



SPARTA COMMERCIAL SERVICES, INC.

and subsidiary

SPECIALTY
REPORTS INC.

EXECUTIVE SUMMARY

JANUARY 2013

OTCQB: SRCO



370 Lexington Avenue, Suite 1901, New York, NY 10017

Company History

Sparta's initial operations, as a source of lease and loan funding for powersports retail dealers, were limited as we dedicated our resources to the creation and development of our proprietary iPLUS® credit decisioning, underwriting, and servicing software platform. In March 2006, the Company obtained its initial source of bank financing and commenced an aggressive roll out of our business model resulting in the approving and signing-up of 800 plus franchise and independent motorcycle dealers in 33 states with another 1, 200 dealers expressing interest in our programs. In August 2008, our credit line was terminated as a direct result of the financial crisis and another committed facility was withdrawn. Despite the strong performance of our lease and loan portfolio, we have been unable to obtain new credit lines at reasonable rates and terms. During this period, the Company commenced a municipal lease program. Fortunately, to date, our municipal lease program has not been affected by current events as it is funded by a different funding source.

Facing the lack of available credit, we refocused our business plan toward less capital intensive markets, where we could continue to utilize our experience and expertise in the powersports market. We formed a subsidiary company, Specialty Reports, Inc. ("SRI") which, in May 2010, acquired Cyclechex LLC, which offered the motorcycle industry a product similar to Carfax®. Immediately, we upgraded, revised, and enhanced the process for obtaining vehicle data and simplified the process for both dealers and consumers to obtain their Motorcycle History Report from Cyclechex. We expanded the product offering to include not only the VIN verification, but also, accident, crash, and title history information. All of this information is now offered on the Cyclechex's website in the form of the SRI's copyrighted Cyclechex Motorcycle History Report®. Recently, RV History Reports and CarVin Report have been added to the product mix. The related websites can be viewed at: www.cyclechex.com, www.rvchecks.com, and www.carvinreport.com.

In April 2011, SRI launched Specialty Mobile Apps, a new mobile application product for vehicle dealers. Specialty Mobile Apps' website can be viewed at: www.specialtymobileapps.com. In May 2012, SRI launched iMobileapps, a mobile application design platform for a broad range of markets including: restaurants, real estate agencies, and multi professional medical and dental practices. iMobileapps website can be viewed at: www.iMobileapps.com

Currently, the vast majority of Sparta's business activity is within SRI. Sparta continues to service the balance of its "run-off" lease and loan portfolio as well as service its municipal lease clients. We continue to evaluate lease and loan financing opportunities as they are presented to us. However, as stated above, to date, the terms offered would

not, in our opinion, result in a profitable restart of our lease and loan programs for powersports dealers.

This Executive Summary will focus on the business of SRI.

SRI-Background:

Specialty Reports, Inc. (“SRI”) is a majority owned subsidiary of Sparta Commercial Services, Inc. (“Sparta” or “Company”) (SRCO - OTCBB). In May 2007, SRI, a Development Stage company, purchased, all of the assets of Cyclechex LLC (a Florida limited liability company) for an adjusted 10% of SRI’s common stock.

Cyclechex LLC was formed in 2007 to provide consumers, for a fee, basic motorcycle information obtained by inputting the vehicle’s Vehicle Identification Number (“VIN”) on the Cyclechex website and receiving information, including, the vehicle’s year of manufacture, name of manufacturer, and specific model.

Recognizing that Cyclechex had a head start, but that its product offering was limited, we immediately upgraded, revised, and enhanced the process for obtaining vehicle data and simplified the process for both dealers and consumers to obtain their Motorcycle History Report from Cyclechex. Additionally, we expanded the product offering to include not only the VIN verification, but also reported salvage, flood, and title history information. All of this information is now offered on the Cyclechex website in the form of the copyrighted Cyclechex Motorcycle History Report[®]. Additionally, we expanded the product offering to include RV History Reports and CarVin Report History Reports. The related websites can be found at: www.cyclechex.com, www.rvchecks.com, and www.carvinreport.com.

In April 2011, we launched Specialty Mobile Apps (SMA), a new mobile application product for vehicle dealers, which can be viewed at: www.specialtymobileapps.com. In May 2012, we launched [iMobileApp](http://www.imobileapp.com) (IMA), a new mobile application product for small to medium sized businesses, which can be viewed at: www.imobileapp.com.

SRI Products

Vehicle History Reports Overview

Consumer Benefits:

- Purchase a vehicle history report directly from the Cyclechex, RVchecks or CarVINreport website
- Purchase a report via an Affiliate website

Dealer Benefits:

- Dealers purchase a “block” of vehicle history reports from Cyclechex, RVchecks or CarVINreport (with pricing incentives to purchase a larger quantity of reports)
- These reports will facilitate the dealers acceptance of trade-in vehicles and add value to the purchase of any pre-owned

motorcycle, RV, automobile or light truck

- Dealers may absorb the cost of the report or re-sell the report to their customer

Affiliate Program

- Dealers and other industry sources may incorporate the Cyclechex, RVchecks, or CarVINreport website link in their sales and marketing strategies
- Affiliates will earn commission on any Cyclechex, RVchecks, or CarVINreport vehicle history reports that are generated from their websites



Cyclechex Motorcycle History Reports

Our initial product, Cyclechex, is an internet provider of Motorcycle History Reports exclusively dedicated to the powersports industry. The Cyclechex Motorcycle History Report® was the first product offered by Specialty Reports Inc. The Cyclechex Motorcycle History Report (www.cyclechex.com) contains extremely valuable information for consumers, motorcycle dealers, insurers, auction houses, and lenders, about whether a specific pre-owned motorcycle is a specific model year, make, and model; if it has reported damage, title history including the last recorded odometer reading, any salvage or damaged titles, the manufacturer's original equipment, OEM recall data, and more.

For consumers looking to buy a pre-owned motorcycle or a retail motorcycle dealer considering a trade-in or the purchase of other used motorcycles, a Cyclechex Motorcycle History Report can be invaluable. For those dealers who want to provide a higher level of confidence to a potential buyer about the true condition of the motorcycle being considered for purchase, the Cyclechex Motorcycle History Report is an outstanding sales support tool.

Cyclechex gathers its data from multiple sources, including, but not limited to, governmental agencies in order to provide the most current information available for the benefit of all interested parties.

With a "no-hassle," 100% money-back guarantee, and at a modest cost, a Cyclechex Motorcycle History Report provides buyers and sellers an incomparable guide for decision making and a positive comfort level that would otherwise be unavailable.



RVChecks™ Recreational Vehicle History Reports

Our second product, RV History Reports (RVchecks.com), contains important and valuable information about any reported damage, salvage, and other relevant data concerning a particular pre-owned RV. This critical information is available to any interested party by entering a seventeen digit Vehicle Identification Number (“VIN”) at our website. Our system is able to extract information from multiple data sources, including, but not limited to, government agencies throughout the United States. RVchecks.com is committed to delivering up-to-date, accurate information to consumers, RV dealers, lenders, insurers, and other interested parties, and we offer a "no-hassle" 100% money-back guarantee.



CarVin Reports

Our third product, CarVINreport.com, is an online provider of Automobile History Reports and contains extremely valuable information for consumers, dealers, insurers, auction houses, and lenders, about whether a specific pre-owned automobile has a Salvage or Rebuilt Title status, sustained Flood Damage, the last recorded odometer reading, the manufacturer's original equipment, OEM recall data, and more. For consumers looking to buy a pre-owned automobile or a retail automobile dealer considering a trade-in or the purchase of other used automobiles, a CarVINreport Car History Report can be invaluable. And for those dealers who want to provide a higher level of confidence to a potential buyer about the true condition of the automobile being considered for purchase, the CarVINreport Car History Report is an outstanding sales support tool.

The following websites are among those affiliated with Specialty Reports Inc. used to appropriately direct customer inquiries:

www.dmv.org

www.kbb.com

www.motorcycle-histories.com

www.motorcycleshippers.jcmotors.com

www.nadaquides.com www.sellharleys.com

www.rvt.com

Each of our three vehicle history reports search government databases for over 90 types of vehicle title problems and over 28 million Salvage or Loss title records. Our reports provide some, if not all, of the following information:

- Crushed Vehicles
- Disclosed Damage

Last Recorded Odometer Reading
Manufacturers' Recall History
Manufacturers' Specifications
Multi-State Searches
Rebuilt Titles
Salvage-Stolen Titles
Salvaged or Damaged Titles
VIN Decoding



Specialty Mobile Apps (“SMA”) and iMobileApp (“IMA”).

Specialty Mobile Apps is a mobile application or computer software program (“app”) designed to help the user perform singular or multiple related tasks on a handheld mobile device such as a smartphone, iPad, etc.. The Specialty Mobile Apps software platform initially developed for motorcycle, RV, auto and marine dealers provides a mobile framework from which they can easily create interactive, customized mobile applications for their vertical market. The product provides an online platform so that dealers may easily customize their app and manage its content. Additionally, it allows SRI and our software development team to manage licenses and retrieve reporting information. In May 2012, we launched IMA www.imobileapp.com, which, while similar to the SMA platform, is designed for multi-industry use and for both the semi-custom and fully customized applications market. Typical markets for the IMA platform are: Hotel, Medical & Dental Practices, Real Estate Agencies, and Restaurants.

The basic features of the Specialty Mobile Apps and the iMobileApp are:

Content Management System (CMS)

The content management system (CMS) is provided as a website that allows dealers to upload images to their mobile app, change text content, change colors, organize the order of tabs, and publish updates to their application.

Mobile client framework

The mobile client framework is software that is installed on the individual mobile devices and deployed to the various mobile devices through the Apple App Store, Android Market Place, and other similar distribution channels.

Dealer (Customer) contact information

The dealer can elect to present the user with a registration screen on startup to collect information such as first-name, last-name, email address, and telephone

number to allow for tracking of marketing information and to be able to push Individual notification messages for future functionality.

Multiple Location Support

Dealers will pay subscription fees multiplied by the number of store locations that they wish to include in their app. Using the client customization portal the dealer will be able to add locations to their application that will appear as content within the mobile app.

Hours of Operation

Each function within the dealership is capable of having different time frames for their hours of operation. For example, the given store may have the parts department open during one time frame, and the sales department open during another time frame. This information is entered by the dealer in the CMS and then displayed to the end user,

Vehicle History Reports

Dealer will be able to allow users to request and retrieve vehicle history reports. The user will be required to create an account on the device or use an existing account. The account information is sent to Specialty Reports, Inc to create a user account in their system. The user can then add credits to their account by entering credit card information into the device. Reports are retrieved from the appropriate Specialty Reports Inc. system (Cyclechex.com, RVChecks.com, or CarVinReport.com) and displayed to the user on their Smartphone or other mobile device; User will also be able to use QR (Quick Response, a two-dimensional bar code) codes to scan in VIN numbers that have been provided to the CMS system.

Quick Dial

Quick Dial is a menu option the dealer can choose to make available to its customers. By tapping the Quick Dial option the mobile device will display a list of phone numbers as a quick convenience to the user, The dealer can add, remove, and edit phone numbers that appear in the Quick Dial screen from their CMS,

Messages

Messages can be specific to individuals (if the dealer has enabled first-time user data collection) or broadcast to all users of the application. The messages appear in a style similar to email within the specific device.

Push Notifications

The device itself governs the display of push notifications. For example, both iPhone and Android have their own ways of providing notification messages to the screen of the device. By sending a push notification from the CMS to

user Company's framework, integrates with the device's push notification system to alert the user.

QR Code Scanner

The QR code scanner is technology that allows a user to take a photographic scan of a QR symbol and then interpret the digital contents and make a decision on what to do with the data. The dealer is able to create QR codes from the CMS system and then specify the action that should occur for the URL if it is scanned with their mobile application. That could be opening a URL, running a vehicle history report, or any other appropriate function.

Marketing Materials

The CMS will allow dealers to download stock artwork that helps them promote their products and services to their customers. Examples of this would be banners for website display,

Embeds Product Developer and SRI Branding

The "about" screen of the application contains information useful to the support of the product. It also contains a "powered by" the product developer's logo and text. SRI can choose to use a different logo, but the Powered by the product developer's text remains on the "about" screen.

App store and Google Android Distribution

All native applications will be deployed through the product developer's app store and Android Market Place online accounts.

Marketing information

If dealer has enabled first-time user data collection, that information will be available to the dealer on their portal.

Platforms for SMA and IMA Programs

The products have been designed (and maintained/updated by our product development team) to allow it to work as the CMS for various smart phone platforms (now existing and potentially emerging in the future) including, but not limited to, the following devices:

- **iPhone**
- **iPad**
- **Android devices**
- **HTML5**

THE MARKET:

Cyclechex

According to the Motorcycle Industry Council, there were 10,446,000 registered motorcycles in the United States in 2008. PowerSports Business' January 26, 2012

issue, quotes the Motorcycle Industry Council as reporting 2011 retail sales of new motorcycles of all classes totaled 697,000 units up nominally from 2010. PowerSports Business' April 4, 2011 issue cites R.L. Polk & Co. reporting the ratio of annual used motorcycle sales to new motorcycle sales in the United States was 3.8 to 1 in 2010 up from 2.9 to 1 in 2009 and 1.8 to 1 in 2008. We estimate this ratio was 3.7 in 2011. By extension, sales of used motorcycles in 2011 equated to approximately 2,578,900 units and averaged 2,277,600 units over the last four years. With minimal competition, management believes that the Cyclechex Motorcycle History Report[®] ("CMHR") will become the "gold standard" for prospective purchasers of used motorcycles.

RVChecks

SRI provides vehicle history reports to the RV Industry. According to the Recreation Vehicle Industry Association (RVIA) RV Business Indicators report dated March 30, 2010, there are 8.2 million RVs (motor homes, travel trailers, sport utility RVs, truck campers and folding camping trailers) on the roads in the U.S. According to a forecast by RV industry analyst and director of consumer surveys at the University of Michigan, Dr. Richard Curtin, shipments of new RVs in 2011 are expected to rise to 263,100 units, an increase of 8.6% from the 2010 total of 242,300. Shipments of new RVs reached their peak in 2006 of 390,500 units with a retail value of \$14.7 billion. The most recent report on the used RV market was done by the University of Michigan in 2005 which concluded that approximately two used RVs were sold for each new one. This sentiment was echoed by Scott Stropaki of Statistical Surveys, Inc.

Based on this information, we can assume that approximately 484,000 used RVs were sold in 2010.

As to the effect of raising gasoline prices on RV sales, Kevin Broom of the RVIA states:

"A good question, but one that's difficult to answer. The short answer is that we don't think fuel prices have a major effect on RV purchase decisions. In times when fuel prices have risen, there have been other economic factors also affecting RV sales. In the 70s, for example, RV sales did drop when fuel prices spiked, but at the same time, unemployment and interest rates were also high.

More recently, fuel prices jumped in 2005-2007. In 2006, the industry shipped 390,500 units - a 25-year high. Shipments fell 9.5% in 2007 as fuel prices went higher, but in 2007 we also saw the leading edge of the foreclosure epidemic and the first signs of the impending Great Recession.

There are two ways I can see fuel prices affecting RV sales. First, is that higher fuel prices may affect first-time buyers who don't know how much they'll save when they travel by RV. They also may not know that fuel is actually a fairly small part of the overall travel budget - especially if they do what many RVers do when fuel prices rise (drive fewer miles by taking trips closer to home and staying longer in one place). The second way is that fuel prices can diminish consumer confidence. The two biggest factors related to RV sales are consumer confidence and credit availability. While credit standards are tighter than they were 4-5 years ago, credit decisions are at least predictable now."

CarVin Report

According to the CARMAX, Inc., February 28, 2011 10K, there are over 17,700 franchised new car dealers selling new and used cars and over 37,000 independent used car dealers in the U.S. The CARMAX 10K also reported that sales of used cars in the U.S. in 2010 totaled 37 million units.

Presently, CarFax[®] and AutoCheck[®] dominate the automobile history report market. However, their individual retail reports sell for \$34.99 and \$29.99 respectively compared to our \$24.95 price. We have no intention to compete directly with these well established companies. We do, however, plan to respond aggressively to those dealers who may not have sufficient demand for reports to take advantage of volume discount pricing offered by the two majors.

Used Vehicle Market Summary

In all three markets, it is possible that on any given vehicle there will be no reports purchased while it is also quite probable that there will be more than one report purchased on another vehicle as there may be more than one customer interested in that vehicle.

Annual sales of used motorcycles: ~ 2.5 million units

Annual sales of used Recreational Vehicles: ~ 480 thousand units

Annual sales of used cars: ~ 37 million units.

Mobile Apps:

According to comScore, Inc., “a global leader in measuring the digital world and preferred source of digital business analytics.” “For the three-month average period ending March (2012), 234 million Americans (75% of the U.S. population) age 13 and older used mobile devices.” “More than 106 million people in the U.S. (34% of the U.S. population) owned smart phones during the three months ending in March (2012), up 9% versus December (2011).” “82 percent of time spent with mobile media happens via apps.”

SRI’s mobile apps are offered not only in the U.S., but also in the U.K. and Germany.

Specialty Mobile Apps

According to the 2010 Motorcycle Industry Council Motorcycle Statistical Annual Report, in 2009 there were approximately 5,400 franchised new motorcycle dealer outlets and another 7,800 independent used motorcycle dealer outlets. As stated above, there are over 17,700 franchised new car dealers selling new and used cars and over 37,000 independent used car dealers in the U.S. Our initial thrust will be, not only to the 23,000 plus franchised vehicle dealers, but also, directly to select manufacturers such as, Harley-Davidson, which has over 1,300 worldwide dealers.

iMobileapp

According to the National Restaurant Association, 2012 restaurant sales are projected to be \$632 billion from 970,000 locations in the U.S. Additionally, they state the 38% of adults surveyed "...would be likely to utilize a smart phone app if it was offered by a quick service restaurant. (*\$174 billion of the projected \$632 billion in sales*)"

A recent SK&A, a Cegedim Company market research study found 230,187 office-based physicians and group practices in the U.S. Of this number, 67,356, or 29%, were groups of three or more physicians.

There are over 1.2 million members of the National Association of Realtors.

According to the American Hotel and Lodging Association, there are 51,015 hotels/motels in the U.S. with 15 or more rooms.

SALES AND MARKETING

Marketing

Our marketing starts with product development. We create compelling products that; (i) in the case of our line of vehicle history reports, provide consumers information which will assist in purchase decisioning and assist the dealer or auction house in making a sale, and (ii) in the case of SMA and IMA, provide dealers and other businesses with a state-of-the-art consumer communications and marketing program.

For our three vehicle history report products, our primary marketing efforts are directed toward encouraging owners of web sites dealing with automobiles, motorcycles or recreational vehicles to become affiliates by linking their sites to ours. In doing this, they place a link, known as a banner, on their site which when "clicked" by a consumer automatically links the consumer to our appropriate web site. If that consumer then purchases a vehicle history report, the referring affiliate web site owner receives a pre-negotiated commission from us. Three examples of our affiliates are NADA guides, DMV.org, and Kelley Blue Book. Potential affiliates are contacted directly by our sales force or they are referred to us by word of mouth or targeted advertising in relevant trade publications. To date we have 60 signed affiliates. In December, 2010, Powersports Business chose Cyclechex as one of their "Nifty 50" winners, recognizing it as one of the top 50 new powersports products introduced during the year.

Our marketing strategy for our SMA is to target franchised dealers through the manufacturers. For instance, a major motorcycle manufacturer has over 1,000 world-wide authorized dealers. We are in discussions with this manufacturer to customize our app for his dealers. Additional marketing is done through targeted advertising as well as placement of favorable news stories in relevant trade publications. For the IMA product, we will target market to industry trade associations and major wholesalers to affiliate with them and joint market to their customers.

SRI has considerable opportunity to increase brand awareness and grow traffic through product development, targeted marketing programs and strategic partnerships.

Sales and Customer Support

Our sales team is responsible for generating advertising customers across our website and mobile applications.

We manage a field sales team from our New York office, with satellite locations in Denver, Houston and Tampa, to specifically target key manufacturers, dealers and auction houses. Our field sales team develops direct relationships with these potential customers.

Customer service for all products is handled out of our New York office and supported by a representative in Tampa.

COMPETITION:

Presently, the two major providers of used automobile history reports, Carfax[®] and AutoCheck[®] do not provide motorcycle history reports. In fact, Carfax states on their website that their database contains records primarily of cars and light trucks and they “do not specialize in providing data for any other vehicle types at this time.” AutoCheck states on its web site “AutoCheck only reports on information for cars and light trucks.” Our main competitor in the motorcycle space is Instavin[™]. Based on our existing roster of Cyclechex affiliates and current negotiations for additional affiliates, we do not see this company as a significant competitor. We have not identified direct competition for the RV space and do not intend to compete directly with either Carfax[®] or AutoCheck[®].

While there are numerous entities offering customized mobile apps, we believe that SRI is the only company marketing a pre-packaged customizable mobile app to vehicle dealers and our price point is significantly below other vendors of customized apps. Because our roots are in marketing, we believe that while not specifically unique, our IMA product can be effectively and competitively marketed.

MANAGEMENT:

The Company’s senior management has over 60 years of combined experience in automotive and motorcycle leasing and financing.

Anthony L. Havens, Chief Executive Officer, President, and Chairman. Mr. Havens is involved in all aspects of Sparta’s operations, including providing strategic direction, and developing sales and marketing strategies. From 1994 to 2004, Mr. Havens was been Chief Executive Officer and a director of American Motorcycle Leasing Corp. He co-founded American Motorcycle Leasing Corp. in 1994, and developed its operating platform and leasing program to include a portfolio which includes both prime and sub-prime customers. Mr. Havens has over 20 years of experience in finance and investment banking.

Anthony W. Adler, Executive Vice President and Principal Financial Officer. From March 2004 to August 2006, Mr. Adler was a full time consultant to the Company, and in

September 2006, joined Sparta as Executive Vice President and also as principal financial officer. From 1995 to March 2004, he was Chief Financial Officer of American Motorcycle Leasing Corp. From 1993 to 1994 Mr. Adler was Chief Executive Officer of Innotek, Inc., a public company engaged in the development and distribution of skin-care products. Prior to 1993, Mr. Adler served in numerous executive capacities including Director of Research and Vice President, Corporate Finance for two New York Stock Exchange Member Firms.

Richard P. Trotter, Executive Vice President and Chief Operating Officer. Mr. Trotter has been our Chief Operating Officer since November 2004. From 2001 to 2004, Mr. Trotter was President and Chief Credit Officer of American Finance Company, Inc., purchasing retail automobile installment contracts from independent automobile dealers nationwide. From 1994 to 2001, he was Senior Vice President of Originations for Consumer Portfolio Services, Inc., one of the nation's leading purchasers of non-prime retail automobile installment contracts. His experience also includes positions as Chief Operating Officer, Executive Director and President, and Chief Credit Officer for banks and financial institutions in California. Mr. Trotter has over 30 years experience in financial institutions and over 20 years experience specializing in the automobile lending, servicing, and collecting industry.

Sandra L. Ahman, Vice President, Secretary and Director. From 1994 to 2004, she was Vice President of Operations of American Motorcycle Leasing Corp. Prior to joining American Motorcycle Leasing Corp., Ms. Ahman was with Chatham Capital Partners, Ltd. Before joining Chatham in 1993, she was Manager, Human Resources for Comart and Aniforms, a sales promotion and marketing agency in New York, where she worked from 1986 to 1993. For the past 15 years, Ms. Ahman has been a volunteer with The Children's Aid Society in New York City, a membership of 500 committed volunteers, serving from 2000 to 2002 as President of its Associates Council, from 2002 to 2005 as Chairman of the Associates Council, and since 2002 as a member of the Advisory Council of their Board of Trustees.

CAPITALIZATION:

On May 18, 2012, the Company's announced 1 for 75 reverse stock split became effective.

The Company has authorized 750,000,000 shares of common stock and 10,000,000 shares of "blank" preferred.

The Company has authorized three series of preferred stock: (i) Series A, \$0.001 par value, \$100.00 stated value, 6% dividend and convertible at \$8.55 per share (adjusted for the split), 35,850 shares authorized, 125 issued and outstanding; (ii) Series B, \$0.001 par value, \$10,000 liquidating value, 10% dividend, 1,000 shares authorized, 157 shares issued and outstanding; and (iii) Series C, \$0.001 par value, \$10.00 liquidating Value, 200,000 shares authorized, none outstanding.

Immediately after the reverse stock split, the Company had 9,664,717 shares of common stock outstanding.

For further information contact Anthony L. Havens, Chief Executive Officer, President, and Chairman at: 800-882-0778

Our offices are located at 370 Lexington Avenue, Suite 1901, New York, NY 10017