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06 OCT 18 AM 11:27
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The Otto Law Group, PLLC
mrasmussen@ottolaw.com

October 17, 2006

VIA OVERNIGHT DELIVERY

Florida Department of State
Registration Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

**Re: SENTINELA, LLC. and SECURE ASSET REPORTING SERVICES,
INC., Articles of Merger**

Dear Sir or Madam:

Enclosed please find duplicate originals of Articles of Merger for the above named entities. Please file one original of the Articles of Merger, and date-stamp and return the other to the address on this letterhead.

Also enclosed please find a check payable to the Florida Department of State for \$43.75 in payment of the filing and certified copy fee pursuant to the merger of two entities.

Please contact the undersigned if you have further questions.

Sincerely yours,



Michele Rasmussen

Enclosures

ARTICLES OF MERGER
OF
SENTINELA, LLC
a Florida limited liability company
(the disappearing company)

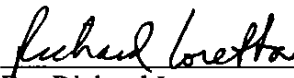
with
SECURE ASSET REPORTING SERVICES, INC.,
an Alaska corporation
(the surviving corporation)

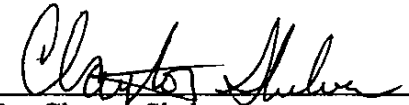
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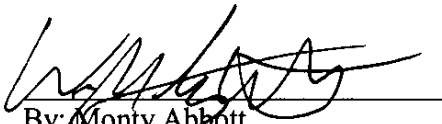
To the Secretary of State
State of Florida

Pursuant to the provisions of the Florida Corporate Code, Sentinela, LLC, a Florida limited liability company (disappearing corporation) (referred to herein as "Sentinela") and Secure Asset Reporting Services, Inc., an Alaska corporation (surviving corporation) (referred to herein as "SARS") and wholly owned subsidiary of Veritas Solutions, Inc., a Washington corporation ("VSI"), hereby submit the following Articles of Merger:

1. Plan of Merger. The Plan of Merger attached hereto and made a part hereof to these Articles of Merger as Exhibit A, is the Plan of Merger for merging Sentinela with and into SARS.
2. Effective Time. The merger shall become effective on the date on which these Articles of Merger are filed with the Secretary of State of the State of Florida.
3. Address of Surviving Entity. Secure Asset Reporting Services, Inc., C/o Veritas Solutions, Inc., 1894 SE Sedgwick Road, Bldg. 104, Suite 216, Port Orchard, WA 98366.


By: Richard Loretta,
CEO, Sentinela


By: Clayton Shelver
President, SARS


By: Monty Abbott
President and CEO, VSI

**SECURE ASSET REPORTING SERVICES, INC.
OFFICER'S CERTIFICATE**

The undersigned, Clayton Shelver, the duly elected and incumbent President of Secure Asset Reporting Services, Inc., an Alaska corporation (the "Company"), pursuant to the Agreement and Plan of Merger (the "Agreement") dated October 17, 2006 (the "Effective Date"), by and between, Sentinela, LLC, a Florida limited liability company ("Sentinela") and the Company, hereby certifies that:

1. The total number of outstanding shares of each class entitled to vote on the Agreement is one (1).

2. The principal terms of the agreement in the form attached hereto as Exhibit A were approved by one (1) share of common stock which exceeded the required vote.

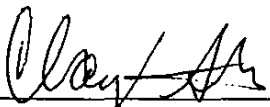
3. The Company has one (1) class of common stock that is entitled to vote. The percentage vote required by this class is greater than fifty (50%) percent; one hundred (100%) was obtained and a unanimous approval of the Agreement resulted.

4. The representations and warranties contained in Section 1 (as they relate to the Company) of the Agreement were true in all material respects when made and are true in all material respects on and as of the date of this Certificate with the same effect as though made as of the date hereof.

5. The Company is duly organized and in good standing under the laws of the State of Alaska and each jurisdiction where it conducts business on the Effective Date, and there is no proceeding for the dissolution or liquidation of the Company on the Effective Date;

6. The Company has performed in all material respects all agreements and obligations and has complied in all material respects with all obligations and conditions contained in the Agreement to be performed and complied with by it at or prior to the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 17th day of October, 2006.

By: 
Clayton Shelver

**SENTINELA, LLC
OFFICER'S CERTIFICATE**

The undersigned, Richard Loretta, the duly elected and incumbent Managing Member of Sentinela, LLC, a Florida limited liability company (the "Company"), pursuant to the Agreement and Plan of Merger (the "Agreement") dated October 17, 2006 (the "Effective Date"), by and between, Secure Asset Reporting Services, Inc., an Alaska corporation ("SARS") and the Company, hereby certifies that:

1. The principal terms of the agreement in the form attached hereto as Exhibit A were approved by all membership units which exceeded the required vote.

2. The Company requires that a majority vote and approve the Agreement in order for the Agreement to be effective. The company obtained a unanimous approval of the Agreement.

3. The representations and warranties contained in Section 2 (as they relate to the Company) of the Agreement were true in all material respects when made and are true in all material respects on and as of the date of this Certificate with the same effect as though made as of the date hereof.

4. The Company is duly organized and in good standing under the laws of the State of Florida and each jurisdiction where it conducts business on the Effective Date, and there is no proceeding for the dissolution or liquidation of the Company on the Effective Date.

5. The Company has performed in all material respects all agreements and obligations and has complied in all material respects with all obligations and conditions contained in the Agreement to be performed and complied with by it at or prior to the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 17th day of October, 2006.

By: Richard Loretta
Richard Loretta

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger ("Agreement"), is made and entered into this 17th day of October 2006, by and among **Sentinela, LLC**, a Florida limited liability company ("**SENTINELA**"), **Secure Asset Reporting Services, Inc.**, an Alaska corporation ("**SARS**"), and **Veritas Solutions, Inc.**, a Washington corporation ("**VSI**"). **SENTINELA**, **SARS** and **VSI** are hereinafter at times collectively referred to as the "**Parties**."

RECITALS:

A. **VSI** desires to acquire all of the membership interests of **SENTINELA** through the merger of **SENTINELA** with and into **SARS** (the "**Merger**"), with **SARS** as the surviving corporation of the Merger.

B. It is the intention of the Parties that the Merger shall qualify as a transaction in securities exempt from registration or qualification under the Securities Act of 1933, as amended, and under the applicable securities laws of each state or jurisdiction where the **SENTINELA** Members (as defined herein) reside.

C. The board of directors of each of **VSI** and **SARS** and the managers of **SENTINELA** each deem it to be in the best interests of **VSI**, **SARS**, **SENTINELA** and their respective shareholders and members to consummate the Merger, as a result of which **SARS** shall acquire all of the assets of **SENTINELA**.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained in this Agreement, the parties hereto agree as follows:

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

"**ABCA**" means the Business Corporations Act in the State of Alaska.

"**Applicable Law**" means any domestic or foreign law, statute, regulation, rule, policy, guideline or ordinance applicable to the businesses of the Parties, the Merger and/or the Parties.

"**Articles of Merger**" shall mean the certificate of merger of **SENTINELA** with and into **SARS** pursuant to the **ABCA** and the **FBCA**.

"**Business Day**" shall mean any day, excluding Saturday or Sunday or any other day on which national banks located in New York, New York shall be closed for business.

"**Dollar**" and "**\$**" mean lawful money of the United States of America.

"**Effective Date**" shall mean September 30, 2006.

"Effective Time" shall mean the date upon which the Merger of SENTINELA into SARS shall be consummated pursuant to the filing of the Articles of Merger with the Secretaries of State of the States of Florida and Alaska.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FBCA" means the Business Corporations Act in the State of Florida.

"GAAP" means generally accepted accounting principles in the United States of America as promulgated by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or any successor Institutes concerning the treatment of any accounting matter.

"Knowledge" means the knowledge after reasonable inquiry.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset.

"Material Adverse Effect" with respect to any entity or group of entities means any event, change or effect that has or would have a materially adverse effect on the financial condition, business or results of operations of such entity or group of entities, taken as a consolidated whole.

"Merger Shares" shall mean that number of shares of VSI Common Stock to be issued to the SENTINELA Interest Holders, as defined herein, on the Closing Date and as at the Effective Time of the Merger, as contemplated by this Agreement; it being the intention of the Parties that an aggregate of seven hundred and twenty thousand (720,000) Merger Shares shall be issued to the SENTINELA Interest Holders.

"Person" means any individual, corporation, partnership, trust or unincorporated organization, or a government or any agency or political subdivision thereof.

"Securities Act" means the Securities Act of 1933, as amended.

"SENTINELA Managers" shall mean any one of the managers, the President and Chief Executive Officer, respectively, of SENTINELA.

"SENTINELA Members" shall mean any one of the SENTINELA Interest Holders of SENTINELA.

"SENTINELA Interests" or **"SENTINELA Membership Interests"** means, as at the date in question, all of the membership interests of SENTINELA.

"SENTINELA Interest Holders" means the collective reference to all of the holders of the SENTINELA Interests at the Effective Time of the Merger, including the SENTINELA Managers.

"Sophisticated Investor Questionnaire" means those certain documents provided to VSI by the SENTINELA Members establishing accredited investor status as defined in Section 4(2) of the Securities Act.

"Stock Subscription Agreement" means that certain agreement by and between VSI and the SENTINELA Interest Holders providing for the acquisition by the SENTINELA Interest Holders of the VSI Common Stock.

"Surviving Entity" shall mean SARS as the surviving entity in the Merger as provided in Section 1.1.

"Tax" (and, with correlative meaning, **"Taxes"** and **"Taxable"**) means:

(i) any income, alternative or add-on minimum tax, gross receipts tax, sales tax, use tax, ad valorem tax, transfer tax, franchise tax, profits tax, license tax, withholding tax, payroll tax, employment tax, excise tax, severance tax, stamp tax, occupation tax, property tax, environmental or windfall profit tax, custom, duty or other tax, impost, levy, governmental fee or other like assessment or charge of any kind whatsoever together with any interest or any penalty, addition to tax or additional amount imposed with respect thereto by any governmental or Tax authority responsible for the imposition of any such tax (domestic or foreign), and

(ii) any liability for the payment of any amounts of the type described in clause (i) above as a result of being a member of an affiliated, consolidated, combined or unitary group for any Taxable period, and

(iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify any other person.

"Tax Return" means any return, declaration, form, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"VSI Common Stock" shall mean the shares of common stock of VSI, zero par value per share.

"VSI Fully-Diluted Common Stock" means, as at the time in question, the maximum number shares of VSI Common Stock that are issued and outstanding, *after giving effect to:* (a) the issuance of all of the Merger Shares; and (b) the issuance of any other shares of VSI Common Stock that are issuable upon conversion of any VSI notes or shares of VSI Preferred Stock, or upon the exercise of options, warrants or other rights to purchase shares of VSI capital stock, but only to the extent that such securities are (i) outstanding as at the Effective Time of the Merger, or (ii) issued subsequent to the Effective Time of the Merger.

“VSI Preferred Stock” means the shares of blank check preferred stock of VSI, zero par value per share.

“WBCA” means the Business Corporation Act of the State of Washington.

THE MERGER

SECTION 1. THE MERGER; EFFECTIVE TIME.

1.1 **The Merger.** At the Effective Time and subject to and upon the terms and conditions of this Agreement, SENTINELA shall merge with and into SARS in accordance with the provisions of the ABCA and FBCA, the separate corporate existence of SENTINELA shall cease and SARS shall continue as the Surviving Entity. The Effective Time of the Merger shall occur upon the filing of the Articles of Merger executed in accordance with the applicable provisions of the ABCA and FBCA with the Secretaries of State of the States of Alaska and Florida, or at such later time as may be agreed to by SENTINELA and SARS and specified in the Certificate of Merger subject to the satisfaction or waiver of each of the conditions set forth in Section 4. Provided that this Agreement has not been terminated, the Parties will cause the Articles of Merger to be filed at Closing as hereafter defined in Section 1.3.

(a) Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the WBCA, ABCA, and FBCA, at the Effective Time all SENTINELA Membership Interests shall be converted into the right to receive the Merger Shares and the additional consideration as defined in Section 1.2.

(b) **Exchange Agent.** The Otto Law Group, PLLC shall act as the exchange agent (the **“Exchange Agent”**) for the purpose of exchanging the assigned SENTINELA Membership Interests for the Merger Shares. At or within thirty (30) days after the Effective Date, VSI shall deliver to the Exchange Agent certificates evidencing the Merger Shares. The Merger Shares issued at the Effective Time of the Merger shall be registered in the names of the SENTINELA Interest Holders in such amounts and proportions as are set forth on Schedule 1.1 annexed hereto and made a part hereof.

1.2 Conversion of Membership Interests.

(a) **Conversion of SENTINELA Membership Interests.** At the Effective Time, by virtue of the Merger and without any action on the part of VSI, SARS, SENTINELA or the holders of any of their respective membership interests:

(i) **Consideration.** Each of the SENTINELA Interests outstanding immediately prior to the Effective Time shall be assigned to VSI and converted into, and represent the right to receive a portion of the following consideration in, such amounts and proportions as are set forth on Schedule 1.2:

(a) a promissory note for One Hundred Thousand United States Dollars (\$100,000), a form of which is attached hereto as Exhibit A (the "Note"). The material terms of the Note will be as follows: (i) the Note will provide an annual interest of zero percent (0%), and (ii) a maturity date of December 15, 2006;

(b) seven hundred twenty thousand (720,000) shares of VSI Common Stock; and

(c) eight percent (8%) Cumulative Series B Convertible Preferred shares ("**Series B Preferred**"). The material terms of the Series B Preferred will be as follows: (i) the Series B Preferred will provide an annual interest of eight percent (8%), accrued quarterly; (ii) the principal, in the amount of One Hundred and Forty Thousand Dollars (\$140,000), at a price of Fifty Cents (\$0.50) per share (the "**Conversion Price**"); (iii) the Series B Preferred will provide anti-dilution protection such that the Conversion Price shall be reduced in accordance with the lowest share price provided in any future financings if issued, or convertible into, a per share price below the Conversion Price; (iv) five (5) years following the Closing Date the SENTINELA Interest Holders shall have the option to require VSI to redeem the Series B Preferred, if not otherwise converted to common stock of the VSI, for an amount equal to the principal plus any accrued interest; and (v) if the Series B Preferred is converted, it must be converted in its entirety and no partial conversions shall be allowed. The terms of the Series B Preferred shall be as set forth on the Series B Preferred designation attached hereto as Exhibit B.

(ii) All SENTINELA Membership Interests shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist. Each holder of any such SENTINELA Interest shall cease to have any rights with respect thereto, except the right to receive the Merger Shares to be issued pursuant to this Section 1.2(a) (fractional shares may be issued rounded to the hundredth decimal point) upon the surrender of membership interests in accordance with Section 1.8, without interest.

(b) Exemption from Registration. The Parties intend that the Merger Shares to be issued by VSI to the SENTINELA Interest Holders shall be exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of the Securities Act to SENTINELA Security Holders and the rules and regulations promulgated thereunder.

1.3 Closing.

The closing of the Merger (the "**Closing**") will take place at the offices of The Otto Law Group, PLLC, counsel to VSI and SARS, at their office in Seattle, Washington, within one (1) Business Day following the satisfaction or waiver of the conditions precedent set forth in Section 4 or at such other date as VSI, SARS and SENTINELA shall agree (the "**Closing Date**"), but in no event shall the Closing Date occur later than October 17, 2006.

1.4 Effect Of The Merger.

The Merger shall have the effect set forth in Section 608 of the FBCA and Title 10 of the ABCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of SENTINELA and SARS shall vest in the Surviving Entity, and all debts, liabilities and duties of SENTINELA and SARS shall become the debts, liabilities and duties of the Surviving Entity.

1.5 Certificate Of Incorporation and Bylaws; Directors And Officers. Prior to the Effective Time of the Merger:

(a) The Certificate of Incorporation of SARS shall be the Certificate of Incorporation of SARS following the Merger. The Bylaws of SARS shall be the Bylaws of SARS following the Merger.

(b) Subsequent to the Merger, SENTINELA shall have the right to appoint one (1) designee to the SARS Board of Directors. Such member of the Board of Directors shall serve until the earlier of their death, resignation or removal or until the next annual meeting of the stockholders of SARS, when their respective successors are duly appointed and qualified.

1.6 Further Actions.

(a) If, at any time after the Effective Time, the Surviving Entity considers or is advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm (of record or otherwise) in the Surviving Entity its right, title or interest in, to or under any of the rights, properties, or assets of SENTINELA, or otherwise to carry out the intent and purposes of this Agreement, the officers and directors of the Surviving Entity will be authorized to execute and deliver, in the name and on behalf of each of SENTINELA, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of SENTINELA, all such other actions and things as the Board of Directors of the Surviving Entity may determine to be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Entity or otherwise to carry out the intent and purposes of this Agreement.

(b) Termination of Merger. In the event SENTINELA Interest Holders demand dissenter's rights that result in SENTINELA repurchasing SENTINELA Interests that are cumulatively in excess of One Hundred Thousand Dollars (\$100,000), the Merger will be terminated, unless the Parties waive such term.

1.7 Restrictions On Resale

(a) The Merger Shares. The Merger Shares will not be registered under the Securities Act, or the securities laws of any state, and cannot be transferred, hypothecated, sold or otherwise disposed of until: (i) a registration statement with respect to such securities is declared effective under the Securities Act, or (ii) VSI receives an opinion of counsel for the stockholder,

reasonably satisfactory to counsel for VSI, that an exemption from the registration requirements of the Securities Act is available.

The certificates representing the Merger Shares to be issued on the Effective Time pursuant to this Agreement shall contain a legend substantially as follows:

“THE SECURITIES WHICH ARE REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNTIL A REGISTRATION STATEMENT WITH RESPECT THERETO IS DECLARED EFFECTIVE UNDER SUCH ACT, OR VERITAS SOLUTIONS, INC. RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER REASONABLY SATISFACTORY TO COUNSEL FOR VERITAS SOLUTIONS, INC. THAT AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT IS AVAILABLE.”

1.8 Exchange.

(a) After the Effective Time and pursuant to a customary letter of transmittal or other instructional form provided by the Exchange Agent to the SENTINELA Interest Holders, the SENTINELA Interest Holders shall be required to surrender documents evidencing the assignment of all their SENTINELA Interests to the Exchange Agent, and the SENTINELA Interest Holders shall be entitled upon such surrender to receive in exchange therefor certificates representing the proportionate number of Merger Shares into which the SENTINELA Interests theretofore represented by the stock transfer forms so surrendered shall have been exchanged pursuant to this Agreement. Until so surrendered, each outstanding interest which, prior to the Effective Time represented SENTINELA Interests, shall be deemed for all corporate purpose, subject to the further provisions of this Article I, to evidence the ownership of the number of whole Merger Shares for which such SENTINELA Interests have been so exchanged. No dividend payable to holders of Merger Shares of record as of any date subsequent to the Effective Time shall be paid to the owner of any certificate which, prior to the Effective Time, represented SENTINELA Interests until all SENTINELA Interests have been assigned, together with a stock transfer form, and are surrendered as provided in this Article I or pursuant to letters of transmittal provided by the Exchange Agent. A form of the SENTINELA Interest Holders assignment of membership interests is attached hereto as Exhibit C.

(b) All Merger Shares for which the SENTINELA Interests shall have been exchanged pursuant to this Article I shall be deemed to have been issued in full satisfaction of all rights pertaining to the SENTINELA Interests and when issued, shall be issued fully paid and non-assessable.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF SENTINELA

SENTINELA hereby represents and warrants as follows:

2.1 **Organization and Good Standing: Ownership of Shares.** SENTINELA is a limited liability company duly organized and validly existing under the laws of the State of Florida. There are no outstanding rights or other agreements obligating SENTINELA to issue, sell or transfer any interests of SENTINELA.

2.2 **Corporate Authority.** SENTINELA has the corporate power to enter into this Agreement and to perform its respective obligations hereunder. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have been duly authorized by the managers of SENTINELA. The execution and performance of this Agreement will not constitute a material breach of any agreement, indenture, mortgage, license or other instrument or document to which SENTINELA is a party and will not violate any judgment, decree, order, writ, rule, statute, or regulation applicable to SENTINELA or its properties. The execution and performance of this Agreement will not violate or conflict with any provision of the respective Operating Agreement of SENTINELA.

2.3 **Ownership of Shares.** The SENTINELA Interest Holders set forth on Schedule 2.3 are the owners of record and beneficially own all of the interests of SENTINELA.

2.4 **Financial Statements, Books and Records.** Schedule 2.4 consists of the unaudited financial statements (balance sheet, income statement, notes) of SENTINELA as of September 30, 2006 (the "Financial Statements"). The Financial Statements fairly represent the financial position of SENTINELA as at such dates and the results of their operations for the periods then ended. The Financial Statements were and will be prepared in accordance with generally accepted accounting principles applied on a consistent basis with prior periods except as otherwise stated therein; provided, however, that the Financial Statements will not, for these purposes, be required to include all footnotes customarily included under such generally accepted accounting principles. The books of account and other financial records of SENTINELA are in all respects complete and correct in all material respects and are maintained in accordance with good business and accounting practices. The Financial Statement is capable of being audited.

2.5 **Access to Records.** The corporate financial records and other documents and records of SENTINELA have been made available to VSI prior to the Closing hereof.

2.6 **No Material Adverse Changes.** Except as otherwise described on Schedule 2.6 hereto, since October 1, 2006, there has not been:

- (a) any material adverse change in the financial position of SENTINELA except changes arising in the ordinary course of business, which changes will in no event materially and adversely affect the financial position of SENTINELA;

(b) any damage, destruction or loss materially affecting the assets, prospective business, operations or condition (financial or otherwise) of SENTINELA whether or not covered by insurance;

(c) any declaration, setting aside or payment of any dividend or distribution with respect to any redemption or repurchase of SENTINELA membership interests;

(d) any sale of an asset (other than in the ordinary course of business) or any mortgage or pledge by SENTINELA of any properties or assets, other than as set forth in Sections 2.13 below; or

(e) adoption of any pension, profit sharing, retirement or similar plan or arrangement.

2.7 Taxes. SENTINELA, as of the Closing Date, has filed all material tax, governmental and/or related forms and reports (or extensions thereof) due or required to be filed and has (or will have) paid or made adequate provisions for all taxes or assessments which had become due as of or prior to October 1, 2006, and there are no deficiency notices outstanding.

2.8 Compliance with Laws. Except as set forth on Schedule 2.8, SENTINELA has complied with all federal, state, county and local laws, ordinances, regulations, inspections, orders, judgments, injunctions, awards or decrees applicable to it or its business which, if not complied with, would materially and adversely affect the business of SENTINELA.

2.9 No Breach. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not:

(a) violate any provision of the Operating Agreement of SENTINELA;

(b) violate, conflict with or result in the breach of any of the terms of, or result in a material modification of any contract, or otherwise give any other contracting party the right to terminate, or constitute (or with notice or lapse of time, or both constitute) a default under any contract or other agreement to which SENTINELA is a party or by or to which it or any of its assets or properties may be bound or subject;

(c) violate any order, judgment, injunction, award or decree of any court, arbitrator or governmental or regulatory body against, or binding upon, SENTINELA or upon the properties or business of SENTINELA; or

(d) violate any statute, law or regulation of any jurisdiction applicable to the transactions contemplated herein which could have a materially adverse effect on the business or operations of SENTINELA.

2.10 Actions and Proceedings. SENTINELA is not a party to any material pending litigation or, to its knowledge, any governmental investigation or proceeding not reflected in the SENTINELA Financial Statements, and to its best knowledge, no material litigation, claims, assessments or non-

governmental proceedings are threatened against SENTINELA except as set forth on Schedule 2.10 attached hereto and made a part hereof.

2.11 Agreements. Schedule 2.11 sets forth any material contract or arrangement to which SENTINELA is a party or by or to which it or its assets, properties or business are bound or subject, whether written or oral.

2.12 Brokers or Finders. No broker's or finder's fee will be payable by SENTINELA in connection with the transactions contemplated by this Agreement, nor will any such fee be incurred as a result of any actions by SENTINELA or any of its Members.

2.13 Real Estate. Except as set forth on Schedule 2.13, SENTINELA owns no real property nor is a party to any leasehold agreement.

2.14 Tangible Assets. Except as set forth on Schedule 2.14, SENTINELA has full title and interest in all machinery, equipment, furniture, leasehold improvements, fixtures, projects, owned or leased by SENTINELA, and/or any related capitalized items or other tangible property material to the business of SENTINELA (the "**Tangible Assets**"). SENTINELA holds all rights, title and interest in all the Tangible Assets owned by it on the Balance Sheet, or acquired by it after the date on the Balance Sheet, free and clear of all liens, pledges, mortgages, security interests, conditional sales contracts or any other encumbrances. All of the Tangible Assets are in good operating condition and repair, are usable in the ordinary course of business of SENTINELA, and conform to all applicable laws, ordinances and government orders, rules and regulations relating to their construction and operation.

2.15 Liabilities. Except as set forth on Schedule 2.15, SENTINELA does not have any direct or indirect indebtedness, liability, claim, loss, damage, deficiency, obligation or responsibility, known or unknown, fixed or unfixed, liquidated or unliquidated, secured or unsecured, accrued or absolute, contingent or otherwise, including, without limitation, any liability on account of taxes, or any governmental charge or lawsuit (all of the foregoing collectively defined to as "**Liabilities**"), which are not fully, fairly and adequately reflected on the Financial Statements except for a specific Liabilities set forth in the Unaudited Financial Statements. As of the date of Closing, SENTINELA will not have any Liabilities, other than Liabilities fully and adequately reflected on the Financial Statements except for Liabilities incurred in the ordinary course of business. There is no circumstance, condition, event or arrangement which may hereafter give rise to any Liabilities not in the ordinary course of business.

2.16 Operations of SENTINELA. From October 1, 2006 through the Closing Date, SENTINELA has not and will not have:

(a) incurred any indebtedness or borrowed money;

(b) declared or paid any dividend or declared or made any distribution of any kind to any shareholder, or made any direct or indirect redemption, retirement, purchase or other acquisition of any shares in its capital stock;

(c) made any loan or advance to any shareholder, officer, director, employee, consultant, agent or other representative, or made any other loan or advance otherwise than in the ordinary course of business;

(d) except in the ordinary course of business, incurred or assumed any indebtedness or liability (whether or not currently due and payable);

(e) disposed of any assets of SENTINELA except in the ordinary course of business, except as described in Schedule 2.16;

(f) materially increased the annual level of compensation of any executive employee of SENTINELA;

(g) increased, terminated, amended or otherwise modified any plan for the benefit of employees of SENTINELA;

(h) issued any equity securities or rights to acquire such equity securities; or

(i) except in the ordinary course of business, entered into or modified any contract, agreement or transaction.

2.17 Full Disclosure. No representation or warranty by SENTINELA in this Agreement or in any document or schedule to be delivered by them pursuant hereto, and no written statement, certificate or instrument furnished or to be furnished by SENTINELA pursuant hereto or in connection with the negotiation, execution or performance of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any fact necessary to make any statement herein or therein not materially misleading or necessary to a complete and correct presentation of all material aspects of the business of SENTINELA.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF VSI AND SARS

VSI hereby represents and warrants as to itself and SARS as follows:

3.1 Organization and Good Standing. VSI is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington. SARS is a corporation duly organized and validly existing under the laws of the State of Alaska. Each has the corporate power to own its own property and to carry on its business as now being conducted and is duly qualified to do business in any jurisdiction where so required except where the failure to so qualify would have no material negative impact.

3.2 Corporate Authority. Each has the corporate power to enter into this Agreement and to perform their respective obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of VSI as required by Washington law and the directors and shareholders of SARS as required by Alaska law. The execution and performance of this Agreement will not constitute a material breach of any agreement, indenture, mortgage, license or other instrument or document to

which VSI is a party and will not violate any judgment, decree, order, writ, rule, statute, or regulation applicable to VSI or its properties. The execution and performance of this Agreement will not violate or conflict with any provision of the respective Articles of Incorporation or Bylaws of VSI or SARS.

3.3 Capitalization; Exchange of VSI Shares by SENTINELA Interest Holders; VSI Merger Shares.

(a) As of the date of this Agreement, VSI is authorized to issue two hundred and fifty million (250,000,000) shares of VSI Common Stock, zero par value per share, and seventy-five million (75,000,000) shares of VSI Preferred Stock, zero par value per share, of which (i) thirty-one million (31,000,000) shares of VSI Common Stock; (ii) one (1) share of VSI Preferred Series A Stock; and (iii) zero (0) shares of VSI Preferred Series B Stock is issued and outstanding. As of the date of this Agreement: (i) there are approximately one hundred and twenty-nine (129) shareholders of record, and approximately eight million one hundred five hundred fifty-one (8,100,551) shares of VSI Common Stock are reserved for issuance pursuant to any convertible securities, options or warrants.

(b) Immediately after the Effective Time of the Merger, VSI will authorize the issuance of an aggregate of seven hundred and twenty thousand (720,000) shares of VSI Common Stock, \$0.001 par value per share, and one hundred forty thousand (140,000) shares of VSI Preferred Series B Stock, \$0.001 par value per share, of which an aggregate of (i) thirty-one million seven hundred and twenty thousand (31,720,000) shares of VSI Common Stock and (ii) one hundred forty thousand and one (140,001) shares of VSI Preferred Stock shall be issued and outstanding immediately prior to the Effective Time of the Merger.

(c) Immediately prior to the Effective Time of the Merger, SENTINELA shall provide to VSI completed and executed copies of the Sophisticated Investor Questionnaire and the Stock Subscription Agreement, for each of the SENTINELA Interest Holders named in Schedule 2.3.

(d) There are no outstanding warrants, issued stock options, stock rights or other commitments of any character relating to the issued or unissued shares of either Common Stock or Preferred Stock of VSI, other than those which are set forth in Section 3.3(e) below.

(e) At the Closing, the Merger Shares to be issued and delivered to the SENTINELA Interest Holders hereunder will, when so issued and delivered, constitute valid and legally issued shares of VSI Common Stock, fully paid and nonassessable.

3.4 VSI 2005 Balance Sheet and Liabilities.

(a) Schedule 3.4 consists of a statement of the assets and liabilities of VSI as at September 30, 2006 (the “**VSI 2005 Balance Sheet**”). Except as set forth on the VSI 2005 Balance Sheet or otherwise disclosed on Schedule 3.4, since October 1, 2006, VSI has no other assets and has incurred no other liabilities, debts or obligations, whether fixed, contingent or otherwise required to be set forth on a balance sheet prepared in accordance with GAAP. The books of

account and other financial records of VSI are in all respects complete and correct in all material respects and are maintained in accordance with good business and accounting practices.

3.5 No Material Adverse Changes. Except as set forth on Schedule 3.5 hereto, since October 1, 2006, there has not been:

(a) any material adverse changes in the financial position of VSI except changes arising in the ordinary course of business, which changes will in no event materially and adversely affect the financial position of VSI, and will be consistent with the representations made by VSI to SENTINELA;

(b) any damage, destruction or loss materially affecting the assets, prospective business, operations or condition (financial or otherwise) of VSI whether or not covered by insurance;

(c) any declaration setting aside or payment of any dividend or distribution with respect to any redemption or repurchase of VSI capital stock;

(d) any sale of an asset (other than in the ordinary course of business) or any mortgage pledge by VSI of any properties or assets;

(e) adoption or modification of any pension, profit sharing, retirement, stock bonus, stock option or similar plan or arrangement;

(f) except in the ordinary course of business, any indebtedness or liability incurred or assumed, whether or not currently due and payable;

(g) any loan or advance to any shareholder, officer, director, employee, consultant, agent or other representative or made any other loan or advance otherwise than in the ordinary course of business;

(h) any material increase in the annual level of compensation of any executive employee of VSI;

(i) except in the ordinary course of business, any contract, agreement or transaction entered into or modified, except as described in Schedule 3.5;

(j) any equity securities or rights to acquire equity securities issued other than as set forth in Schedule 3.5.

3.6 Taxes. VSI has timely filed all material tax, governmental and/or related forms and reports (or extensions thereof) due or required to be filed and has paid or made adequate provisions for all taxes or assessments which have become due as of the Closing Date, and there are no deficiencies outstanding.

3.7 Compliance with Laws. VSI has complied with all federal, state, county and local laws, ordinances, regulations, inspections, orders, judgments, injunctions, awards or decrees applicable to

it or its business, which, if not complied with, would materially and adversely affect the business of VSI or the trading market for the VSI Shares. VSI has complied with provisions for registration under the Securities Act and all applicable blue sky laws in connection with its public stock offering and there are no outstanding, pending or threatened stop orders or other actions or investigations relating thereto.

3.8 Actions and Proceedings. VSI is not a party to any material pending litigation or, to its knowledge, there are no governmental proceedings threatened against VSI, except as set forth on Schedule 3.8 attached hereto and made a part hereof.

3.9 Access to Records. The corporate financial records, minute books, and other documents and records of VSI have been made available to SENTINELA prior to the Closing hereof.

3.10 No Breach. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not:

- (a) violate any provision of the Articles of Incorporation or Bylaws of VSI;
- (b) violate, conflict with or result in the breach of any of the terms of, result in a material modification of, otherwise give any other contracting party the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default under, any contract or other agreement to which VSI is a party or by or to which it or any of its assets or properties may be bound or subject;
- (c) violate any order, judgment, injunction, award or decree of any court, arbitrator or governmental or regulatory body against, or binding upon, VSI or upon the securities, properties or business to VSI; or
- (d) violate any statute, law or regulation of any jurisdiction applicable to the transactions contemplated herein.

3.11 Brokers or Finders. No broker's or finder's fee will be payable by VSI in connection with the transactions contemplated by this Agreement, nor will any such fee be incurred as a result of any actions of VSI.

3.12 Authority to Execute and Perform Agreements. VSI has the full legal right and power and all authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. This Agreement has been duly executed and delivered and is the valid and binding obligation of VSI enforceable in accordance with its terms, except as may be limited by bankruptcy, moratorium, insolvency or other similar laws generally affecting the enforcement of creditors' rights. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and the performance by VSI of this Agreement, in accordance with its respective terms and conditions will not:

- (a) require the approval or consent of any governmental or regulatory body or the approval or consent of any other person;

(b) conflict with or result in any breach or violation of any of the terms and conditions of, or constitute (or with any notice or lapse of time or both would constitute) a default under, any order, judgment or decree applicable to VSI, or any instrument, contract or other agreement to which VSI is a party or by or to which VSI is bound or subject; or

(c) result in the creation of any lien or other encumbrance on the assets or properties of VSI.

3.13 Full Disclosure. No representation or warranty by VSI in this Agreement or in any document or schedule to be delivered by them pursuant hereto, and no written statement, certificate or instrument furnished or to be furnished by VSI pursuant hereto or in connection with the negotiation, execution or performance of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any fact necessary to make any statement herein or therein not materially misleading or necessary to complete and correct presentation of all material aspects of the business of VSI.

SECTION 4. CONDITIONS PRECEDENT

4.1 Conditions Precedent to the Obligation of SENTINELA. All obligations of SENTINELA and the SENTINELA Interest Holders under this Agreement are subject to the fulfillment, prior to or as of the Closing Date, as indicated below, of each of the following conditions (any one of which may be waived at Closing by SENTINELA):

(a) The representations and warranties by or on behalf of VSI contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof shall be true in all material respects at and as of Closing Date as though such representations and warranties were made at and as of such time.

(b) VSI shall have performed and complied in all material respects, with all covenants, agreements, and conditions set forth in, and shall have executed and delivered all documents required by this Agreement to be performed or complied with or executed and delivered by them prior to or at the Closing.

(c) On the Closing Date, an executive officer of VSI shall have delivered to SENTINELA a certificate, duly executed by such Person and certifying that, to the best of such Person's knowledge and belief, the representations and warranties of VSI set forth in this Agreement are true and correct in all material respects.

(d) On or before the Closing, the Board of Directors and the shareholders of VSI shall have approved, in accordance with Washington law, the execution, delivery and performance of this Agreement, the consummation of the transaction contemplated herein, and shall have authorized all of the necessary and proper action to enable VSI to comply with the terms of the Agreement.

(e) The Merger shall be permitted by Washington, Alaska and Florida law and VSI shall have sufficient shares of VSI Common Stock authorized to complete the Merger.

(f) At the Closing, all instruments and documents delivered to SENTINELA and the SENTINELA Interest Holders pursuant to provisions hereof shall be reasonably satisfactory to legal counsel for SENTINELA.

(g) The Merger Shares to be issued to the Members of SENTINELA at Closing will be validly issued, nonassessable and fully paid under the FBCA and will be issued in a non-public offering and exempt merger transaction in compliance with all federal and state securities laws, bearing a restrictive legend, as is more fully set forth herein.

4.2 Conditions Precedent to the Obligations of VSI. All obligations of VSI under this Agreement are subject to the fulfillment, prior to or at Closing, of each of the following conditions (any one of which may be waived at Closing by VSI):

(a) The representations and warranties by SENTINELA contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof shall be true in all material respects at and as of the Closing as though such representations and warranties were made at and as of such time;

(b) SENTINELA and the SENTINELA Interest Holders shall have performed and complied with, in all material respects, all covenants, agreements, and conditions set forth in, and shall have executed and delivered all documents required by this Agreement to be performed or complied or executed and delivered by them prior to or at the Closing;

(c) On the Closing Date, one of the SENTINELA Principal Executive Officers shall have delivered to VSI a certificate, duly executed by such Person and certifying, that to the best of such Person's knowledge and belief, the representations and warranties of SENTINELA set forth in this Agreement are true and correct in all material respects; and

(d) The holders of the SENTINELA Membership Interests shall have approved, ratified and confirmed this Agreement, the Merger, and all of the transactions contemplated hereby, all in accordance with applicable Washington, Alaska and Florida law.

SECTION 5. COVENANTS

5.1 Corporate Examinations and Investigations. Prior to the Closing Date, the parties acknowledge that they have been entitled, through their employees and representatives, to make such investigation of the assets, properties, business and operations, books, records and financial condition of the other as they each may reasonably require. No investigations, by a party hereto shall, however, diminish or waive any of the representations, warranties, covenants or agreements of the party under this Agreement.

5.2 Further Assurances. The Parties shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof

and the transactions contemplated hereby. Each such Party shall use its best efforts to fulfill or obtain the fulfillment of the conditions to the Closing, including, without limitation, the execution and delivery of any documents or other papers, the execution and delivery of which are necessary or appropriate to the Closing.

5.3 Confidentiality. In the event the transactions contemplated by this Agreement are not consummated, VSI, SARS and SENTINELA agree to keep confidential any information disclosed to each other in connection therewith for a period of three (3) years from the date hereof; provided, however, such obligation shall not apply to information which:

- (i) at the time of the disclosure was public knowledge;
- (ii) is required to be disclosed publicly pursuant to any applicable Federal or state securities laws;
- (iii) after the time of disclosure becomes public knowledge (except due to the action of the receiving party);
- (iv) the receiving party had within its possession at the time of disclosure; or
- (v) is ordered disclosed by a Court of proper jurisdiction.

5.4 Stock Certificates. Within thirty (30) days of the Closing, the SENTINELA Interest Holders shall have assigned their SENTINELA Interests to VSI so as to make VSI the sole owner thereof. Further, within thirty (30) days of such Closing, VSI shall issue to the SENTINELA Interest Holders the Merger Shares.

5.6 Filing of Certificate of Merger. The Articles of Merger shall have been filed in the office of the Secretaries of State for the States of Washington and Florida.

5.7 Indemnification of Officers and Directors. It is the intention of the Parties that VSI and SARS shall indemnify its officers and directors, to the fullest extent permitted by Washington and Alaska law, as applicable. In such connection, the Parties agree not to amend the Certificates of Incorporation or Bylaws of either VSI or SARS if such amendment shall have the effect of reducing, terminating or otherwise adversely affecting the indemnification rights and privileges applicable to officers and directors of each of VSI and SARS, as the same are in effect immediately prior to the Effective Time of the Merger.

5.8 Indemnification of Managers and Members. It is the intention of the Parties that SENTINELA shall indemnify its managers and members, to the fullest extent permitted by Florida law. In such connection, SENTINELA agrees not to amend the operating agreement of SENTINELA if such amendment shall have the effect of reducing, terminating or otherwise adversely affecting the indemnification rights and privileges applicable to managers and members of each of SENTINELA, as the same are in effect immediately prior to the Effective Time of the Merger.

SECTION 6. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Notwithstanding any right of any Party to investigate the affairs of the other Parties and its Shareholders and Members, each party has the right to rely fully upon representations, warranties, covenants and agreements of the other party and its Shareholders and Members contained in this Agreement or in any document delivered to one by the other or any of their representatives, in connection with the transactions contemplated by this Agreement. All such representations of such conditions at the Closing, warranties, covenants and agreements shall survive the execution and delivery hereof and the closing hereunder for three (3) years following the Closing.

SECTION 7. DOCUMENTS AT CLOSING AND THE CLOSING

7.1 Documents at Closing At the Closing, the following transactions shall occur, all of such transactions being deemed to occur simultaneously:

(a) SENTINELA will deliver, or will cause to be delivered, to VSI the following:

- (i) a certificate executed by the President or Secretary of SENTINELA to the effect that all representations and warranties made by SENTINELA under this Agreement are true and correct as of the Closing, the same as though originally given to VSI on said date;
- (ii) membership interests representing those interests of SENTINELA to be assigned, cancelled and exchanged for the Merger Shares; and
- (iii) all other items, the delivery of which is a condition precedent to the obligations of VSI, as set forth in Section 4.

(b) VSI will deliver or cause to be delivered to SENTINELA and the SENTINELA Interest Holders:

- (i) a certificate from VSI executed by the President or Secretary of VSI, to the effect that all representations and warranties of VSI made under this Agreement are true and correct as of the Closing, the same as though originally given to SENTINELA on said date;
- (ii) certified copies of resolutions by VSI Board of Directors authorizing this transaction; and
- (iii) all other items, the delivery of which is a condition precedent to the obligations of SENTINELA, as set forth in Section 4 hereof.

SECTION 8. MISCELLANEOUS

8.1 **Waivers.** The waiver of a breach of this Agreement or the failure of any party hereto to exercise any right under this Agreement shall in no way constitute waiver as to future breach whether similar or dissimilar in nature or as to the exercise of any further right under this Agreement.

8.2 **Amendment.** This Agreement may be amended or modified only by an instrument of equal formality signed by the Parties or the duly authorized representatives of the respective Parties.

8.3 **Assignment.** This Agreement is not assignable except by operation of law.

8.4 **Notice.** Until otherwise specified in writing, the mailing addresses and fax numbers of the parties of this Agreement shall be as follows:

To: VSI and SARS:

Veritas Solutions, Inc.
1894 SE Sedgwick Road
Bldg. 104, Suite 216
Port Orchard, WA 98366
Attn: Monty Abbott, President and CEO

with a copy to:

David M. Otto, Esq.
The Otto Law Group, PLLC
601 Union Street, Suite 4500
Seattle, WA 98101

To: SENTINELA and the SENTINELA Interest Holders:

Sentinela, LLC
40845 Avenida Calafia
Palm Desert, CA 92260
Attn: Richard Loretta, CEO

with a copy to:

Any notice or statement given under this Agreement shall be deemed to have been given if sent by registered mail addressed to the other party at the address indicated above or at such other address which shall have been furnished in writing to the addressor.

8.5 Governing Law. This Agreement shall be construed, and the legal relations between the parties determined, in accordance with the laws of the State of Washington, thereby precluding any choice of law rules which may direct the application of the laws of any other jurisdiction.

8.6 Arbitration. The parties hereby agree that any dispute or cause of action arising under this Agreement shall be settled by arbitration conducted by one arbitrator. The arbitrator shall be acceptable to SENTINELA, VSI and SARS. If an arbitrator cannot be agreed upon as provided in the preceding sentence, an arbitrator will be appointed by Judicial Dispute Resolution, LLC, in Seattle, Washington. The arbitrator shall set a limited time period and establish procedures designed to reduce the cost and time for discovery while allowing the parties an opportunity, adequate in the sole judgment of the arbitrator, to discover relevant information from the opposing parties about the subject matter of the dispute. The arbitrator shall rule upon motions to compel or limit discovery and shall have the authority to impose sanctions, including attorneys' fees and costs, to the same extent as a court of competent law or equity, should the arbitrator determine that discovery was sought without substantial justification or that discovery was refused or objected to without substantial justification. The decision of the arbitrator shall be written, shall be in accordance with applicable law and with this Agreement, and shall be supported by written findings of fact and conclusion of law which shall set forth the basis for the decision of the arbitrator. Any such arbitration shall be held exclusively in King County, Washington.

8.7 Publicity. No publicity release or announcement concerning this Agreement or the transactions contemplated hereby shall be issued by either party hereto at any time from the signing hereof without advance approval in writing of the form and substance by the other party.

8.8 Entire Agreement. This Agreement (including the Schedules to be attached hereto) and the collateral agreements executed in connection with the consummation of the transactions contemplated herein contain the entire agreement among the parties with respect to the transactions contemplated hereby, and supersedes all prior agreements, written or oral, with respect hereof.

8.9 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

8.10 Severability of Provisions. The invalidity or unenforceability of any term, phrase, clause, paragraph, restriction, covenant, agreement or provision of this Agreement shall in no way affect the validity or enforcement of any other provision or any part thereof.

8.11 Counterparts. This Agreement may be executed in any number of counterparts each of which when so executed shall constitute an original copy hereof, but all of which together shall be considered but one and the same document.

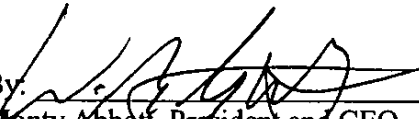
8.12 Binding Effect. This Agreement shall be binding upon the parties hereto and inure to the benefit of the parties, their respective heirs, administrators, executors, successors and assigns.

8.13 Press Releases. The parties will mutually agree as to the wording and timing of any informational releases concerning this transaction prior to and through Closing.

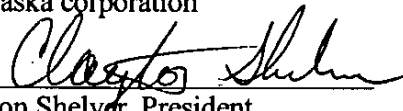
[THE NEXT PAGE IS A SIGANTURE PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

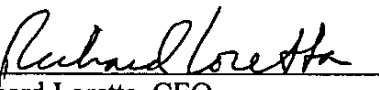
VERITAS SOLUTIONS, INC.
a Washington corporation

By: 
Monty Abbott, President and CEO

SECURE ASSET REPORTING SERVICES, INC.
an Alaska corporation

By: 
Clayton Shelyer, President

SENTINELA, LLC
a Florida limited liability company

By: 
Richard Loretta, CEO

EXHIBITS

- A Form of Promissory Note
- B Form of Series B Preferred Stock
- C Form of Assignment of Membership Interests

SCHEDULES

- 1.1 Merger Exchange Share List
- 1.2 Conversion of SENTINELA Membership Interests

SENTINELA Schedules

- 2.3 SENTINELA Interest Holders
- 2.4 SENTINELA Financial Statements
- 2.6 SENTINELA Material Adverse Changes
- 2.8 SENTINELA Legal Compliance
- 2.10 SENTINELA Claims, Litigation, Government actions pending
- 2.11 SENTINELA Significant Contracts
- 2.13 SENTINELA List of Real Estate Owned and List of Leases
- 2.14 SENTINELA List of Tangible Assets
- 2.15 SENTINELA Liabilities
- 2.16 SENTINELA Disposed Assets

VSI Schedules

- 3.4 VSI Financial Statements
- 3.5 List of transactions of VSI for contracts and in which stock has been issued or committed
- 3.8 VSI List of Pending Actions not disclosed in financial statements

Exhibit A
Form of Promissory Note

THE SECURITIES REPRESENTED BY THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE PROVISIONS OF ANY APPLICABLE STATE SECURITIES LAWS, BUT HAVE BEEN ACQUIRED BY THE REGISTERED HOLDER HEREOF FOR PURPOSES OF INVESTMENT AND IN RELIANCE ON STATUTORY EXEMPTIONS UNDER THE 1933 ACT, AND UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, PLEDGED, TRANSFERRED OR ASSIGNED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE PROVISIONS OF THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT.

**VERITAS SOLUTIONS, INC.
PROMISSORY NOTE**

Port Orchard, Washington
October 17, 2006

FOR VALUE RECEIVED, Veritas Solutions, Inc., a Washington corporation ("VSI"), hereby promises to pay to the order of _____, assignee and member of Sentinela, LLC, a Florida limited liability company, (the "Holder"), in lawful money of the United States at the address of the Holder set forth herein, the principal amount of _____ Dollars (\$ _____) (the "Note Amount"), together with Interest, as defined below. This Promissory Note ("Note") has been executed by VSI on the date set forth above (the "Effective Date"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Merger Agreement.

1. Interest. Interest shall accrue at zero percent (0%) per annum on the outstanding principal amount of this Note. Upon the occurrence of an Event of Default and for so long as such Event of Default continues, Interest shall accrue on the outstanding Note Amount at the rate of eight percent (8%) (the "Default Interest Rate").

2. Maturity Date. All or any portion of the Note Amount, any accrued Interest thereon and all other sums due hereunder, shall be due and payable on demand on December 15, 2006.

3. Payments. VSI will repay the Note Amount on the Maturity Date.

4. Application of Payments.

4.1. Except as otherwise expressly provided herein, payments under this Note shall be applied (i) first to the repayment of any sums incurred by the Holder for the payment of any expenses in enforcing the terms of this Note, (ii) then to the payment of the Default Interest Rate, and (iii) then to the reduction of the Note Amount.

4.2. VSI may prepay all or any part of the principal without penalty.

4.3. Upon payment in full of the Note Amount and applicable accrued and unpaid Interest thereon, this Note shall be marked "Paid in Full" and returned to VSI.

5. Waiver of Notice. VSI hereby waives diligence, notice, presentment, protest and notice of dishonor.

6. Transfer. This Note may not be transferred by the Holder at any time.

7. Events of Default. The occurrence of any of the following events (each an "Event of Default"), not cured in any applicable cure period, shall constitute an Event of Default of VSI:

7.1. a breach of any representation, warranty, covenant or other provision of this Note or the Merger Agreement, which, if capable of being cured, is not cured within three days following notice thereof to the Company; and

7.2. (i) the application for the appointment of a receiver or custodian for VSI or the property of VSI, (ii) the entry of an order for relief or the filing of a petition by or against VSI under the provisions of any bankruptcy or insolvency law, (iii) any assignment for the benefit of creditors by or against VSI, or (iv) the insolvency of VSI.

Upon the occurrence of any Event of Default that is not cured within any applicable cure period, if any, the Holders may elect, by written notice delivered to VSI, to take at any time any or all of the following actions: (i) declare this Note to be forthwith due and payable, whereupon the entire unpaid Note Amount, together with all accrued and unpaid Interest thereon (including the Default Interest Rate), and all other cash obligations hereunder, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by VSI, anything contained herein to the contrary notwithstanding, and (ii) exercise any and all other remedies provided hereunder or available at law or in equity.

If an Event of Default occurs by VSI, VSI agrees to pay, in addition to the Note Amount, reasonable attorneys' fees and any other reasonable costs incurred by the Holders in connection with its pursuit of its remedies under this Note.

8. Miscellaneous.

8.1. Successors and Assigns. Subject to the exceptions specifically set forth in this Note and the Merger Agreement, the terms and conditions of this Note shall inure to the benefit of and be binding upon the respective executors, administrators, heirs, successors and permitted assigns of the parties. This Note (or a portion hereof) may be assigned by the Holder without the consent of VSI.

8.2. Loss or Mutilation of Note. Upon receipt by VSI of evidence satisfactory to VSI of the loss, theft, destruction or mutilation of this Note, together with indemnity reasonably satisfactory to VSI, in the case of loss, theft or destruction, or the surrender and cancellation of this Note, in the case of mutilation, VSI shall execute and deliver to the Holders a new promissory note of like tenor and denomination as this Note.

8.3. Notices. Any notice, demand, offer, request or other communication required or permitted to be given pursuant to the terms of this Note shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii)

one business day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) business day after being deposited with an overnight courier service, or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to the recipient at the addresses set forth below unless another address is provided to the other party in writing:

If to VSI, to:

1894 SE Sedgwick Road
Bldg. 104, Suite 216
Port Orchard, WA 98366
Attn: Monty Abbott
Fax: (888) 668-0605

with a copy to:

The Otto Law Group, PLLC
601 Union Street, Suite 4500
Seattle, WA 98101
Attn: David M. Otto
Fax: (206) 262-9513

if to the Holder, to:

See the signature page.

8.4 Governing Law. This Note shall be governed in all respects by the laws of the State of Washington as applied to agreements entered into and performed entirely within the State of Washington by residents thereof, without regard to any provisions thereof relating to conflicts of laws among different jurisdictions.

8.5 Waiver and Amendment. Any term of this Note may be amended, waived or modified only with the written consent of VSI and the Holder.

8.6 Remedies; Costs of Collection; Attorneys' Fees. No delay or omission by the Holder in exercising any of its rights, remedies, powers or privileges hereunder or at law or in equity and no course of dealing between the Holder and the undersigned or any other person shall be deemed a waiver by the Holder of any such rights, remedies, powers or privileges, even if such delay or omission is continuous or repeated, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise thereof by the Holder or the exercise of any other right, remedy, power or privilege by the Holder. The rights and remedies of the Holder described herein shall be cumulative and not restrictive of any other rights or remedies available under any other instrument, at law or in equity. If an Event of Default occurs, VSI agrees to pay, in addition to the Note Amount and any Interest payable thereon, reasonable attorneys' fees and any other reasonable costs incurred by the Holders in connection with its pursuit of its remedies under this Note.

IN WITNESS WHEREOF, VSI has caused this Note to be signed on the Effective Date.

VERITAS SOLUTIONS, INC.

Name: Monty Abbott
Title: Chief Executive Officer

HOLDER:

By: _____
Address: _____

Exhibit B
Form of Series B Preferred Stock

VERITAS SOLUTIONS, INC.
CERTIFICATE OF DESIGNATION
8% SERIES B PREFERRED STOCK

Veritas Solutions, Inc., a corporation organized and existing under the laws of the state of Washington (the “**Corporation**”), hereby certifies that, pursuant to (i) the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, (ii) the provisions of Section RCW 23B.06.020 and RCW 23B.06.210 of the Revised Code of Washington, and (iii) the resolutions adopted by the Board of Directors of the Corporation by unanimous written consent dated May 16, 2006, the Board of Directors duly adopted resolutions providing for the adoption of the Certificate of Designation of 8% Cumulative Series B Convertible Preferred pursuant to the Agreement and Plan of Merger with Sentinela, LLC, dated as of October 17, 2006, which resolutions are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as “**Series B Preferred**” and the number of shares constituting such series shall be one hundred and forty thousand (140,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series B Preferred to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series B Preferred Stock.

Section 2. Voting Rights.

(A) The shares of Series B Preferred shall not have voting rights.

(B) Except as otherwise provided herein, by law, or these Articles of Incorporation of the Corporation (the “**Articles**”), the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 3. Conversion. Except when converted pursuant to Section 6 or as otherwise provided in these Articles, the shares of Series B Preferred shall be convertible at the discretion of the Series B Preferred stockholder into Common Stock. The principal, in the amount of One Hundred and Forty Thousand Dollars (\$140,000), plus any accrued Interest, as defined in Section 4 (together, the “**Liquidation Amount**”), shall convert, at the option of the Series B Preferred stockholder, into such number of shares of Common Stock as shall equal the Liquidation Amount divided by the Conversion Price. The “**Conversion Price**” shall initially equal

Fifty Cents (\$0.50) per share. If the Series B Preferred is converted, it must be converted in its entirety and no partial conversion shall be allowed.

Section 4. Coupon Amount. The Series B Preferred will provide an annual interest rate of eight percent (8%), accrued and payable quarterly (the "**Interest**").

Section 5. Ratchet Protection. In the event that the Corporation sells any shares of common stock, grants options to purchase any shares of its common stock, grants any warrants to purchase any of its common stock, issues securities convertible into shares of its common stock or enters into any agreement to do any of the same (other than as compensation for employment, professional or consulting services) at a price (the "**Lower Price**") which is lower than the then Conversion Price, the Conversion Price shall be adjusted downward to the Lower Price, such adjustment shall apply for all such issuances.

Section 6. Payment In Kind. At the discretion of the Corporation's Board of Directors, monthly Interest payments shall be made in either common stock at a price of Fifty Cents (\$0.50) per share or in cash.

Section 7. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred unless, prior thereto, the holders of shares of Series B Preferred shall have received the Liquidation Amount, subject to any adjustments provided herein, (the "**Series B Liquidation Preference**"). Following the payment of the full amount of the Series B Liquidation Preference, no additional distributions shall be made to the holders of shares of Series B Preferred unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "**Common Adjustment**") equal to the Liquidation Amount. Following the payment of the full amount of the Series B Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series B Preferred and Common Stock, respectively, holders of Series B Preferred shall receive their ratable and proportionate share of the remaining assets to be distributed on an as if converted basis.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series B Preferred, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

(C) Neither the consolidation, merger or other business combination of the Corporation with or into any other entity, or the sale, lease, exchange or

conveyance of all or any part of the property, assets or business of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 6.

- Section 8. Consolidation, Merger, etc. In the event the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any event the shares of Series B Preferred shall at the same time be similarly exchanged or changed in an amount per share equal to the Conversion Price times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.
- Section 9. Adjustment of Conversion Price. The Conversion Price shall be adjusted for any *pro rata* non-cash distributions to holders of shares of Common Stock, including without limitation, stock dividends, stock splits and securities issued in a recapitalization. In such event the Conversion Price shall be adjusted by multiplying the Conversion Price by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.
- Section 10. Redemption. Five (5) years following the date of designation, the stockholder shall have the option to require the Corporation to redeem the Series B Preferred (the "**Redemption Rate**"), if not otherwise converted into Common Stock of the Corporation prior to the Redemption Rate, for an amount equal to the Liquidation Amount.
- Section 11. Fractional Shares. The Series B Preferred may not be issued as fractional shares.

[Signature Page to Follow]

IN WITNESS WHEREOF, Veritas Solutions, Inc., has caused this Certificate to be signed by Monty Abbott, its Chief Executive Officer, this 17th day of October, 2006.

By 
Monty Abbott, President & CEO

Exhibit C
Form of Assignment of Membership Interests

ASSIGNMENT OF MEMBERSHIP INTERESTS

Pursuant to the Agreement and Plan of Merger by and among **Sentinela, LLC**, a Florida limited liability company ("**Sentinela**"), **Secure Asset Reporting Services, Inc.**, an Alaska corporation, and **Veritas Solutions, Inc.**, a Washington corporation ("**VSI**") and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the individuals listed below, all interest holder of Sentinela (each individually referred to as the "**Holder**"), hereby sells, assigns and transfers unto VSI, that amount of membership interest (the "**Interest**") standing in each Holder's name on the books of Sentinela, as listed below, and hereby irrevocably constitutes and appoints the VSI attorney to transfer and/or cancel the Interest on the books of the within named corporation with full power of substitution in the premises.

Dated: October ____, 2006

<u>Holder:</u>	<u>Interest:</u>
By: _____ Marasco Investments Ltd.	45.90%
By: _____ Richard Dennis Loretta	26.50%
By: _____ David Francis Loretta	6.94%
By: _____ James Michael Loretta	4.78%
By: _____ Andrew Evan Loretta	6.09%
By: _____ Camilo Castellón Suarez	5.01%
By: _____ Ruben Camiro Vazquez	2.39%
By: _____ Euclides Carrion Azenha	2.39%

Total: 100%

AGREED AND ACCEPTED:

By: _____
Monty Abbott, CEO
Veritas Solutions, Inc.

Schedules

Schedule 1.1
Merger Exchange Share List

Interest Holder Name:	Interest Held:	Merger Share Amount:
Marasco Investments Ltd.	45.90%	330,480
Richard Dennis Loretta	26.50%	190,800
David Francis Loretta	6.94%	49,968
James Michael Loretta	4.78%	34,416
Andrew Evan Loretta	6.09%	43,848
Camilo Castellón Suarez	5.01%	36,072
Ruben Camiro Vazquez	2.39%	17,208
Euclides Carrion Azenha	2.39%	17,208
Total:	100%	720,000

Schedule 1.2
Conversion of Sentinela Membership Interests

Interest Holder Name:	Interest Held:	Merger Share Amount (Common Stock):	Series B Preferred Stock Amount:	Promissory Note Amount:
Marasco Investments Ltd.	45.90%	330,480	64,260	\$45,900
Richard Dennis Loretta	26.50%	190,800	37,100	\$26,500
David Francis Loretta	6.94%	49,968	9,716	\$6,940
James Michael Loretta	4.78%	34,416	6,692	\$4,780
Andrew Evan Loretta	6.09%	43,848	8,526	\$6,090
Camilo Castellón Suarez	5.01%	36,072	7,014	\$5,010
Ruben Camiro Vazquez	2.39%	17,208	3,346	\$2,390
Euclides Carrion Azenha	2.39%	17,208	3,346	\$2,390
Total:	100%	720,000	140,000	\$100,000

Schedule 2.3
Sentinela Interest Holders

Holder:	Amount:
Marasco Investments Ltd	45.90%
Richard Dennis Loretta	26.50%
David Francis Loretta	6.94%
James Michael Loretta	4.78%
Andrew Evan Loretta	6.09%
Camilo Castellón Suarez	5.01%
Ruben Camiro Vazquez	2.39%
Euclides Carrion Azenha	2.39%
Total:	100%

Schedule 2.4
Sentinela Financial Statements

SENTINELA W.C.												
Income Statement												
US Dollars	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05
Revenue	\$											
Cost of Goods Sold	\$											
Gross Profit	\$											
Selling, General and Administrative	\$											
Provision for uncollectible accounts	\$											
EBITDA	\$											
Depreciation and Amortization	\$											
Operating Income	\$											
Interest Expense	\$											
Interest Income	\$											
Income Before Income Taxes	\$											
Provision for Income Taxes	\$											
Net Income	\$											
Balance Sheet												
US Dollars	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05
ASSETS												
Current Assets												
Cash and cash equivalents	\$											
Accounts receivable	\$											
Advances for doubtful accounts	\$											
Inventories	\$											
Other current assets	\$											
Total Current Assets	\$											
Other Assets												
PP&E, net	\$											
Total Other Assets	\$											
Total Assets	\$											
LIABILITIES												
Current Liabilities												
Short Term Debt	\$											
Accounts Payable	\$											
Taxes Payable	\$											
Other Payables	\$											
Total Current Liabilities	\$											
Long-Term Liabilities												
Capital Advances	\$											
Total Long-Term Liabilities	\$											
Shareholders' Equity												
Common stock	\$											
Preferred stock	\$											
Retained earnings	\$											
Total Shareholders' Equity	\$											
Total Liabilities & Shareholders'	\$											

Page 1

SENINELA, INC.		Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
Cash Flow																		
Operating Cash Flow																		
Collections	\$	(53,122.0)	(12,023.9)	(28,890.9)	(9,152.9)	(16,525.8)	(27,953.8)	(1,260.0)	(24,855.5)									
Payments to suppliers	\$																	
Tax payments	\$																	
Prepaid expenses and other current	\$																	
Total Working Capital	\$	(53,122.0)	(12,023.9)	(28,890.9)	(9,152.9)	(16,525.8)	(27,953.8)	(1,260.0)	(24,855.5)									
Other Long-Term liabilities & Def	\$																	
Total Operating Cash Flow	\$	(53,122.0)	(12,023.9)	(28,890.9)	(9,152.9)	(16,525.8)	(27,953.8)	(1,260.0)	(24,855.5)									
Investing Cash Flow																		
Investment in P&E	\$																	
Investment in O&A	\$																	
Total Investing Cash Flow	\$																	
Financing Cash Flow																		
Debt issuance	\$																	
Capital Advances	\$	4,779.0	3,556.0	1,290.8														
Equity Issuance	\$	50,000.0	50,000.0	3,394.0	30,000.0													
Total Financing Cash Flow	\$	54,779.0	53,556.0	4,684.8	30,000.0													
Total Cash Flow	\$	21,657.0	40,532.1	(24,266.2)	17,533.6	(16,525.8)	(10,794.0)	(1,260.0)	(11,065.5)									
Initial Cash and cash equivalents	\$	21,657.0	21,657.0	62,610.6	28,344.4	55,878.0	44,253.1	24,458.3	19,708.3	1,613.4	25,703.5	12,847.4	3,700.3	24,599.9	16,568.9	8,722.0	4,255.4	13,611.0
Ending Cash and cash equivalent	\$																	
SENINELA, INC.																		
Depreciation & Amortization																		
US Dollars																		
PPE																		
AS	\$																	
Demo Units	\$	557.5	-	3,313.6	99.1	174.0	3,420.0	426.0	441.0									
PPE historical	\$	557.5	557.5	3,871.1	3,970.2	4,144.2	7,634.2	8,070.2	8,511.2									
Average life of investments	month	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0									
Total Average Life	month	0	36.0	36.0	35.7	34.7	33.8	34.3	33.4									
Depreciation	\$	155	155	107.5	110.3	115.1	212.1	224.2	236.4									
Accumulated Depreciation	\$	155	310	138.5	248.8	363.9	576.0	800.1	1,036.5									

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07
9,181.4	13,420.8	13,420.8	18,098.0	11,349.9	12,462.3	16,676.6	9,848.2	4,082.1	4,087.1	4,097.1	4,097.1	4,097.1	4,097.1	4,097.1	4,097.1
3,893.4	3,893.4	3,893.4		386.8	386.3	386.3	386.3	386.3	386.3	386.3	386.3	386.3	386.3	386.3	386.3
13,074.9	17,314.3	17,314.3	18,098.0	11,744.8	12,858.6	17,842.8	10,024.5	4,087.1	4,092.4	4,092.4	4,092.4	4,092.4	4,092.4	4,092.4	4,092.4
13,930.7	13,714.7	13,214.0	23,510.7	23,551.1	23,836.6	23,565.1	23,087.1	22,164.1	21,271.1	20,376.2	19,486.2	18,592.2	17,699.2	16,806.2	15,913.2
13,930.7	13,714.7	13,214.0	23,510.7	23,551.1	23,836.6	23,565.1	23,087.1	22,164.1	21,271.1	20,376.2	19,486.2	18,592.2	17,699.2	16,806.2	15,913.2
27,005.6	31,029.0	30,528.2	41,608.7	35,295.9	36,694.2	40,428.9	33,300.6	28,656.5	25,763.5	24,870.6	23,977.6	23,084.6	22,191.6	21,298.6	20,405.6
9,187.3	10,937.3	17,444.3	24,603.2	3,783.4	4,480.4	6,672.7	3,937.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3
9,187.3	10,937.3	17,444.3	24,603.2	3,783.4	4,480.4	6,672.7	3,937.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3
9,187.3	10,937.3	17,444.3	24,603.2	3,783.4	4,480.4	6,672.7	3,937.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3	2,187.3
36,069.3	45,069.3	45,069.3	52,069.3	35.4	2,218.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6
36,069.3	45,069.3	45,069.3	52,069.3	35.4	2,218.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6	3,968.6
226,000.0	226,000.0	226,000.0	226,000.0	311,693.0	316,693.0	326,500.0	325,500.0	325,500.0	325,500.0	325,500.0	325,500.0	325,500.0	325,500.0	325,500.0	325,500.0
(6,244.8)	(6,726.6)	(7,007.7)	(3,078.5)	(10,081.2)	(6,552.7)	(9,014.5)	(4,393.0)	(4,894.1)	(893.0)	(893.0)	(893.0)	(893.0)	(893.0)	(893.0)	(893.0)
(247,006.3)	(253,251.0)	(259,977.7)	(265,995.4)	(270,063.9)	(280,145.1)	(286,697.8)	(295,712.3)	(300,105.3)	(304,999.4)	(306,892.4)	(307,678.3)	(308,571.3)	(309,464.3)	(310,357.3)	(311,250.3)
-18,251.0	-24,917.7	-31,985.4	-35,063.9	-31,547.9	-29,395.2	-29,787.7	-25,394.7	-20,500.6	-19,607.6	-18,714.7	-17,821.7	-16,928.7	-16,035.7	-15,142.7	-14,249.7
27,005.6	31,029.0	30,528.2	41,608.7	35,295.9	36,694.2	40,428.9	33,300.6	28,656.5	25,763.5	24,870.6	23,977.6	23,084.6	22,191.6	21,298.6	20,405.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[illegible]

Schedule 2.6
Sentinel Material Adverse Changes

There have been no material adverse changes.

Schedule 2.8
Sentinela Legal Compliance

Sentinela has complied with all federal, state, county and local laws, ordinances, regulations, inspections, orders, judgments, injunctions, awards or decrees applicable to it.

Schedule 2.10
Sentinela Claims, Litigation and Government Actions

Sentinela is not a party to any material pending litigation or, to its knowledge, any governmental investigation or proceeding and to its best knowledge, no material litigation, claims, assessments or non-governmental proceedings are threatened against Sentinela.

Schedule 2.11
Sentinela Significant Contracts

Sentinela is not a party to any material contracts.

Schedule 2.13
Sentinela List of Real Estate Owned and Leased

Sentinela does not own any real property nor is Sentinela a party to any leasehold agreement.

Schedule 2.14
Sentinela List of Tangible Assets

Sentinela does not own, or have the right to, any other tangible assets.

Schedule 2.15
Sentinela Liabilities

Sentinela does not have any direct or indirect indebtedness, liability, claim, loss, damage, deficiency, obligation or responsibility, known or unknown, fixed or unfixed, liquidated or unliquidated, secured or unsecured, accrued or absolute, contingent or otherwise, including, without limitation, any liability on account of taxes, or any governmental charge or lawsuit.

Schedule 2.16
Sentinela Disposed Assets

Sentinela has not disposed of any assets except in the ordinary course of business.

Schedule 3.4
VSI Financial Statements

Consolidated
Balance Sheet
As of December 31, 2005

ASSETS

Current Assets			
Checking	77,421.31		
Total Checking/Savings		77,421.31	
Accounts Receivable			
Accounts Receivable		47,076.60	
Other Current Assets			
Inventory	101,042.62		
Employee Draw	1,000.00		
Public Shell	50,000.00		
Total Other Current Assets		<u>152,042.62</u>	
Total Current Assets		152,042.62	
Fixed Assets			
Computers	88,866.46		
Software	1,288,386.97		
License	207,529.99		
Furniture	14,874.44		
Total Fixed Assets		<u>1,599,657.86</u>	
TOTAL ASSETS		1,876,198.39	

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	150,198.44
Other Current Liabilities	
Payroll Payable	75,382.83
Short Term Loans	21,194.76
Payroll Liabilities	1,719.84
Sales Tax Payable	<u>831.40</u>
Total Other Current Liabilities	99,128.83
Total Current Liabilities	249,327.27

Long Term Liabilities

Equity

Capital Stock & Paid Capital	3,623,280.84
Preferred Stock (Series A)	949,908.83
Retained Earnings	-1,590,987.67
Net Income	<u>-1,355,330.88</u>
Total Equity	1,426,871.12
TOTAL LIABILITIES & EQUITY	1,876,198.39

**Consolidated
Income Statement
January 1 – December 31, 2005**

Income	\$ 429,019.56	
Cost of Goods	<u>\$ 254,062.75</u>	
Gross Profit	\$ 174,956.81	
Expense		
Labor Management		\$ 200,000.00
Labor Non Management		245,372.97
Payroll Taxes		24,658.88
Rent		17,249.91
Advertising & Marketing		198,604.29
Telephone		35,782.00
Travel & Entertainment		66,093.99
Utilities		619.03
Office Supplies		11,563.95
IS Hardware/Software		15,062.91
Postage and Delivery		19,406.78
Professional Fees		
Accounting	61,380.61	
Legal Fees	116,645.54	
Consulting	53,696.00	
IT	47,950.00	
Sales	<u>94,551.34</u>	
Total Professional Fees		376,223.49
Bank & Credit Card Fees		8,305.54
ADP Fees		1,089.50
Interest Expense		63,398.36
Licensing & Permits		830.18
Dues & Subscriptions		5,579.92
Insurance		44,823.88
Maintenance & Repair		7,103.68
Professional Development		<u>188,519.43</u>
Total Expense		-1,530,287.69
Net Income		<u>\$-1,355,330.88</u>

**Consolidated
Balance Sheet
January 1, 2006 to June 30, 2006**

ASSETS

Current Assets

Checking	23,543.58
Total Checking/Savings	23,543.58

Accounts Receivable

Accounts Receivable	57,946.40
---------------------	-----------

Other Current Assets

Inventory	102,182.62
Employee Draw	17,077.54
Public Shell	50,000.00
Total Other Current Assets	<u>169,260.16</u>

Total Current Assets	169,260.16
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Fixed Assets

Computers	95,490.03
Software	1,298,623.83
License	207,529.99
Furniture	16,948.43

Total Fixed Assets	<u>1,622,673.94</u>
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TOTAL ASSETS	1,873,424.08
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	138,390.60
------------------	------------

Other Current Liabilities

Payroll Payable	43,357.83
Short Term Loans	100.00
Payroll Liabilities	7,235.94
Sales Tax Payable	<u>1,237.50</u>

Total Other Current Liabilities	51,931.27
---------------------------------	-----------

Total Current Liabilities	190,321.87
---------------------------	------------

Long Term Liabilities

Equity

Capital Stock & Paid Capital	4,751,530.84
Preferred Stock (Series A)	949,908.83
Retained Earnings	-2,946,318.55
Net Income	<u>-1,072,018.91</u>

Total Equity	1,683,102.21
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TOTAL LIABILITIES & EQUITY

1,873,424.08

**Consolidated
Income Statement
January 1, 2006 to June 30, 2006**

Ordinary Income/Expense	1ST QTR 06	2ND QTR 06	TOTAL
Income			
Total Income	48,251.34	120,755.38	169,006.72
Cost of Goods Sold			
Total COGS	56,579.51	101,656.71	158,236.22
Gross Profit	(8,328.17)	19,098.67	10,770.50
Expense			
Labor - Management	47,499.98	61,666.65	109,166.63
Labor - Non Management	30,239.54	77,025.69	107,265.23
Labor - Payroll Taxes	7,886.91	15,966.99	23,853.90
Labor - Workers Compensation	0.00	30.36	30.36
Rent - Equipment	2,625.40	1,255.22	3,880.62
Rent - Property	10,485.10	4,290.73	14,775.83
Advertising & Marketing	94,468.63	48,250.81	142,719.44
Telephone and Communications	14,627.57	11,523.31	26,150.88
Travel & Entertainment	27,712.10	20,996.80	48,708.90
Utilities	282.98	231.22	514.20
Office Supplies	5,749.97	3,494.34	9,244.31
IS Hardware/Software	1,172.42	958.18	2,130.60
Postage and Delivery	5,190.75	4,304.43	9,495.18
Professional Fees			
Legal	66,702.15	83,679.65	150,381.80
Accounting	312.50	1,468.77	1,781.27
Consulting	74,713.41	78,450.00	153,163.41
Sales	89,303.39	37,000.00	126,303.39
Total Professional Fees	231,031.45	200,598.42	431,629.87
Bank Service Charges	824.53	542.79	1,367.32
Credit Card Fees	695.38	619.82	1,315.20
ADP Fees	328.56	602.26	930.82
Interest Expense	19,165.82	18,998.19	38,164.01
Finance Charge	472.20	0.00	472.20
Dues and Subscriptions	50.00	319.02	369.02
Seminars	94.00	1,877.01	1,971.01
Taxes and Licenses	0.00	139.00	139.00
Insurance	11,780.23	6,203.64	17,983.87
Maintenance & Repair	0.00	1,380.27	1,380.27
Professional Development	55,118.25	33,070.95	55,118.25
Total Expense	568,434.00	514,355.41	601,504.95
Net Ordinary Income	(576,762.17)	(495,256.74)	(1,072,018.91)

Projections Consolidated Balance Sheet

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
Assets			
Cash	\$2,736,674	\$9,410,001	\$27,069,658
Inventory	\$745,750	\$2,096,850	\$3,221,300
Property & Equipment	<u>\$1,450,100</u>	<u>\$2,900,200</u>	<u>\$4,350,300</u>
Total Assets	\$4,932,524	\$14,407,051	\$34,641,258
Liabilities			
Payroll & Business Tax	<u>\$52,857</u>	<u>\$102,448</u>	<u>\$150,895</u>
Total Liabilities	\$52,857	\$102,448	\$150,895
Stockholders Liability & Equity			
Common Stock	\$5,000,000	\$5,000,000	\$5,000,000
Net Income	<u>-\$67,476</u>	<u>\$9,407,051</u>	<u>\$29,641,258</u>
Total Liabilities & Equity	\$4,932,524	\$14,407,051	\$34,641,58

Key Financial Assumptions

1. Accounts Receivable - 95% of monthly sales are cash, the remaining 5% are net 30. We will keep Trade Receivables and Payables current (and in balance) by requiring a 25% deposit (net 30 balance) from customers, and paying manufacturers when payment is received from customer.
2. Payroll tax equals 12% of gross payroll.
3. B&O Tax equals 1.5% of monthly service revenues.
4. Sales bonus equals 6% of equipment sales in year one and 3% in year 2 & 3.
5. Inventory. VSI will acquire an on-hand inventory of \$50,000 in month 2, and add an equal amount in months 5, 8, and 13.
6. Cash acquisition-related expenses are estimated at \$900,000 for year 1.

Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax laws and other factors, can affect substantially and adversely these projections. None of these conditions is within the control of the Company.

**Projections
Consolidated
Income Statement**

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR3</u>
Revenues			
Equipment Sales	\$ 5,312,500	\$12,212,500	\$13,540,000
Service Activation	\$512,500	\$812,500	\$1,512,500
Monthly Service	\$2,507,050	\$9,971,190	\$24,104,580
Custom Programming	\$750,000	\$750,000	750,000
Total Revenues	\$9,082,050	\$23,746,190	\$39,907,080
Total Cost of Goods			
Equipment Cost	\$2,264,500	\$5,714,500	\$6,713,200
Service Activation Cost	\$295,500	\$397,500	\$732,500
Monthly Service Cost	\$800,100	\$1,464,190	\$2,699,830
Custom Programming	\$600,000	\$600,000	\$600,000
Co-Location Facility	\$43,000	\$81,000	\$120,000
Shipping	\$531,250	\$1,221,250	\$1,354,000
Total Cost of Goods	\$4,534,350	\$9,478,400	\$12,219,530
Gross Profit	\$4,547,700	\$14,267,750	\$27,687,500
Margin	50%	60%	69%
Total Operating Expenses	\$4,615,176	\$4,793,233	\$7,453,343
EBITDA	-\$67,476	\$9,474,527	\$20,234,207
Margin	-1%	40%	51%

Schedule 3.5
VSI Transactions

Since October 1, 2006, VSI has no other assets and has incurred no other liabilities, debts or obligations, whether fixed, contingent or otherwise required to be set forth on a balance sheet prepared in accordance with GAAP.

Schedule 3.8
VSI List of Pending Actions

VSI is not a party to any material pending litigation or, to its knowledge, any governmental investigation or proceeding and to its best knowledge, no material litigation, claims, assessments or non-governmental proceedings are threatened against VSI.