to doctors. See "Item 1. Business – Pharmaceutical Sampling Market – AllegianceRX Card." We expect our revenues for the short term to remain flat or trend downward. While we continue to gain new pharmaceutical companies as clients, we have seen the average size of programs decline due to the economy. Over the longer term, we expect our revenues to trend upward as the economy improves and as we roll out additional debit card products utilizing our processing platform.

Cost of revenues for the year ended December 31, 2010 were \$3,608,116, a decrease of \$52,482 compared to the year ended December 31, 2009, when cost of revenues were \$3,660,598. Although revenues increased compared to the prior year, our cost in revenues have decreased primarily due to a decrease in transaction processing fees. Cost of revenues constituted approximately 83% and 87% of total revenues in 2010 and 2009, respectively. Cost of revenues is comprised of transaction processing fees, data connectivity and data center expenses, network fees, card production costs, customer service and program management expenses, application integration setup and sales expense.

Our revenues and cost of revenues from our pharmaceutical marketing cards, which is our primary line of business, fluctuate widely due to a variety of factors beyond our control. The pharmaceutical companies often do not distribute the debit cards via their pharmaceutical sales representatives to various end points for distribution until days, weeks or months after it creates a program, often with little advance warning to us. We also experience dramatic usage swings based on collateral marketing efforts by the pharmaceutical companies, such as print, web, radio and television advertising campaigns that run in association with one of our card programs. Constant variations in program start and stop dates, variations in program timelines which range anywhere between six and thirty six months, and variations in program characteristics such as the monetary value of the load, all contribute to provide dramatic swings in the revenue generated from the programs. As a result, our revenues and cost of revenues do not correlate neatly to the number of cards in circulation or even the number of programs that are active at any given time.

Gross profit for the year ended December 31, 2010 was \$739,715, an increase of \$199,238 compared to the year ended December 31, 2009, when gross profit was \$540,477. Our overall gross profit percentage approximated 17% and 13% during the fiscal years 2010 and 2009 which is consistent with our overall expectations.

Selling, general and administrative expenses for the year ended December 31, 2010 were \$548,693, a decrease of \$328,783 compared to the year ended December 31, 2009, when selling, general and administrative expenses were \$877,476. The decrease in selling, general and administrative expenses was attributable to the reduction in consultants and employee compensation during 2010 as part of the Company's overall cost cutting measures.

In the fiscal year ended December 31, 2010, we recorded an operating income of \$81,907, as compared to an operating loss of (\$479,495) in the fiscal year ended December 31, 2009, and improvement of \$561,402.

Other income (expense) for the year ended December 31, 2010 was (\$97,231), a decrease in net other income (expense) of \$545,106 compared to the prior year ended December 31, 2009 when other income (expense) was \$447,875. The overall decrease in net other income (expense) in 2010 as mostly due to the fact that we recorded a gain on forgiveness of indebtedness of \$527,673 in fiscal year 2009 related to debts in our subsidiary, Wow Technologies, Inc., that were discharged in the Chapter 11 bankruptcy proceedings of Wow.

Our net loss for the year ended December 31, 2010 was (\$8,292), a decrease of \$87,848 compared to the year ended December 31, 2009, when we recorded a net loss of (\$96,140). The overall change in net loss is attributable to the aforementioned factors.

#### Liquidity and Capital Resources

The following table sets forth the major sources and uses of cash for our last two fiscal years ended December 31, 2009 and 2010:

	Year ended December 31,	
	2009	2010
Net cash provided by (used in) operating activities	\$ (273,826)	\$ 64,325
Net cash provided by (used in) investing activities	(26,591)	(2,988)
Net cash provided by (used in) financing activities	19,461	(22,026)
Net (decrease) increase in unrestricted cash and cash equivalents	<u>\$ (280,956)</u>	<u>\$ 39,311</u>

#### Comparison of Fiscal 2010 and 2009

In fiscal 2010 and 2009, we financed our operations primarily through internally generated funds.

Operating activities provided by (used in) \$64,235 of cash in 2010, as compared to (\$273,826) of cash in fiscal 2009. Major non-cash items that affected our cash flow from operations in 2010 were non-cash charges of \$109,115 for depreciation and amortization and a impairment on intangible assets of \$30,802. Our operating assets and liabilities used (\$63,155) of cash, most of which resulted from an increase in accounts receivable of \$1,644,887.

Major non-cash items that affected our cash flow from operations in 2009 were non-cash charges of \$142,496 for depreciation and amortization, merger expense of \$178,668, and a change in our minority interest of \$64,519. Our operating assets and liabilities used (\$34,646) of cash, most of which resulted from a decrease in accounts payable and accrued liabilities of \$33,223.

Investing activities used \$2,988 of cash in 2010, as compared to \$26,591 of cash in 2009, all of which related to the purchase of equipment used in our business.

Financing activities supplied (used in) (\$22,026) of cash in 2010 as compared to \$19,461 of cash in 2009. Substantially all of the cash supplied in both years derived from the issuance of notes, net of sums spent to repay notes.

#### *Liquidity and Sources of Financing*

In both 2010 and 2009, our operations were focused on developing our pharmaceutical debit card, which were financed largely from notes issued in 2008. In 2010, revenues from our pharmaceutical debit card had reached the point that we were able to operate at a breakeven level from operations.

At December 31, 2010, our current liabilities included \$2,245,351 of accounts payable and accrued liabilities, many of which are past due, and \$2,496,900 of loans payable that are classified as current because the loan is either evidenced by a note that has matured or is not documented by a note at all. At December 31, 2010, our accounts payable and accrued liabilities consisted of \$1,574,714 of accounts payable that were held by current vendors and were current, and \$575,271 of accounts payable that are non-current. Our accounts payable and accrued liabilities also included \$275,214 of accrued interest on notes that we have outstanding. We are currently able to pay our accounts payable relating to our current operations in the ordinary course of business from our ongoing revenues, but have not paid other accounts payable that are held by nonessential vendors. We have managed to forestall any legal action by all of our creditors by maintaining good relations with our creditors. However, if any material creditor decides to commence legal action to collect from us, it could jeopardize our ability to continue in business. Our plan is to renegotiate the payment terms of our indebtedness or request that creditors convert their debt into common stock.

We believe that our available cash on hand at December 31, 2010 of \$42,214 and revenues anticipated for the remainder of 2011 will be sufficient to sustain our operations for the next twelve months, provided that we are not required to pay any material amount of our delinquent accounts payable, accrued interest or our current notes payable. We will seek to obtain additional capital during the next twelve months through an equity offering. We have retained Colorado Financial Service Corporation, a licensed broker dealer, to assist us in the private offering. We also plan to request that some of our creditors convert their debt into equity to improve our financial position. However, there is no assurance we will be able to obtain additional capital as required, or obtain the capital on acceptable terms and conditions. We plan to use the proceeds to finance our entry into other markets for our debit cards, and to repay indebtedness. Our failure to obtain new capital will delay our entry into new markets, but will not jeopardize our ability to remain in business.

#### **Going Concern**

Our financial statements have been presented on the basis that we continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, we incurred a net operating loss in the years ended December 31, 2010 and 2009, and we have substantial indebtedness that is due and payable. These factors create an uncertainty about our ability to continue as a going concern. We have entered into a private placement letter of intent with Colorado Financial Service Corporation, a FINRA registered broker dealer, to act as our lead placement agent to raise five million dollars for the company in equity and/or debt as determined by us. We are currently trying to raise capital through a private placement offering of preferred stock. However, there can be no guarantee that the placement agent will be successful in this endeavor. Our ability to continue as a going concern is dependent on the success of this plan. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

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#### **OfBalance Sheet Arrangements**

We do not have any ofbalance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

#### **Critical Accounting Policies and Estimates**

Our significant accounting policies are described in Note 2 of Notes to Financial Statements. At this time, we are not required to make any material estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses.

Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

### PART IV

#### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) List the following documents filed as a part of the report:

- (1) All financial statements: Audited financial statements of 3Pea International, Inc. as of December 31, 2009 and 2010, and for the years ended December 31, 2009 and 2010, including a balance sheet, statement of operations, statement of cash flows, and statement of changes in stockholders' deficit
- (2) Those financial statement schedules required to be filed by Item 8 of this form, and by paragraph (b) below: none.
- (3) Those exhibits required by Item 601 of Regulation S-K (Section 229.601 of this chapter) and by paragraph (b) below. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this report.

Exhibit Number	Description of Exhibits
3.1	Amended and Restated Articles of Incorporation dated June 30, 2010 (1)
3.2	By-Laws (1)
4.1	Form of common stock certificate (1) (2)

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- 4.2 Form of Warrant (1)
- 10.1 Share Exchange Agreement between 3Pea International, Inc. and WOW Technologies, Inc. (1)
- 10.2 Plan of Reorganization of Wow Technologies, Inc. (1)
- 10.3 Promissory Note dated October 6, 2004 by and between 3Pea Technologies, Inc. and Cynthia Korte (1)
- 10.4 Form of Convertible Promissory Note (1)
- 10.5 Agreement with Colorado Financial Services Corporation dated February 18, 2010 (1)
- 10.6 Card Sponsorship and Services Agreement dated July 16, 2007 by and between 3Pea International, Inc. and Monterey County Bank (3) (4)
- 14 Code of Business Conduct and Ethics (1)
- 11 Computation of Ratio of Earnings to Combined Fixed Charges and Preference Dividends (5)
- 21 Subsidiaries of Registrant (6)
- 31.1\* Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
- 31.2\* Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
- 32.1\* Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2\* Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Filed herewith.

(1) Incorporated by reference to our Registration Statement on Form 10 filed on September 16, 2010.

(2) Information pertaining to our common stock is contained in our Articles of Incorporation and Bylaws.

(3) Incorporated by reference to our Registration Statement on Form 10/A filed on December 1, 2010.

(4) Registrant has omitted portions of the referenced exhibit and filed such exhibit separately with the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 24b-2 promulgated under the Securities Exchange Act.

(5) Included within financial statements.

(6) Incorporated by reference to our Report on Form 10-K filed April 1, 2011.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

3PEA INTERNATIONAL, INC.

Dated: June 7, 2011

*/s/ Mark Newcomer*

Mark Newcomer, Chief Executive Officer

Date: June 7, 2011

*/s/ Arthur De Joya*

By: Arthur De Joya, Chief Financial Officer  
(principal financial and accounting officer)

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and on the dates indicated.

Dated: June 7, 2011

*/s/ Mark Newcomer*

Mark Newcomer, Chairman and Chief Executive Officer

Dated: June 7, 2011

*/s/ David R. Weiler*

David R. Weiler, Director and Secretary

Dated: June 7, 2011

*/s/ Daniel Spence*

Daniel Spence, Director and Chief Information Officer

Dated: June 7, 2011

*/s/ Anthony DePrima*

Anthony DePrima, Director

**CERTIFICATIONS**

I, Mark Newcomer, hereby certify that:

- (1) I have reviewed this annual report on Form 10-K/A for the period ended December 31, 2010 (the "report") of 3Pea International, 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) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies 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.

Dated: June 7, 2011

*/s/ Mark Newcomer*

Mark Newcomer  
Chief Executive Officer  
(principal executive officer)

**CERTIFICATIONS**

I, Arthur De Joya, hereby certify that:

- (1) I have reviewed this annual report on Form 10-K/A for the period ended December 31, 2010 (the "report") of 3Pea International, 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) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies 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.

Dated: June 7, 2011

*/s/ Arthur De Joya*

Arthur De Joya

Chief Financial Officer

(principal financial and accounting officer)

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of 3Pea International, Inc., a Nevada corporation (the "Company"), does hereby certify, to the best of his knowledge, that:

1. The Annual Report on Form 10-K/A for the period ending December 31, 2010 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Mark Newcomer*

Mark Newcomer,  
Chief Executive Officer  
(principal executive officer)

Date: June 7, 2011

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of 3Pea International, Inc., a Nevada corporation (the "Company"), does hereby certify, to the best of his knowledge, that:

1. The Annual Report on Form 10-K/A for the period ending December 31, 2010 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Arthur De Joya*

Arthur De Joya,  
Chief Financial Officer  
(principal financial and accounting officer)

Date: June 7, 2011