

NEWSLETTER

APRIL 2011

Dear Shareholder,

Continental Prison Systems, Inc. (DBA EZ Card and Kiosk) is building on the opportunities in the growing correctional facilities market. The overall aim of management has been to focus on increasing penetration into these untapped markets. CPSI will shortly be launching a range of new products and services, and anticipate this will have a positive effect on our business in terms of further positioning us as a major provider to this market, as well as generating substantial returns. This newsletter will give you a glimpse into some of our positive developments.

CPSI Rolls Out State-of-the-Art Products and Services:

Continental Prison Systems, industry leader in providing self-service kiosks and financial services to the jail industry, launches new products and innovations that propel the company to financial success. Here are a few second quarter highlights:

- **Booking and Lobby Kiosk Pre-Paid Phone Time**
- **Booking Kiosk 3-D Face-Recognition and Thermal Fingerprint Reader**
- **Lobby Kiosk and Online Messaging Service**
- **Lobby Kiosk Visit Add-on**
- **Lawyer / Client Remote Conference**
- **Family / Client Remote Conference**
- **Probation Kiosk using 3-D Face-Recognition and Thermal Fingerprint Reader**
- **Court and Police Station Kiosks**

The kiosks and video conferencing machines **cost the jail nothing**. CPSI installs and maintains the units in exchange for charging fees for deposits, bail, and other transaction-based services within the software platform.

In facilities that have adopted the EZ Card & Kiosk program, admission is faster, sales at commissaries are up, and counterfeit bills are eliminated through detection technology. **Our program has been such a success in the state of Colorado that the facilities that have adopted the Kiosk have either eliminated or have scaled back the physical payment clerk as a result of the EZ Card & Kiosk and online service for all their jail-related transactions.** Ron Hodge, CEO, "If adopted properly, the EZ Card & Kiosk can save each jail hundreds of thousands in overhead expenses each year on average."

EZ Card & Kiosk capitalizes on three economic trends: tough economic times means higher crime rate and more people incarcerated, tighter state and municipal budgets, and higher

costs for banking services. "It's a wide open market we're the only company supplying the whole gamut of services," adds Hodge.

More about the Second Quarter Launch Services:

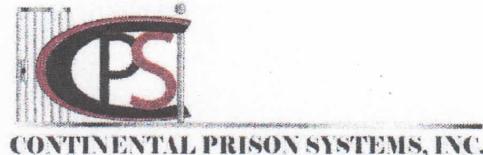
Probation Kiosk

Utilizing 3-D facial recognition and thermal fingerprint reader technology, Probation Kiosks will provide for registration, monthly check-ins and payment of probation and related fees. Kiosks will be customized to accept payments for some of the following operations:



Lobby Kiosk EZ Visit

Streamlining the inmate visitation process promises to be a rewarding new income source. EZ Visit Kiosks allow inmates' visitors to self-register and access the visiting room without waiting to be processed. Registration is fast, efficient and secure. The visitor checks in at the kiosk, scans their fingerprint four times, pays a monthly user fee of \$10 per inmate and receives two printed receipts. The visitor presents one receipt to the guard at the entrance of the visitation room. Once they register through our facial and thermal fingerprint EZ Visit program, they may visit as often as allowed during the month.



EZ Client & Family Conference:

Designed to allow lawyers and families to conduct remote video conferencing visits with inmates from their home, office or other remote sites. **Benefits include:**

Save a trip driving to and from the facility

Ideal for out-of-state family visits

Eliminate waiting time at the facility

Schedule multiple inmates in succession

Utilize client conference service from office, home, etc

Encrypted and secure video conferencing



Future Developments:

Legal Advertising

We are in the process of developing another advantageous application utilizing booking kiosks which would allow attorneys to advertise directly to arrestees during the booking process. Attorneys would pay a monthly fee to be on the list, generating new advertising revenues and providing a timely service to inmates. However, at this time, we are investigating the feasibility of this application.

EZ Vending

Entering the food and personal goods market within correctional facilities, new vending kiosks will be available to jail personnel and inmates, 24 hours a day. Using facial recognition and thermal fingerprint technology, EZ Vending accepts payments directly from the users EZ trust account. All transactions are tracked and accounting is updated automatically.

EZ Card & Kiosk Press!

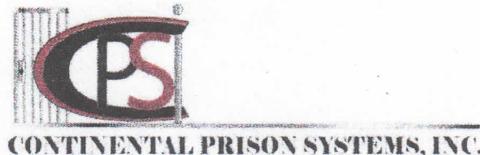
- Alternative payments will be added to the services already provided in Pima CO, AZ.
- CPSI received the Pinnacle Award from Boulder County, CO, for the most innovative new product.

For company news updates see our Investor Relations link: http://ezcardandkiosk.com/cpsz_investor_relations.aspx

Featuring New Partners at the La Plata County Jail, Colorado

EZ booking room kiosks are a welcome addition for the La Plata County jail personnel and for jailbirds. No waiting for bondsman or for the bank to open. Faster turnaround frees up more beds and translates into higher earnings for investors.

Gregg Hodge, EZ Card & Kiosk Vice President, says, "The greater the number of beds in a correctional facility the higher the value to us. One jail commander states, "Our staff no longer needs to collect, count, transport and physically bank these funds. We have saved hundreds of man hours per month."



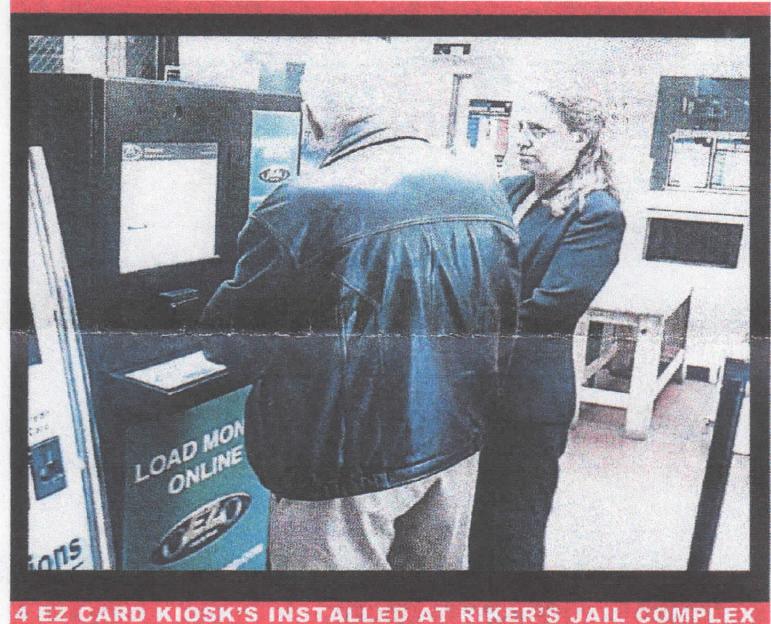
CPSI management is taking all necessary measures to increase sales and to move towards profitability and we expect significant growth over the next several years.

Thank you for your continued support and we look forward to sharing with you some exciting new developments in our next newsletter.

Sincerely,

Ron Hodge

Ronald Hodge, CEO



4 EZ CARD KIOSK'S INSTALLED AT RIKER'S JAIL COMPLEX

BOARD OF DIRECTORS:

Ronald Hodge, James Sylvester, Thomas Knowles

Safe Harbour and Disclosure Statement

This newsletter contains forward-looking statements. Such forward-looking statements are predictive in nature and may be based on current expectations, forecasts or assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from the forward-looking statements themselves. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", or similar expressions, or may employ such future or conditional verbs as "may", "will", "should" or "would", or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbor for forward looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995, and any other applicable laws. Forward looking statements are not guarantees of future performance. You should understand that important factors could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements which include but are not limited to: the effects of price competition and other business and competitive factors generally affecting the industry; our dependence on a limited number of customers and end markets; variability of operating results among periods; the challenges of effectively managing our operations, including responding to significant changes in demand from our customers; the challenges of managing rising labor costs; our inability to retain or expand our business; the delays in the delivery and/or general availability of various components and materials used in our manufacturing process; our ability to successfully manage our operations; and the risk of potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Except as required by applicable law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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