

F07000001978

(Requestor's Name)



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(Business Entity Name)

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Melger  
1a 2/26/13



FLORIDA DEPARTMENT OF STATE  
Division of Corporations

February 7, 2013

BROWN & RIDING  
317 HERTIAGE DRIVE  
SUITE 2  
OXFORD, MS 38655

SUBJECT: BROWN AND RIDING INSURANCE SERVICES, INC.  
Ref. Number: F07000001978

We have received your document for BROWN AND RIDING INSURANCE SERVICES, INC. and your check(s) totaling \$60.00. However, the enclosed document has not been filed and is being returned for the following correction(s):

You failed to list the street and mailing address of the surviving entity in the 8th(eighth) part of the articles of merger for purposes of s.48.181, Florida Statutes.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 245-6050.

Irene Albritton  
Regulatory Specialist II

Letter Number: 813A00003015

RECEIVED  
13 FEB 25 AM 8:34  
TALLAHASSEE, FLORIDA

FILED  
SECRETARY OF STATE  
13 FEB 25 AM 9:00

**Certificate of Merger  
For  
Florida Limited Liability Company**

The following Certificate of Merger is submitted to merge the following Florida Limited Liability Company(ies) in accordance with s. 608.4382, Florida Statutes.

**FIRST:** The exact name, form/entity type, and jurisdiction for each **merging** party are as follows:

<u>Name</u>	<u>Jurisdiction</u>	<u>Form/Entity Type</u>
Travis-Pedersen and Associates of Florida, LLC	Florida	LLC
Brown and Riding Insurance Services, Inc.		

**SECOND:** The exact name, form/entity type, and jurisdiction of the **surviving** party are as follows:

<u>Name</u>	<u>Jurisdiction</u>	<u>Form/Entity Type</u>
Brown and Riding Insurance Services, Inc.	California	S-Corporation

**THIRD:** The attached plan of merger was approved by each domestic corporation, limited liability company, partnership and/or limited partnership that is a party to the merger in accordance with the applicable provisions of Chapters 607, 608, 617, and/or 620, Florida Statutes.

**FOURTH:** The attached plan of merger was approved by each other business entity that is a party to the merger in accordance with the applicable laws of the state, country or jurisdiction under which such other business entity is formed, organized or incorporated.

**FIFTH:** If other than the date of filing, the effective date of the merger, which cannot be prior to nor more than 90 days after the date this document is filed by the Florida Department of State:

**December 28, 2012**

**SIXTH:** If the surviving party is not formed, organized or incorporated under the laws of Florida, the survivor's principal office address in its home state, country or jurisdiction is as follows:

**777 South Figueroa Street**

**Suite 2550**

**Los Angeles**

**CA**

**90017**

**SEVENTH:** If the survivor is not formed, organized or incorporated under the laws of Florida, the survivor agrees to pay to any members with appraisal rights the amount, to which such members are entitles under ss.608.4351-608.43595, F.S.

**EIGHTH:** If the surviving party is an out-of-state entity not qualified to transact business in this state, the surviving entity:

a.) Lists the following street and mailing address of an office, which the Florida Department of State may use for the purposes of s. 48.181, F.S., are as follows:

Street address: **777 South Figueroa Street**

**Suite 2550**

**Los Angeles**

**CA**

**90017**

Mailing address: **777 South Figueroa Street**

**Suite 2550**

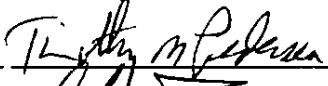
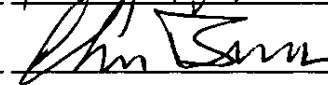
**Los Angeles**

**CA**

**90017**

b.) Appoints the Florida Secretary of State as its agent for service of process in a proceeding to enforce obligations of each limited liability company that merged into such entity, including any appraisal rights of its members under ss.608.4351-608.43595, Florida Statutes.

**NINTH:** Signature(s) for Each Party:

Name of Entity/Organization:	Signature(s):	Typed or Printed Name of Individual:
Travis-Pedersen and Associates of Florida, LLC		Timothy M. Pedersen
Brown and Riding Insurance Services, Inc.		Christopher A. Brown

Corporations:	Chairman, Vice Chairman, President or Officer (If no directors selected, signature of incorporator.)
General partnerships:	Signature of a general partner or authorized person
Florida Limited Partnerships:	Signatures of all general partners
Non-Florida Limited Partnerships:	Signature of a general partner
Limited Liability Companies:	Signature of a member or authorized representative

<b><u>Fees:</u></b> For each Limited Liability Company:	\$25.00
For each Corporation:	\$35.00
For each Limited Partnership:	\$52.50
For each General Partnership:	\$25.00
For each Other Business Entity:	\$25.00

<b><u>Certified Copy (optional):</u></b>	\$30.00
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## PLAN OF MERGER

**FIRST:** The exact name, form/entity type, and jurisdiction for each **merging** party are as follows:

<u>Name</u>	<u>Jurisdiction</u>	<u>Form/Entity Type</u>
Travis-Pedersen and Associates of Florida, LLC	Florida	LLC
Brown and Riding Insurance Services, Inc.		

**SECOND:** The exact name, form/entity type, and jurisdiction of the **surviving** party are as follows:

<u>Name</u>	<u>Jurisdiction</u>	<u>Form/Entity Type</u>
Brown and Riding Insurance Services, Inc.	California	S-Corporation

**THIRD:** The terms and conditions of the merger are as follows:

*(Attach additional sheet if necessary)*

**FOURTH:**

A. The manner and basis of converting the interests, shares, obligations or other securities of each merged party into the interests, shares, obligations or others securities of the survivor, in whole or in part, into cash or other property is as follows:

*(Attach additional sheet if necessary)*

B. The manner and basis of converting rights to acquire the interests, shares, obligations or other securities of each merged party into rights to acquire the interests, shares, obligations or others securities of the survivor, in whole or in part, into cash or other property is as follows:

*(Attach additional sheet if necessary)*

**FIFTH:** Any statements that are required by the laws under which each other business entity is formed, organized, or incorporated are as follows:

*(Attach additional sheet if necessary)*

**SIXTH:** Other provisions, if any, relating to the merger are as follows:

*(Attach additional sheet if necessary)*



## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), dated as of December 28, 2012, is entered into by and between TRAVIS-PEDERSEN and ASSOCIATES, INC., an Illinois "S" corporation; TRAVIS-PEDERSEN and ASSOCIATES of MICHIGAN, LLC, a Michigan Limited Liability Company; TRAVIS-PEDERSEN and ASSOCIATES of FLORIDA, LLC, a Florida Limited Liability Company; TRAVIS-PEDERSEN and ASSOCIATES of ARIZONA, LLC, an Arizona Limited Liability Company; and ALASKAN GENERAL INSURANCE AGENCY, LLC, an Alaska Limited Liability Company (collectively referred to herein as the "Sellers"); Timothy M. Pedersen, a resident of Illinois (the "Principal"); and BROWN AND RIDING INSURANCE SERVICES, INC., a California corporation (the "Purchaser"), with reference to the following facts.

A. The Purchaser wishes to purchase from the Sellers, and the Sellers desire to sell to the Purchaser, substantially all of the assets of the Sellers on the terms and conditions hereof.

B. Travis-Pedersen and Associates, Inc. is the owner of 5% of the member interest of each of the four LLC Sellers; the Principal is the 100% owner of all of the outstanding shares of capital stock of Travis-Pedersen and Associates, Inc., and is the owner of 95% of the member interest of each of the four LLC sellers.

C. For the convenience of reference of the parties, a table of defined terms is attached as Appendix A to this Agreement.

NOW THEREFORE, INTENDING TO BE LEGALLY BOUND, for and in consideration of the foregoing premises and the mutual agreements contained herein, the parties hereby agree as follows:

### **1. Sale and Purchase of the Acquired Assets.**

#### **1.1 The Acquired Assets.**

Subject to the terms and conditions of this Agreement, the Sellers agree on the Closing Date to assign, sell, transfer, convey and deliver to Purchaser, and Purchaser agrees on the Closing Date to purchase from the Sellers, all of the assets of the Sellers (collectively, the "Acquired Assets"), including but not limited to the following (but which Acquired Assets exclude the "Excluded Assets" as defined in Section 1.2), free and clear of any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude or transfer restriction (collectively "Liens") other than rights of lessors in any leased personal property (the "Permitted Liens"), subject to Section 1.9 regarding the treatment of certain commissions:

(a) All policyholder relationships (including all relationships which generated commissions, fees, or overrides payable to the Sellers by insurance providers (collectively, the "Commissions") and all rights to renew policies for existing or prospective policyholders;

(b) All relationships with customers and brokers, including any existing or potential customer and broker lists;

(c) All tangible personal property, furniture, equipment, machinery, leasehold improvements, parts, tools, computers, servers, storage media, spare parts and similar property;

(d) All of the Sellers' intangible rights and property, including, without limitation, right, title and interest in patents, trade names, service marks and trademarks, franchises, all telephone and telecopy numbers, e-mail addresses and listings, and all of the goodwill associated therewith;

(e) All goodwill associated with the Sellers' business;

(f) All of the Sellers' rights and benefits under and pursuant to all licenses, permits, and approvals of Sellers relating to their business or the operation thereof (and any applications therefor), to the extent transferable by the Sellers;

(g) Subject to Section 1.4, all rights and benefits of the Sellers under and pursuant to the contracts and agreements, including the personal property leases and contracts with any insurance company pursuant to which the Sellers are authorized to sell insurance for such company or the Sellers are authorized to receive Commissions, set forth on Schedule 1.1(g) attached hereto (the "Assumed Contracts");

(h) All surveys, plans, specifications, engineering studies, marketing studies, customer lists and mailing lists related to the Sellers' business and all other data and records (other than the Excluded Assets) related to the operations of the Sellers' business in the possession of Seller, including, without limitation, service and warranty records, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and records and copies of all personnel records for the Purchaser Employees.

(i) All claims, credits, rights of setoff of any kind, and all rights under and pursuant to all indemnities, warranties, representations and guarantees made by suppliers, manufacturers, contractors and other third parties in connection with the products or services purchased by or furnished to the Sellers with respect to their business;

(j) All insurance claims for damage to any of the Sellers' offices which are not Excluded Assets; and

1.2 Excluded Assets. Notwithstanding Section 1.1 and subject to Section 1.9, the Sellers shall retain the following assets (collectively, the "Excluded Assets").

(a) all of the Sellers' cash and cash equivalents;

(b) all of the Sellers' accounts receivable and vehicles;

(c) all of the Sellers' claims, rights and causes of action against (or indemnities or guarantees from) third parties for losses incurred at any time (including, without limitation, any Excluded Liabilities), or related to events occurring, prior to the Closing with

respect to the Sellers' business or the Acquired Assets, all insurance policies of or applicable to the Sellers, and all rights to insurance proceeds under insurance policies of the Sellers or their affiliates for losses (including, without limitation, any Excluded Liabilities), incurred at any time (whether prior to or following the Closing) with respect to the Sellers' business or the Acquired Assets;

(d) the Purchase Price and all rights of the Sellers under or in respect of this Agreement;

(e) all bank accounts in the Sellers' name;

(f) all of the Sellers' permits, licenses, franchise certifications, orders, authorizations, approvals and other similar rights from governmental and quasi-governmental bodies and agencies, and the rights to all data and records held by such bodies and agencies;

(g) the original of the general ledgers of the Sellers along with all accounting information and records;

(h) the Sellers' qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock or member interest transfer books and blank stock or member interest certificates and other documents relating to the organization, maintenance and existence of Sellers as a legal entity;

(i) all of Sellers' credits, deferred charges, prepaid expenses, advance payments, prepaid items, and security deposits, if any;

(j) all life insurance contracts under which any of Sellers is the beneficiary; and

(k) to the extent not already described in this Section 1.2, all current assets of Sellers, as determined in accordance with generally accepted accounting principles consistently applied.

### 1.3 Purchase Price and Payment Consideration.

(a) Subject to adjustment under Section 1.3(b), the purchase price for the Acquired Assets shall be \$7,858,250 (the "Purchase Price") payable as follows: (i) \$5,836,000 payable by delivery at Closing of a 120 month promissory note by the Purchaser in favor of the Sellers in the form as presented in Exhibit A attached hereto ("Purchase Note 'A'"); (ii) \$600,000 payable by delivery at Closing of a 60 month promissory note by the Purchaser in favor of the Sellers in the form as presented in Exhibit B attached hereto ("Purchase Note 'B'"); (iii) \$955,750 of Purchaser's common stock to be issued within 180 days following the Closing, with an effective date of ownership of January 1, 2013 (the "Stock Payment"). The number of shares of Purchaser's common stock equal to \$955,750 will be determined using the December 31, 2012 share valuation to be completed by Reagan Consulting. Sellers intend to immediately distribute the \$955,750 Stock Payment of Purchaser's common stock to the Principal, and therefore the Sellers' direct Purchaser to issue the shares in the name "Timothy M. Pedersen"; (iv) \$466,500 (the "Cash Payment") payable at the Closing by wire transfer of immediately

available funds to an account designated by each of the Sellers. The Purchase Price and each form of consideration paid shall be allocated to each of the Sellers as: Travis-Pedersen and Associates, Inc – 48.18%; Travis-Pedersen and Associates of Michigan, LLC – 20.17%; Travis-Pedersen and Associates of Florida, LLC – 15.19%; Travis-Pedersen and Associates of Arizona, LLC – 6.39%; Alaskan General Insurance Agency, LLC – 10.07%.

(b) The Purchase Price shall be subject to adjustment at January 31, 2015 based on the amount of Sellers' NCF booked as income by Purchaser during the calendar year ending December 31, 2014. Any Purchase Price Adjustment at January 31, 2015 will increase or reduce, as the case may be, the remaining principal due on Purchase Note B, and the monthly amortized payment on Purchase Note B will be adjusted to reflect the increase or decrease in principal; the remaining term of Purchase Note B will be unchanged. Should the Purchase Price Adjustment be a decrease in principal in excess of the remaining principal on Purchase Note B, the excess amount shall be deducted from the remaining principal on Purchase Note A. The "Purchase Price Adjustment" shall be determined based on the following formula: (i) if the Sellers' NCF is between \$10,400,000 and \$11,800,000, the Purchase Price Adjustment shall be \$0; (ii) if the Sellers' NCF is less than \$10,400,000, the Purchase Price Adjustment shall be a decrease equal to \$0.94 for each \$1.00 of shortfall from \$10,400,000, subject to a maximum decrease of \$2,200,000; (iii) if the Sellers' NCF is greater than \$11,800,000, the Purchase Price Adjustment shall be an increase equal to \$0.47 for each \$1.00 of excess over \$11,800,000. The "Sellers' NCF" is defined as the total net commissions and fees recorded as income by the Purchaser during the calendar year ending December 31, 2014, using the Purchaser's standard income recognition practices, on all accounts coded to any and all of Sellers' former employees and Sellers' office locations, and including any accounts coded to any new employees hired into any of the Sellers' office locations under the management direction of the Principal. Contingent, profit sharing and other bonus commissions are excluded from the calculation of NCF. For the purposes of calculating the Purchase Price Adjustment, should any former employee of Sellers be terminated as an employee by mutual agreement of Purchaser and the Principal prior to December 31, 2014, 50% of the NCF coded to such employee in the 12 months immediately prior to employment termination shall be subtracted from the \$10,400,000 and \$11,800,000 adjustment thresholds noted in sections 1.3(b)(i), 1.3(b)(ii) and 1.3(b)(iii) above.

(c) If Principal disagrees with Purchaser's calculation of the Sellers' NCF on which the Purchase Price Adjustment is based, Principal shall notify the Purchaser in writing within 10 days after receiving the calculation of the Sellers' NCF. If the Parties are unable to reach an agreement on the amount of Sellers' NCF within 10 days, the Parties shall mutually select a regionally recognized firm of independent certified public accountants with relevant industry experience, having no past, present, or contemplated future relation with any of the Parties or their Affiliates, to determine the final Sellers' NCF. The determination of the firm shall be final and binding and shall be treated as a binding arbitration for all purposes. The cost of the firm's services will be split by Purchaser and Principal if the determination is within 3% of Purchaser's calculation of Sellers' NCF; if the firm's determination is more than 3% greater than the Purchaser's calculation of Sellers' NCF, Purchaser shall pay the determination fee; and if the firm's determination is more than 3% less than the Purchaser's determination of Sellers' NCF, the Principal shall pay the determination fee.

(d) The Purchase Note A and Purchase Note B shall be general obligations of the Purchaser, secured by the Acquired Assets pursuant to a security agreement in

## **2. Representations and Warranties of the Sellers and Principal.**

The Sellers and the Principal represent and warrant to the Purchaser, as of the date of this Agreement, as follows:

### **2.1 Legal Entity Status and Authority.**

(a) Travis-Pedersen and Associates, Inc. is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Illinois; Travis-Pedersen and Associates of Michigan, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Michigan; Travis-Pedersen and Associates of Florida, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Florida; Travis-Pedersen and Associates of Arizona, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona; Alaskan General Insurance Agency, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Alaska.

(b) Each Seller has all requisite corporate or limited liability company power to execute and deliver this Agreement and each of the Ancillary Documents to which such Seller is a party and to perform its obligations hereunder and thereunder. All board of director and shareholder actions or member actions and proceedings necessary to be taken to authorize the execution, delivery and performance by each Seller of this Agreement and each of the Ancillary Documents to which such Seller is a party have been duly and validly taken. This Agreement has been duly executed and delivered by each Seller, and each of the Ancillary Documents to which each Seller is a party will have been duly executed and delivered by such Seller as of the Closing.

(c) This Agreement constitutes, and each of the Ancillary Documents to which each Seller is a party at the Closing will constitute, the valid and binding obligation of each Seller, enforceable against each Seller in accordance with its terms except as limited by laws affecting the enforcement of creditor's rights generally or by general equitable principles.

### **2.2 No Conflicts, Consents and Approvals, Etc.**

(a) The execution and delivery by each Seller of this Agreement and each of the Ancillary Documents to which such Seller is a party, and the performance of its obligations hereunder and thereunder, will not result in (i) any conflict with such Seller's articles of incorporation or bylaws or articles of organization and operating agreement, as the case may be, (ii) subject to obtaining any necessary consents set forth on Schedule 2.2(b), any breach, or violation of or default under any law, statute, regulation, judgment, order, decree, license, mortgage, lease, agreement, deed of trust, indenture or other instrument to which to which the Seller is a party or by which any of its properties or assets are bound, or (iii) the creation or imposition of any Liens on any of the Acquired Assets other than Liens created by or resulting from the actions of the Purchaser or any of its affiliates.

(b) Except as set forth on Schedule 2.2(b) attached hereto, no consent, approval or authorization of or filing with any third party or any Governmental Authority is

required on the part of the Sellers in connection with the execution and delivery of this Agreement or the Ancillary Documents to which the Sellers are a party or the consummation of the transactions contemplated hereby and thereby. For purposes of this Agreement, "Governmental Authority" means any federal, state, local or foreign government, court, administrative agency, commission, arbitrator or other governmental or regulatory agency or authority.

2.3 Financial Statements. Attached as Schedule 2.3 hereto are (a) a draft of the internally prepared balance sheet and related statement of operating income of each Seller for the ten months ended October 31, 2012 (the final balance sheet and related statement of operating income as of December 31, 2012 will be provided within 45 days after the date hereof) and (b) an unaudited balance sheet and related statement of operating income of the Seller for the twelve month period ended December 31, 2011 as prepared by the Sellers' certified public accountant (collectively, the "Financial Statements"). The Financial Statements have been prepared on a consistent basis from year to year and are in accordance with generally accepted accounting principles. The Financial Statements fairly present in all material respects the assets and liabilities of the Sellers as of the dates thereof and the results of the Seller's operations for the periods then ended.

2.4 Assumed Contracts. Within 10 days after the date hereof, the Sellers will deliver to the Purchaser complete and correct copies of the Assumed Contracts, including all amendments thereto. Each of the Assumed Contracts is a valid and binding agreement of the Sellers and, to the knowledge of the Sellers and the Principal, is enforceable against the other parties thereto in accordance with its terms. There exists no default or event of default (or any event which with notice or lapse of time or both would become a default) under the Assumed Contracts on the part of the Sellers or, to the knowledge of the Sellers and Principal, the other parties thereto. The Sellers have not received any notice of any default under any of the Assumed Contracts which has not been cured nor any other termination notice with respect thereto.

2.5 Title to Acquired Assets. The Sellers have legal and beneficial ownership of all the Acquired Assets, in each case, free and clear of all Liens, other than Permitted Liens.

2.6 Litigation. There are no judicial or administrative actions, proceedings or investigations pending or, to the knowledge of the Sellers or Principal, threatened, (i) to which a Seller is a party in connection with the Acquired Assets or (ii) which question the validity of this Agreement or any action taken or to be taken by the Sellers or Principal in connection herewith. Neither a Seller nor Principal is subject to an order or a party to a settlement agreement or corporate integrity agreement with a Governmental Authority that would, after the Closing, apply to the Purchaser or any of the Acquired Assets, nor, to the knowledge of the Sellers or Principal, is any such order or agreement being threatened against the Sellers or Principal.

2.7 Taxes. Subject to Section 4.4, there are no Taxes that are attributable to periods up to and including the Closing for which the Purchaser could be held liable (or that could become a Lien on the Acquired Assets) that have not been or will not be paid by the Sellers. "Taxes" means all income taxes, franchise taxes, withholding taxes,

employment taxes, sales and use taxes, excise taxes, real and personal property taxes, stamp taxes, transfer taxes, value-added taxes, goods and services taxes and other similar taxes or governmental charges, together with all interest and penalties payable with respect thereto. The Sellers have filed all returns required under applicable law to report Taxes.

2.8 Brokers. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried out without the intervention of any person acting on behalf of the Sellers in such manner as to give rise to any claim against the Purchaser or the Sellers for any brokerage or finder's commission, fee or similar compensation.

2.9 Solvency. Immediately after the Closing, the Sellers shall (a) be able to pay their debts as they become due; and (b) own assets which have a fair liquid value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities). No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Sellers.

2.10 Insurance. Sellers have maintained in effect over the last five (5) years errors and omissions insurance policies providing for a minimum of \$5,000,000 primary and \$10 million excess professional liability coverage, with a \$50,000 deductible.

2.11 No Termination. No major retailer (\$100k or more in annual net retained commissions) has given written or verbal notice to any Seller or Principal or has given Seller or Principal any reason to believe that such retailer intends to terminate or otherwise materially adversely change its business relationship with a Seller as a result of the transaction contemplated hereunder or for any other reason.

2.12 Employees. No Seller is a party to or bound by any collective bargaining agreement, nor has any Seller experienced any strikes or other collective bargaining disputes nor has there been, in the last five years, or is there pending or, to the knowledge of Seller or Principal, threatened, any labor dispute, walk-out, work stoppage, slow-down or lockout. To the knowledge of Seller, no organizational effort is presently being made or threatened by or on behalf of any labor union with respect to any Seller's employees.

2.13 No Ownership of Assets by Affiliates. No owner of a Seller owns any of the assets used in the business conducted by any Seller.

2.14 Specific Contracts. Except as set forth on Schedule 2.14 attached hereto, no Seller (or, in the case of agreements described in Section 2.14(a), Principal) is a party to any of the following:

(a) Any agreement (i) that contains any express restriction on the ability of a Seller, Principal or any of the Purchaser Employees to compete or to provide any products or services generally or in any market segment or any geographic area, (ii) that contains any express restriction on Seller or Principal soliciting or accepting any business from any person or soliciting any person for employment or hiring any person or (iii) that would obligate a Seller, Principal or any of the Purchaser Employees to provide its or their services or products to

a counterparty on terms at least as favorable to such counterparty as, or otherwise by comparison to, those which are offered to any other counterparty.

(b) any partnership, strategic alliance or joint venture agreement.

(c) any agreement or license pursuant to which a Seller obtains any intellectual property that is necessary for the marketing, distribution or sale of any of its products or pursuant to which a Seller has granted exclusive rights to any intellectual property of a Seller.

(d) any agreement relating to the employment, engagement or termination of any employee, including deferred compensation, severance agreements, non-solicitation agreements or non-competition agreements.

2.15 Compliance with Law. Each Seller is in compliance with all laws, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended, that are applicable to the ownership or use of any of the Acquired Assets or the conduct of its business. Since January 1, 2010, no Seller has received any written notice from any governmental agency that it has violated any law or alleging that it has violated any law.

### 3. Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Sellers and Principal as of the date of this Agreement as follows:

#### 3.1 Corporate Status and Authority.

(a) The Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California.

(b) The Purchaser has the power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and each of the Ancillary Documents to which it is a party have been duly authorized by all necessary shareholder and board of director action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser, and each of the Ancillary Documents to which the Purchaser is a party will have been executed and delivered by the Purchaser as of the Closing.

(c) This Agreement constitutes, and each of the Ancillary Documents to which the Purchaser is a party at the Closing will constitute, the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with their terms, except as limited by laws affecting the enforcement of creditors' rights generally or by general equitable principles.



### 3.2 No Conflicts; Consents and Approvals, Etc.

(a) The execution, delivery and performance of this Agreement and each of the Ancillary Documents to which the Purchaser is a party by the Purchaser will not result in (i) any conflict with the articles of incorporation or bylaws of the Purchaser, (ii) any breach, or violation of or default under any law, statute, regulation, judgment, order, decree, license, mortgage, lease, agreement, deed of trust, indenture or other instrument to which the Purchaser is a party or by which the Purchaser or any of its properties or assets are bound, or (iii) the creation or imposition of any Lien on any of the assets of Purchaser or the Acquired Assets.

(b) Except as set forth on Schedule 3.2(b), no consent, approval or authorization of or filing with any third party or Governmental Authority is required on the part of the Purchaser in connection with the execution and delivery of this Agreement or the Ancillary Documents to which the Purchaser is a party or the consummation of the transactions contemplated hereby and thereby.

3.3 Litigation. There are no judicial or administrative actions, proceedings or investigations pending against the Purchaser or, to the knowledge of the Purchaser, threatened against the Purchaser. The Purchaser is not subject to an order or a party to a settlement agreement or corporate integrity agreement with a Governmental Authority, nor, to the knowledge of the Purchaser, is any such order or agreement being threatened against the Purchaser.

3.4 Brokers. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried out without the intervention of any person acting on behalf of the Purchaser in such manner as to give rise to any claim against the Purchaser or the Seller for any brokerage or finder's commission, fee or similar compensation.

3.5 Financial Statements. Attached as Schedule 3.5 hereto are (a) an internally prepared balance sheet and related statement of operating income of the Purchaser for the eleven months ended November 30, 2012 ("Purchaser Stub Period Financials") ( a final balance sheet and related statement of operating income as of December 31, 2012 will be provided within 45 days after the date hereof) and (b) an unaudited balance sheet and related statement of operating income of the Purchaser for the 12 month period ended December 31, 2011 as prepared by the Purchaser's certified public accountant (collectively, the "Purchaser Financial Statements"). The Purchaser Financial Statements have been prepared in accordance with generally accepted accounting principles. The Purchaser Financial Statements fairly present in all material respects the assets and liabilities of the Purchaser as of the dates thereof and the results of the Purchaser's operations for the periods then ended. The Purchaser Stub Period Financials lack footnotes and are subject to normal year-end adjustments in the ordinary course of business, which will not be material.

3.6 Taxes. Except as reflected or reserved against in the Purchaser Financial Statements or on the books of the Purchaser, there are no Taxes that are attributable to periods up to and including the Closing for which the Purchaser could be held liable (or that could become a Lien on the assets of the Purchaser) that have not been or will not be paid by the Purchaser. Prior to the Closing Date, the Purchaser shall have filed all Tax returns required to be

filed prior to the Closing Date under applicable law, and all such Tax returns will have been complete and correct in all material respects.

3.7 Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, the Purchaser shall (a) be able to pay its debts as they become due; and (b) own assets which have a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities). No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Purchaser.

3.8 Capitalization of the Purchaser; No Equity Rights. Schedule 3.8 attached hereto sets for the authorized capital stock of the Purchaser, the number of shares of stock of the Purchaser issued and outstanding and the names of the holders of such outstanding shares. No shares are held in the Purchaser's treasury. Except as set forth in Schedule 3.8 attached hereto, no subscriptions, options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating the Purchaser, or any other person, contingently or otherwise, to issue or sell, or cause to be issued or sold, any shares of the capital stock of the Purchaser, or any securities convertible into or exchangeable for any capital stock of the Purchaser, are outstanding, and no authorization therefor has been given. There are no outstanding contractual or other rights or obligations to or of the Purchaser or any other person to repurchase, redeem, or otherwise acquire any capital stock or equity interests in the Purchaser, except as set forth in the Shareholders Agreement of Brown and Riding Insurance Services, Inc., dated as of October 15, 2006.

#### 4. Covenants.

4.1 Satisfaction of Closing Conditions. The parties shall use their commercially reasonable efforts to bring about the satisfaction as soon as possible of all the terms and conditions contained in this Agreement. Without limiting the generality of the foregoing, the parties shall request and shall use commercially reasonable efforts promptly to obtain such consents, authorizations and approvals from such third parties and governmental authorities as shall be necessary to permit the consummation of the transactions contemplated by this Agreement.

4.2 Conduct of Business, Etc by the Sellers. From the date hereof until the Closing, except for (i) entering into and performing its obligations under this Agreement, (ii) the effect of the consummation of the transactions contemplated hereby, or (iii) as otherwise consented to by the Purchaser in writing, such consent not to be unreasonably withheld, the Sellers shall:

(a) conduct their business in the ordinary course in substantially the same manner in which it previously has been conducted;

(b) not permit or allow any of the Acquired Assets to be subjected to any Lien;

(c) not amend any of the Assumed Contracts;

(d) not dispose or agree to dispose of any Acquired Asset other than dispositions of obsolete assets in the ordinary course of business consistent with past practice; and

(e) not enter into any agreement which would be binding upon any Acquired Asset after the Closing.

4.3 Access and Information. From the date hereof until the Closing, the Sellers shall give to the Purchaser and its representatives access upon prior notice and at reasonable times to the books and records of the Sellers as the Purchaser may reasonably request. From the date hereof until the Closing, the Purchaser shall give to the Sellers and their representatives access upon prior notice and at reasonable times to the books and records of the Purchaser as the Sellers may reasonably request.

#### 4.4 Tax Matters.

##### 4.4.1 Taxes Payable

(a) The Sellers shall prepare and file all Tax returns with respect to the Acquired Assets for any taxable period (or portion thereof) ending prior to the Closing Date (each, a "Pre-Closing Tax Period"). The Sellers shall be liable for and shall pay any and all Taxes related to the Acquired Assets for all Pre-Closing Tax Periods. The Purchaser shall prepare and file all Tax returns of the Purchaser with respect to the Acquired Assets for any taxable period (or portion thereof) beginning on or after the Closing Date (each, a "Post-Closing Tax Period"). The Purchaser shall be liable for and shall pay all Taxes related to the Acquired Assets for all Post-Closing Tax Periods during which the Purchaser owns the Acquired Assets. For purposes hereof, any personal property tax for the month in which the Closing occurs shall be pro-rated between the Pre-Closing Period and the Post-Closing Period based on the number of days in the month or year, as applicable to each such taxable period.

(b) Notwithstanding anything else in this Agreement to the contrary, the Sellers shall pay on a timely basis all applicable transfer, sales, use, recording, registration and other similar Taxes (excluding any income or similar Taxes) (collectively, the "Transfer Taxes") arising out of the sale of the Acquired Assets to the Purchaser, if any; provided, however, the Purchaser shall pay all Transfer Taxes, if any, on the portion of the Purchase Price allocated to fixed assets of the Sellers in excess of the book value of such assets on the current books of the Sellers. The Purchaser and the Sellers shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any Transfer Taxes that become payable in connection with the transactions contemplated by this Agreement. The party that is legally responsible (the "Preparing Party") under the applicable laws for the filing of a Tax return relating to a Transfer Tax (a "Transfer Tax Return") shall prepare and file such Transfer Tax Return. The Preparing Party shall deliver drafts of all such Transfer Tax Returns to the other party (the "Non-Preparing Party") for its review at least thirty (30) days prior to the due date of any such Transfer Tax Return (taking into account valid extensions); provided, however, that such drafts of any such Transfer Tax Returns shall be subject to the Non-Preparing Party's review and approval, which approval shall not be unreasonably withheld or delayed. If the Non-Preparing Party disputes any item on such Transfer Tax Return, it shall notify the Preparing Party (by written notice within ten (10) days of

receipt of the draft Transfer Tax Return) of such disputed item (or items) and the basis for its objection. If the Non-Preparing Party does not object by written notice within such period, the Transfer Tax Return shall be deemed to have been accepted and agreed upon, and final and conclusive, for all purposes hereof. The parties shall act in good faith to resolve any such dispute prior to the date on which the Transfer Tax Return is required to be filed. No later than two (2) days prior to the filing of such Tax return, the Non-Preparing Party shall pay the Preparing Party in immediately available funds the portion of the Tax liability shown on the Transfer Tax Return approved in accordance with this subsection which is the responsibility of the Non-Preparing Party under this Section 4.4.1(b). Subject to the preceding sentence, the Preparing Party shall pay or cause to be paid all Taxes due and payable in respect of all such Transfer Tax Returns.

(c) The Sellers or the Purchaser, as the case may be, shall reimburse any portion of Tax paid by one party which is the responsibility of the other party in accordance with the terms of this Section 4.4. Within a reasonable time prior to the payment of any such Tax, the party paying such Tax shall give notice to the other party of the Tax payable and the portion which is the liability of each party, although failure to do so will not relieve the other party from its liability hereunder.

(d) Each party shall promptly notify the other in writing upon receipt by a party of notice of any pending or threatened federal, state, local or foreign Tax audits, examinations, compliance checks or assessments which may materially affect the Tax liabilities which are the responsibility of the other party pursuant to this Section 4.4. The Sellers shall have the sole right to control any Tax audit or administrative or court proceeding relating to any Pre-Closing Tax Periods or Transfer Taxes, and to employ counsel of its choice at its expense. If the audit, examination or proceeding for Transfer Taxes is brought against the Purchaser, the Sellers shall bear all costs and fees, if any, of the Purchaser in participating in any such audit, examination or proceeding. The Purchaser shall have the sole right to control any Tax audit or administrative or court proceeding relating to any Post-Closing Tax Periods or Transfer Taxes, and to employ counsel of its choice at its expense.

(e) After the Closing, each of the Sellers and the Purchaser shall, as reasonably requested by the other party: (i) cooperate with the other party in preparing any Tax returns relating to the Acquired Assets which such other party is responsible for preparing and filing; (ii) cooperate in preparing for any audit of, or dispute with any Governmental Authority regarding, and any judicial or administrative proceeding relating to, liability for Taxes, in the preparation or conduct of litigation or investigation of claims, and in connection with the preparation of financial statements or other documents to be filed with any Governmental Authority, in each case relating to the Acquired Assets; (iii) provide timely notice to the other in writing of any pending or threatened Tax audits, examinations, compliance checks or assessments relating to the Acquired Assets for taxable periods (or Transfer Taxes) for which the other party is responsible under this Section 4.4; and (iv) furnish the other with copies of all correspondence received from any taxing authority in connection with any Tax audit, examinations, compliance checks or information request with respect to any Tax periods for which the other is responsible under this Section 4.4. Any information obtained pursuant to this Section 4.4 or pursuant to any other Section hereof providing for the sharing of information or review of any Tax return or other schedule relating to Taxes shall be kept confidential by the parties, except to the extent such information is required to be disclosed by law.

4.4.2 Tax Refunds. Any Tax refunds (including any penalties and interest related thereto) received by a party or its affiliates or successors, relating to Taxes such party or its affiliates have paid (without reimbursement from the other party) shall be for the account of the receiving party. Any Tax refunds (including any penalties and interest related thereto) received by a party, its affiliates or successors, relating to Taxes that the other party or its affiliates have paid (or for which the other party has reimbursed the receiving party), shall be for the account of the party that paid or reimbursed such Taxes and the receiving party shall pay over to the other party any such amount, within ten (10) business days of receipt thereof.

4.5 Publicity. No press release or public announcement related to this Agreement, or the transactions contemplated hereby, shall be issued or made without the joint written approval of the Principal and the Purchaser.

4.6 Tail Policy. For a period of three years after the Closing, Sellers shall maintain errors and omissions insurance policies providing for a minimum of \$5 million primary and \$10 million excess professional liability coverage with a \$50,000 deductible.

5. **Employees and Employee Benefit Plans.**

5.1 General. The Purchaser shall offer at-will employment to each employee of the Sellers who is identified on Schedule 5.1 and employed by the Sellers immediately prior to the Closing (collectively, the "Employees"). Schedule 5.1 includes each Employee's status and their current compensation. (As used herein, "Purchaser Employees" shall mean Employees who accept employment with the Purchaser.)

5.2 Employment at Will. Nothing herein shall be construed as giving any Purchaser Employee any right to continued employment with the Purchaser following the Closing Date.

5.3 WARN or Other Required Notices to Employees. The Sellers shall make any notices required by the Workers Adjustment Retraining Notification Act or other similar applicable domestic or foreign law, regulation or ordinance prior to the Closing Date in respect of the Employees.

5.4 Allocation of Certain Liabilities; Vacation, Sick and Severance Pay.

(a) The Sellers shall retain and be responsible for all liabilities in connection with claims incurred and other liabilities with respect to any of its employees or former employees and their eligible dependents, including, without limitation, (i) any liabilities under any of the Sellers' employee welfare benefit plans (as described in Section 3(1) of ERISA), whether the claim is filed following the Closing Date, and (ii) any payments owed to an employee of the Sellers upon termination of such employee by the Sellers, including any payments owed by the Sellers to a Purchaser Employee upon termination of such employee.