

# P02000108976

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*Attn: Teresa Brown*

From:

Account Name : Berman Rennert Vogel & Mandler, PA  
Account Number : 076103002011  
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## MERGER OR SHARE EXCHANGE

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**ARTICLES OF MERGER  
of  
GUARDSOURCE ACQUISITION CORP.  
and  
GUARDSOURCE CORP.**

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, Florida Statutes.

**FIRST:** The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u>
Guardsource Corp.	Florida	P02000108976

**SECOND:** The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u>
Guardsource Acquisition Corp.	Florida	P05000135652

**THIRD:** The Agreement and Plan of Merger is attached hereto as Exhibit A (the "Plan of Merger")

**FOURTH:** The merger shall become effective on the date these Articles of Merger are filed with the Florida Department of State.

**FIFTH:** Adoption of the merger by the surviving corporation - The Plan of Merger was adopted by the shareholders and board of directors of the surviving corporation on October 5, 2005.

**SIXTH:** Adoption of the merger by the merging corporation - The Plan of Merger was adopted by the shareholders and board of directors of the merging corporation on October 5, 2005.

**SEVENTH:** SIGNATURES FOR EACH CORPORATION

**GUARDSOURCE ACQUISITION CORP.**

**GUARDSOURCE CORP.**

By: David H. Shopay, Pres.  
David Shopay, President

By: David H. Shopay  
David Shopay, President

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**EXHIBIT A**

**AGREEMENT AND PLAN OF MERGER**

This AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of October 18, 2005, among THE CORNWALL GROUP, INC., a Florida corporation ("Cornwall"), GUARDSOURCE ACQUISITION CORP., a Florida corporation and a wholly-owned subsidiary of Cornwall ("Merger Sub"), GUARDSOURCE CORP., a Florida corporation ("Guardsource"), and DAVID SHOPAY and ALFREDO GASTEAZORO, being all of the shareholders of Guardsource (collectively, the "Shareholders"). Merger Sub and Guardsource are from time to time herein referred to as the "Constituent Corporations."

**RECITALS**

A. The Boards of Directors of Cornwall and the Constituent Corporations believe it is in the best interests of their respective companies and the shareholders of their respective companies that Guardsource and Merger Sub combine into a single company through the merger of Merger Sub with and into Guardsource and, in furtherance thereof, have approved the Merger (as defined in Section 1.1 hereof).

B. Pursuant to the Merger, among other things, the outstanding shares of common stock of Guardsource, \$1.00 par value per share (the "Guardsource Common Stock"), shall be cancelled as set forth in Section 2 hereof.

C. The Boards of Directors of Cornwall and the Constituent Corporations deem it advisable and to the advantage of Cornwall and the Constituent Corporations and their respective shareholders that Merger Sub be merged with and into Guardsource.

D. The Boards of Directors and the shareholders of each of Merger Sub and Guardsource have approved and adopted this Agreement. The Board of Directors of Cornwall has approved and adopted this Agreement.

**AGREEMENT**

In consideration of the terms hereof, the parties hereto hereby agree as follows:

**1. THE MERGER**

1.1 **THE MERGER.** Upon the terms and subject to the conditions hereof, on the Effective Date (as hereinafter defined), Merger Sub shall be merged with and into Guardsource in accordance with the applicable laws of the State of Florida (the "Merger"). As of the Effective Date, the separate existence of Merger Sub shall cease, and Guardsource shall be the surviving corporation in the Merger (the "Surviving Corporation"), shall be a wholly-owned subsidiary of Cornwall and shall be governed by the laws of the State of Florida.

1.2 **EFFECTIVE DATE.** The Merger shall become effective on the date and at the time of filing of appropriate Articles of Merger (the "Articles of Merger") with the Secretary of State of the State of Florida (the "Effective Date"), all after satisfaction of the requirements of the applicable laws of such State prerequisite to such filing, including, without limitation, the approval of the shareholders of the Constituent Corporations. Cornwall and the Shareholders, being the sole shareholder of Merger Sub and all of the shareholders of

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Guardsource, respectively, hereby acknowledge and agree that the execution and delivery of this Agreement by them constitutes their approval of the Merger and their adoption and approval of this Agreement in all respects.

**1.3 EFFECT OF THE MERGER.** Upon the Effective Date, the effect of the Merger shall be as provided in this Agreement, the Articles of Merger and the applicable provisions of the laws of the State of Florida. Without limiting the generality of the foregoing, and subject thereto, upon the Effective Date, upon the terms and subject to the conditions of this Agreement, all the property, rights, privileges, powers and franchises of Guardsource and Merger Sub shall vest in the Surviving Corporation, and except as set forth herein, all debts, liabilities, duties and obligations of Guardsource and Merger Sub shall become the debts, liabilities, duties and obligations of the Surviving Corporation.

**1.4 ARTICLES OF INCORPORATION.** On the Effective Date, the Articles of Incorporation of Guardsource, as in effect immediately prior to the Effective Date, shall continue in full force and effect as the Articles of Incorporation of the Surviving Corporation.

**1.5 BYLAWS.** On the Effective Date, the Bylaws of Guardsource, as in effect immediately prior to the Effective Date, shall continue in full force and effect as the Bylaws of the Surviving Corporation.

**1.6 DIRECTORS AND OFFICERS.** The directors and officers of Guardsource immediately prior to the Effective Date shall be the directors and officers of the Surviving Corporation, until their successors shall have been duly elected and qualified or until otherwise provided by law, the Articles of Incorporation or the Bylaws of the Surviving Corporation.

## **2. CONVERSION OF SHARES.**

**2.1 GUARDSOURCE COMMON STOCK.** Effective immediately prior to the Effective Date, by virtue of this Agreement and without any action on the part of any Shareholder or Guardsource, the Shareholders shall contribute to the capital of Guardsource, and Guardsource will accept as a capital contribution, all debts, liabilities, duties, obligations and receivables owed to the Shareholders by Guardsource (collectively, the "Shareholder Receivables"), and the Shareholder Receivables shall be released and extinguished and shall be of no further force or effect. Upon the Effective Date, by virtue of the Merger and without any action on the part of any Shareholder or Guardsource, each share of Guardsource Common Stock outstanding immediately prior thereto shall be canceled and shall cease to exist and shall be returned to the status of authorized, but unissued. Effective immediately after the Effective Date, by virtue of this Agreement and without any action on the part of Cornwall or the Surviving Corporation, Cornwall shall contribute to the capital of the Surviving Corporation, and the Surviving Corporation shall accept as a capital contribution, all debts, liabilities, duties, obligations and receivables owed to Cornwall by the Surviving Corporation (collectively, the "Cornwall Receivables"), and the Cornwall Receivables shall be released and extinguished and shall be of no further force or effect.

**2.2 MERGER SUB COMMON STOCK.** Upon the Effective Date, by virtue of the Merger and without any action on the part of Cornwall, each share of Merger Sub common stock outstanding immediately prior thereto shall be changed and converted into one fully paid and nonassessable share of the common stock of the Surviving Corporation.

## **3. EFFECT OF THE MERGER.**

**3.1 RIGHTS, PRIVILEGES, ETC.** On the Effective Date of the Merger: (i) the Surviving Corporation, without further act, deed or other transfer, shall retain or succeed to, as the case may be, and possess and be vested with all the rights, privileges, immunities, powers, franchises and authority, of a public

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as well as of a private nature, of Merger Sub and Guardsource; (ii) all property of every description and every interest therein, and except as set forth herein, all debts and other obligations of or belonging to or due to each of Merger Sub and Guardsource on whatever account shall thereafter be taken and deemed to be held by or transferred to, as the case may be, or invested in the Surviving Corporation without further act or deed; (iii) title to any real estate, or any interest therein vested in Merger Sub or Guardsource, shall not revert or in any way be impaired by reason of the Merger; and (iv) except as set forth herein, all of the rights of creditors of Merger Sub and Guardsource shall be preserved unimpaired, and all liens upon the property of Merger Sub or Guardsource shall be preserved unimpaired, and except as set forth herein, all debts, liabilities, obligations and duties of Merger Sub and Guardsource shall thenceforth remain with or be attached to, as the case may be, the Surviving Corporation and may be enforced against it to the same extent as if all of said debts, liabilities, obligations and duties had been incurred or contracted by it.

**3.2 FURTHER ASSURANCES.** From time to time, as and when required by the Surviving Corporation or by its successors and assigns, there shall be executed and delivered on behalf of Merger Sub such deeds and other instruments, and there shall be taken or caused to be taken by it such further and other action, as shall be appropriate or necessary in order to vest or perfect in or to conform of record or otherwise in the Surviving Corporation the title to and possession of all the property, interest, assets, rights, privileges, immunities, powers, franchises and authority of Merger Sub and otherwise to carry out the purposes of this Agreement, and the officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of Merger Sub or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

**4. REPRESENTATIONS AND WARRANTIES OF GUARDSOURCE AND THE SHAREHOLDERS.** Guardsource and the Shareholders represent and warrant to Merger Sub and Cornwall as follows:

**4.1 ORGANIZATION, STANDING AND POWER.** Guardsource is a corporation duly organized, validly existing and in good standing under the laws of Florida, and has the corporate power to own its properties and to carry on its business as now being conducted and as proposed to be conducted and is duly qualified to do business and is in good standing in each jurisdiction in which the failure to be so qualified and in good standing would have a Material Adverse Effect. For purposes hereof: (i) a "Material Adverse Effect" means any state of facts, change, event, effect or occurrence that is materially adverse to the financial condition, results of operations, properties, assets or liabilities (including contingent liabilities) of Guardsource or its Subsidiary, excluding the effects of facts, changes, events, effects or occurrences to the extent related to general economic conditions, acts of war, terrorism or armed hostilities; and (ii) "Subsidiary" means Virtual Guard Source, Inc., a California corporation.

**4.2 AUTHORITY.** Guardsource has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by Guardsource and constitutes the valid and binding obligations of Guardsource. The execution and delivery of this Agreement by Guardsource does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any material obligation or loss of a material benefit under (i) any provision of the Articles of Incorporation or Bylaws of Guardsource or its Subsidiary, or (b) any material mortgage, indenture, lease, contract or other agreement or instrument permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Guardsource or its Subsidiary or their respective properties or assets. No consent approval, order or authorization of, or registration, declaration or filing with, any governmental entity, is required by or with respect to Guardsource

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or its Subsidiary in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (c) the filing of the Articles of Merger; (ii) any filings as may be required under applicable state securities laws, all of which will be promptly filed following the closing of the transactions contemplated hereby; and (c) such other consents, authorizations, filings, approvals and registrations which, if not obtained or made, would not have a Material Adverse Effect.

**4.3 CAPITALIZATION.** As of the date hereof, the authorized capital stock of Guardsource consists of (i) 600 shares of common stock, \$1.00 par value per share, of which 100 are issued and outstanding and held by the Shareholders as follows: David Shopay (50 shares) and Alfredo Gasteazoro (50 shares). There are no other outstanding shares of capital stock or voting securities of Guardsource. All outstanding shares of Guardsource Common Stock have been duly authorized, validly issued, fully paid and are nonassessable and were not issued or acquired by the holders thereof in violation of the preemptive rights of any person or any agreement or laws, statutes, orders, decrees, rules, regulations and judgments of any governmental entities. No shares of capital stock of Guardsource are reserved for issuance or are held as treasury shares; there are no outstanding options, warrants, rights, calls, commitments, conversion rights, rights of exchange, subscriptions, claims of any character, agreements, obligations, convertible or exchangeable securities or other plans or commitments, contingent or otherwise, relating to the capital stock of Guardsource or its Subsidiary; there are no outstanding contracts or other agreements of Guardsource, the Shareholders or any other person to purchase, redeem or otherwise acquire any outstanding shares of capital stock of Guardsource or its Subsidiary or securities or obligations of any kind convertible into any shares of the capital stock of Guardsource or its Subsidiary; there are no dividends which have accrued or been declared but are unpaid on the capital stock of Guardsource or its Subsidiary; and there are no outstanding or authorized stock appreciation, phantom stock, stock plans or similar rights with respect to Guardsource or its Subsidiary. Guardsource is the sole owner of all of the outstanding capital stock of the Subsidiary. Except for the Subsidiary, Guardsource has never owned, and does not currently own, directly or indirectly, any capital stock or other equities, securities or interests in any other corporation or in any limited liability company, partnership, joint venture or other entity.

**4.4 ABSENCE OF CERTAIN CHANGES.** Other than the transactions contemplated by this Agreement, since June 30, 2005, Guardsource and its Subsidiary have conducted their respective businesses in the ordinary course consistent with past practice and there has not occurred: (i) any change, event or condition (whether or not covered by insurance) that has resulted in, or might reasonably be expected to result in, a Material Adverse Effect; (ii) any acquisition, sale or transfer of any material asset of Guardsource or its Subsidiary other than in the ordinary course of business and consistent with past practice; (iii) any change in accounting methods or practices (including any change in depreciation or amortization policies or rates) by Guardsource or any revaluation by Guardsource of its or its Subsidiary's assets; (iv) any declaration, setting aside, or payment of a dividend or other distribution with respect to the shares of Guardsource or any direct or indirect redemption, purchase or other acquisition by Guardsource of any of its shares of capital stock; (v) any material contract entered into by Guardsource or its Subsidiary, other than in the ordinary course of business and, or any material amendment or termination of, or default under, any material contract to which Guardsource or its Subsidiary is a party or by which either is bound; (vi) any amendment or change to the Articles of Incorporation or Bylaws of Guardsource or its Subsidiary; or (vii) any negotiation or agreement by Guardsource or its Subsidiary to do any of the things described in the preceding clauses (i) through (vi).

**4.5 ABSENCE OF UNDISCLOSED LIABILITIES.** Guardsource has no material obligations or liabilities of any nature (matured or unmatured, fixed or contingent) other than (i) those set forth or adequately provided for in the Balance Sheet of Guardsource for the period ended June 30, 2005 (the "Guardsource Balance Sheet"), which was prepared in accordance with generally accepted accounting principles consistently applied during the periods involved; (ii) those incurred in the ordinary course of business and not required to be set forth in the Guardsource Balance Sheet under generally accepted accounting principles; (iii) those incurred in the ordinary course of business since June 30, 2005 and consistent with past practice; and (iv) those

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incurred in connection with the execution of this Agreement. The Guardsource Balance Sheet fairly presents in all material respects the financial position of Guardsource as of the date thereof.

4.6 LITIGATION. There is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any agency, court or tribunal, foreign or domestic, or, to the knowledge of Guardsource or its Subsidiary, threatened against Guardsource or its Subsidiary or any of their respective properties or any of their respective officers or directors (in their capacities as such) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There is no judgment, decree or order against Guardsource or its Subsidiary or, to the knowledge of Guardsource or its Subsidiary, any of their respective directors or officers (in their capacities as such) that could prevent, enjoin, or materially alter or delay any of the transactions contemplated by this Agreement, or that could reasonably be expected to have a Material Adverse Effect.

**5. REPRESENTATIONS AND WARRANTIES OF CORNWALL AND MERGER SUB.** Cornwall and Merger Sub represent and warrant to Guardsource and the Shareholders as follows:

5.1 ORGANIZATION, STANDING AND POWER. Each of Cornwall and Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of Florida, and has the corporate power to own its properties and to carry on its business as now being conducted and as proposed to be conducted.

5.2 AUTHORITY. Each of Cornwall and Merger Sub has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by each of Cornwall and Merger Sub and constitutes the valid and binding obligations of each of Cornwall and Merger Sub. The execution and delivery of this Agreement by Cornwall and Merger Sub does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any material obligation or loss of a material benefit under (i) any provision of the Articles of Incorporation or Bylaws of Cornwall or Merger Sub or any of their respective subsidiaries, or (ii) any material mortgage, indenture, lease, contract or other agreement or instrument permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Cornwall or Merger Sub or their respective subsidiaries or their respective properties or assets. No consent approval, order or authorization of or registration, declaration or filing with, any governmental entity, is required by or with respect to Cornwall or Merger Sub or their respective subsidiaries in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (i) the filing of the Articles of Merger and (ii) any filings as may be required under applicable state securities laws, all of which will be promptly filed following the closing of the transactions contemplated hereby.

**6. GENERAL**

6.1 ABANDONMENT. At any time before the Effective Date, this Agreement may be terminated and the Merger may be abandoned for any reason whatsoever by the Board of Directors of either Merger Sub or Guardsource or both, notwithstanding the approval of this Agreement by the shareholders of Merger Sub or the Shareholders.

6.2 AMENDMENT. At any time prior to the Effective Date, this Agreement may be amended or modified in writing by the Board of Directors of either Merger Sub or Guardsource or both; provided, however, that an amendment made subsequent to the adoption of this Agreement by the shareholders of either



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Constituent Corporation shall not alter or change any of the terms and conditions of this Agreement if such alteration or change would adversely affect the rights of the shareholders of such Constituent Corporation.

6.3 GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida.

6.4 COUNTERPARTS. In order to facilitate the filing and recording of this Agreement, the same may be executed in any number of counterparts, each of which shall be deemed to be an original.

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IN WITNESS WHEREOF, the parties hereto have entered into and signed this Agreement as of the date and year first written.

**GUARDSOURCE ACQUISITION CORP.**

By: David M. Shopay, Pres.  
David Shopay, President

**GUARDSOURCE CORP.**

By: David M. Shopay, Pres.  
David Shopay, President

**THE CORNWALL GROUP, INC.**

By: David M. Shopay, Pres.  
David Shopay, President

David Shopay  
DAVID SHOPAY

ALFREDO GASTEAZORO  
ALFREDO GASTEAZORO