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COVER LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: BOTTINELLI PRODUCTIONS, INC.
(Name of Surviving Corporation)

The enclosed Articles of Merger and fee are submitted for filing.

Please return all correspondence concerning this matter to following:

STANLEY E. POND, ESQ.
(Contact Person)

LAW OFFICES OF STANLEY E. POND
(Firm/Company)

P.O. BOX 1076
(Address)

SANIBEL, FL 33957-1076
(City/State and Zip Code)

For further information concerning this matter, please call:

STANLEY E. POND, ESQ. At (239) 472-4020
(Name of Contact Person) (Area Code & Daytime Telephone Number)

☒ Certified copy (optional) \$8.75 (Please send an additional copy of your document if a certified copy is requested)

STREET ADDRESS:
Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, Florida 32301

MAILING ADDRESS:
Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, Florida 32314

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First: The name and jurisdiction of the surviving corporation:

Second: The name and jurisdiction of each merging corporation:

Third: The Plan of Merger is attached.

OR / / (Enter a specific date. NOTE: An effective date cannot be prior to the date of filing or more than 90 days after merger file date.)

Fifth: Adoption of Merger by surviving corporation - (COMPLETE ONLY ONE STATEMENT)
The Plan of Merger was adopted by the shareholders of the surviving corporation on MARCH 15, 2006.

The Plan of Merger was adopted by the board of directors of the surviving corporation on _____ and shareholder approval was not required.

Sixth: Adoption of Merger by merging corporation(s) (COMPLETE ONLY ONE STATEMENT)
The Plan of Merger was adopted by the shareholders of the merging corporation(s) on MARCH 15, 2006.

The Plan of Merger was adopted by the board of directors of the merging corporation(s) on _____ and shareholder approval was not required.

(Attach additional sheets if necessary)

Seventh: SIGNATURES FOR EACH CORPORATION

<u>Name of Corporation</u>	<u>Signature of an Officer or Director</u>	<u>Typed or Printed Name of Individual & Title</u>
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BOTTINELLI PRODUCTIONS INC.

Connie Bottinelli

CONNIE BOTTINELLI, PRESIDENT

BOTTINELLI PRODUCTIONS, INC.

Connie Bottinelli

CONNIE BOTTINELLI, PRESIDENT

AGREEMENT AND PLAN OF MERGER

between

BOTTINELLI PRODUCTIONS, INC., a New Jersey Corporation

AS THE COMPANY

joined by

CONNIE BOTTINELLI, President

AS THE SOLE STOCKHOLDER OF THE COMPANY

and

BOTTINELLI PRODUCTIONS, INC., a Florida Corporation

AS THE ACQUIRED COMPANY

joined by

CONNIE BOTTINELLI, President

AS THE SOLE STOCKHOLDER OF THE ACQUIRED COMPANY

Prepared by Stanley E. Pond, attorney for the Acquired Company

LAW OFFICES OF STANLEY E. POND

509 Lagoon Drive

P.O. Box 1076

Sanibel, FL 33957-1076

Telephone (239) 472-4020 Facsimile (239) 472-4030

AGREEMENT AND PLAN OF MERGER

BOTTINELLI PRODUCTIONS, INC., a New Jersey corporation, having its principal place of business at Voorhees, New Jersey, hereinafter referred to as (the "Acquired Company");

joined by

CONNIE BOTTINELLI, President, having a mailing address of 9080 Spring Mountain Way, Ft. Myers, FL 33908, being the sole stockholder of the Acquired Company, referred to herein as ("Bottinelli");

and

BOTTINELLI PRODUCTIONS, INC., a Florida corporation, having its principal place of business at 9080 Spring Mountain Way, Ft. Myers, FL 33908, hereinafter referred to as (the "Company");

joined by

CONNIE BOTTINELLI, President, having a mailing address of 9080 Spring Mountain Way, Ft. Myers, FL 33908, being the sole stockholder of the Company, referred to herein as ("Connie");

being the parties to this Agreement, agree as follows:

ARTICLE 1. RECITALS

1.1. Ownership

Connie owns beneficially and of record, in the amounts set forth on Schedule 1.1 (a), all of the issued and outstanding shares of capital stock of the Company. Bottinelli owns beneficially and of record, in the amounts set forth on Schedule 1.1 (b), all of the issued and outstanding shares of capital stock of the Acquired Company.

Merger

Each of the companies and their respective stockholders desire that the Company and the Acquired Company merge under the terms and conditions contained in this Agreement and in accordance with the Florida General Corporation Act, Chapter 607, Florida Statutes ("FGCA").

ARTICLE 2. DEFINITIONS

2.1. Definitions

As used in this Agreement, the terms defined in the Preamble and the Recitals hereto shall have the respective meanings ascribed thereto, and the following terms shall have the meanings set forth below (such definitions to be applicable equally to the singular and plural forms thereof):

- (1) "Acquisition Proposal": as defined in Article 8.4.

- (2) "Affiliate" with respect to any Person means (i) any other Person of which such Person is an officer, director or partner or is directly or indirectly the beneficial owner of ten percent (10%) or more of any class of equity securities or other financial interest; (ii) any trust or other estate in which such Person serves as a trustee or in any similar fiduciary capacity; (iii) any relative or spouse of such Person, or any relative of such spouse who has the same home as such Person; (iv) any director or officer of such Person; or (v) any Person who directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person.
- (3) "Business" means the business conducted or to be conducted by the combined companies, directly or indirectly, including the sale and installation of kitchens and baths.
- (4) "Claim" means a claim pursuant to that a party is entitled, or may become entitled, to indemnification under this Agreement.
- (5) "Closing": as defined in Article 12.
- (6) "Closing Date": as defined in Article 12
- (7) "Closing Documents" means collectively, this Agreement and all other documents, including the director and shareholder consents to the Plan of Merger, Corporate Stockholder Agreement and the Articles of Merger, to be executed and delivered by the parties pursuant hereto at the Closing Date.
- (8) "Disclosure Schedules": as defined in the introduction to Article 5.
- (9) "Environmental Laws" means any federal, state or local law, regulation, ordinance or order pertaining to the protection of natural resources, the environment and the health and safety of the public, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or chemicals, or industrial, toxic or hazardous substances or wastes, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub. L. 99-499, 100 Stat 1613, 1986) ("SARA"), the Resource Conservation and Recovery Act ("RCRA"), as amended, 42 U.S.C. §§ 6901 et seq., the Hazardous Material Transportation Act, as amended, 49 U.S.C. §§ 1801 et seq., the Occupational Safety and Health Act, as amended, 29 U.S.C. §§ 651 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 ("TSCA"); the Clean Water Act, 33 U.S.C. Section 407 et seq.; ("CWA"), and the Clean Air Act, 42 U.S.C. Section 7901 et seq.
- (10) "Financial Statement Date" as defined in Section 5.6
- (11) "Financial Statements" shall mean the financial statements of the Company referred to in Section 5.6.

- (12) "Governmental Authority" means any nation or government, any state or other political subdivision thereof, any regulatory agency or body and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
- (13) "Hazardous Materials" means any (i) "hazardous substance," "pollutants" or "contaminant" (as defined in Sections 101(14) and (33) of the CERCLA or the regulations issued pursuant to Section 102 of CERCLA and found at 40 C.F.R. § 302), including any element, compound, mixture, solution or substance that is designated pursuant to Section 102 of CERCLA; (ii) substance that is designated pursuant to Section 311(b)(2)(A) of the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251, 1321(b)(2)(A)) ("FWPCA"); (iii) hazardous waste having the characteristics identified under or listed pursuant to Section 3001 of RCRA; (iv) toxic pollutant that is or may be listed under Section 307(a) of FWPCA; (v) hazardous air pollutant that is listed under Section 112 of the Clean Air Act, as amended (42 U.S.C. §§ 7401, 7412); (v) immediately hazardous chemical substance or mixture with respect to which action has been or may be taken pursuant to Section 7 of the Toxic Substances Control Act, as amended (15 U.S.C. §§ 2601, 2606); (vi) asbestos, asbestos-containing material, or urea formaldehyde or material that contains it; (vii) waste oil and other petroleum products; and (viii) any other toxic materials, contaminants or hazardous substances or wastes pursuant to any Environmental Law.
- (14) "Indemnified Party": as defined in Section 13.3.
- (15) "Intellectual Property": as defined in Section 5.11(3).
- (16) "IRC" means the Internal Revenue Code of 1986, as amended.
- (17) "Laws" means all federal, state, local and foreign laws, ordinances, orders, rules and regulations (including, without limitation, those relating to discrimination in employment, occupational safety and health, trade practices, competition and pricing, product warranties, zoning, building and sanitation, toxic and chemical substances, employment, retirement and labor relations, product advertising and pollution, discharge, disposal and emission of wastes, materials and gases into the environment which are applicable to the Business).
- (18) "Lease": as defined in Section 5.12(1).
- (19) "Loss" means any loss, damage, cost or expense (including, without limitation, diminution in value, lost profits, attorneys' fees and costs of investigation and litigation) entitled to indemnification pursuant to Article 13.
- (20) "Material Adverse Effect" shall mean a material adverse change in the Business, assets, financial condition, prospects or operations of the Company.
- (21) "Note": as defined in Section 5.11(9).
- (22) "Person" means an individual, a partnership, a corporation, an association, a joint stock Company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).
- (23) "Purchaser's Indemnified Persons": as defined in Section 13.1.

- (24) **"Real Property"**: as defined in Section 5.11.
- (25) **"Release"** means any spilling, leaking, emitting, discharging, depositing, escaping, dumping or other releasing into the environment of Hazardous Materials, whether intentional or unintentional.
- (26) **"Representatives"**: as defined in Section 8.1.
- (27) **"Securities Act"** means the Securities Act of 1933, as amended, and any rules and regulations promulgated there under and any successor federal statute, rules or regulations.
- (28) **"Shareholders Indemnified Persons"**: as defined in Section 13.2.
- (29) **"Subject Employee"** means any current or former officer, director, employee or consultant who is or was employed or otherwise compensated by the Company or otherwise in connection with the Business.
- (30) **"Taxes"** means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under IRC § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax, charge, assessment or fee of any kind whatsoever imposed by any governmental authority, including any interest, penalty, or addition thereto, whether disputed or not.
- (31) **"Tax Return"** means any return, declaration, report, claim for refund, or information return or statement relating to Taxes required to be filed or delivered to another Person by any governmental authority, including any schedule or attachment thereto, and including any amendment thereof.
- (32) **"Third-Party Suit"** means a suit or proceeding by a third party with respect to which a claim is made against an Indemnified Party.
- (33) **"UCC"**: means the Uniform Commercial Code, as in effect as of the date of this Agreement under the laws of any State where the Company conducts its Business.

2.2. Knowledge

A Person shall be deemed to have "knowledge" of a particular fact or other matter if: (i) such Person is actually aware of such fact or other matter, or (b) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter. To the extent that any representation, warranty or other provision in this Agreement is, by its terms, based upon or limited by the knowledge of the Company the Company will be deemed to have knowledge of such fact or other matter if Stockholders had knowledge of such fact or other matter.

ARTICLE 3. THE MERGER

3.1. Surviving Corporation

Subject to the terms of this Agreement, upon the effective time set forth in the Article of Merger to be filed with the Secretary of State of Florida, the Company shall be the surviving corporation in the merger and shall continue its existence under the laws of the State of Florida. The merger shall have the effect as provided by the FGCA.

3.2. Articles of Incorporation.

The Articles of Incorporation of the Company, as presently filed with the Secretary of State of the State of Florida, shall be the Articles of Incorporation for the combined companies, until and unless they are duly amended.

3.3. Bylaws.

The Bylaws of the Company, as presently filed in the Corporate Records Book, shall be the Bylaws for the combined companies, until and unless they are duly amended.

3.4. Directors.

Each of the stockholders shall be the directors of the Company. On the Effective Time of the Merger the director shall be Connie Bottinelli.

3.5. Officers.

The officers of the Company shall on the Effective Time of the Merger be Connie Bottinelli, President and Secretary/Treasurer.

3.6. Effective Time.

Subject to the terms and conditions of this Agreement, the Merger shall not become effective until the following actions shall have in all respects been completed:

- (1) This Agreement shall have been approved by the requisite percentage of the shareholders of the Company in accordance with the requirements of the FGCA, and, if required compliance with all provisions of the FGCA regarding dissenter's rights.
- (2) Articles of Merger meeting the requirements of the FGCA shall have been filed with the Secretary of State of Florida.

The date and time at which the Merger shall become effective shall be the time at which the Articles of Merger are filed with the Secretary of State of Florida, such time being referred to herein as the "Effective Time".

ARTICLE 4. CONVERSION OF COMPANY STOCK

4.1. Manner and Basis of Converting the Acquired Company Stock

As of the Effective Time, by virtue of the Merger and without any action on the part of any holders of the shares of the Acquired Company's stock:

- (1) Each share of Acquired Company Stock (except for Dissenting Shares) shall be converted into the right to receive \$1.00 cash, without interest (the "Cash Consideration"), and a fractional interest in the Escrow Funds (the "Escrow Consideration"), such fraction to be determined by dividing 1 by the number of shares of Acquired Company Stock that are converted into the Cash Consideration and the Escrow Consideration. The Cash Consideration and the Escrow Consideration are hereinafter collectively referred to as the "Merger Consideration."
- (2) Each share of Acquired Company Stock held in the Acquired Company's treasury as of the Effective Time shall be cancelled and retired and all rights in respect thereof shall cease to exist, without any conversion thereof or payment of any consideration therefor.
- (3) From and after the Effective Time, the holders of certificates representing shares of Acquired Company Stock shall cease to have any rights with respect to such certificates or such Acquired Company Stock, except the right to receive the Merger Consideration or any rights that may attach pursuant to the FGCA with respect to Dissenting Shares.
- (4) Each share of capital stock of the Acquired Company that is issued and outstanding as of the Effective Time shall be converted into one validly issued, fully paid and nonassessable share of capital stock of the Company.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE COMPANY

As a material inducement to the Purchaser to enter into this Agreement and purchase the assets of the Business, except as set forth in the Disclosure Schedule attached to and made a part of this Agreement (the "Disclosure Schedule"), which identifies exceptions by specific Section references, the Company and the Shareholders, jointly and severally, hereby make the following representations and warranties to the Purchaser:

5.1. Corporate Organization and Power

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey and has all requisite power and authority to carry on its Business as it is now being conducted and to own, lease and operate its properties where such properties and assets are now owned, leased or operated. Accurate and complete copies of the Articles of Incorporation and Bylaws of the Company, with all amendments thereto, have been delivered by the Shareholders to the Purchaser. The Company has not been known by any other corporate name in the past five (5) years, nor has it sold inventory under any other name, nor has it been the surviving corporation of a merger or consolidation or acquired all or substantially all of the assets of any Person during the preceding five (5) years.

The Company is duly qualified or licensed to do business as a foreign corporation in good standing in each jurisdiction where the ownership or operation of its properties or conduct of the Business requires such qualification.

The Company has no direct or indirect subsidiaries or any direct or indirect interest by

stock ownership or otherwise in any corporation, partnership, joint venture, association, organization, business enterprise, limited liability company or other entity.

5.2. Authorization.

The Shareholders and the Company have all requisite power and authority to execute, deliver and perform their obligations under the Agreement. No further corporate act or proceeding on the part of the Company is necessary to authorize this Agreement or the other Closing Documents or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes and, when executed and delivered, the other Closing Documents and will constitute, valid and binding agreements of the Shareholders and the Company enforceable against the Shareholders and the Company in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally, and by general equitable principles affecting the availability of equitable relief.

5.3. No Violations; Consents.

Neither the execution and delivery of this Agreement or the other Closing Documents, nor the consummation by the Shareholders or the Company of the transactions contemplated hereby and thereby (i) will violate any statute, law, rule, regulation, order, writ, injunction or decree of any court or Governmental Authority applicable to the Shareholders or the Company, (ii) will require any authorization, consent, approval, exemption or other action by, or filing with or notice to, any court or Governmental Authority or any other Person, or (iii) will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in or allow the creation of any lien, security interest, charge or encumbrance upon any of the assets material to the Business, assets or financial condition of the Company, under any term or provision of (a) the Articles of Incorporation or Bylaws of the Company or (b) any material contract, commitment, understanding, arrangement, agreement or restriction of any kind or character to which the Shareholders or the Company are a party, or by which the Shareholders or the Company, or any of their respective assets or properties may be bound.

5.4. Capitalization.

The Company has one thousand (1000) shares of authorized capital stock, of which nine hundred (900) shares of common stock are issued and outstanding, and no shares are held as treasury shares. All of the shares of the Stock are fully paid and nonassessable. The Stock constitutes all of the issued and outstanding capital stock of the Company.

There are no outstanding options, contracts, calls, commitments, agreements or demands of any character relating to the capital stock of the Company, and there are no outstanding securities or other instruments convertible into or exchangeable for shares of capital stock of the Company, and there are no commitments to issue such securities or instruments

5.5. Corporate Records.

The minute books, stock certificate books and stock transfer ledgers of the Company are complete and accurate in all material respects and reflect all those transactions and

corporate acts that properly should have been set forth therein, including but not limited to records of all formal meetings of, and corporate action taken by, the stockholders and directors of the Company. No meetings of such stockholders and directors have been held for which minutes have not been prepared and are not contained in such minute books.

5.6. Financial Disclosure

The Shareholders have delivered to the Purchaser balance sheets of the Company and related statements of profits and losses, as prepared by management, for the year ending December 31, 2005 and the most current balance sheets of the Company and related statements of profits and losses, as prepared by management, for the month ending July 31, 2006 (the "Financial Statements") and July 31, 2006 shall be the "Financial Statement Date").

Each of the Financial Statements (a) is true, complete and correct, (b) has been prepared from the books and records of the Company, (c) has been prepared on a cash basis in accordance with GAAP, as modified by the Company's standard accounting practices applied on a consistent basis with prior periods covered thereby and (c) presents fairly in all material respects on a cash basis the financial position of the Company as of its respective date and the results of the Company's operations and changes in stockholders' equity for such periods. All prepaid expenses included therein as assets represent payments theretofore made by the Company, the benefit and advantage of which may be obtained and enjoyed by the Company. The books and records of the Company have been kept, and will be kept to the Closing Date, in reasonable detail and in accordance with sound business practices, consistent with prior practices, and do and will fairly and accurately reflect in all material respects on a cash basis the operating and financial transactions of the Company, and are and will be complete and correct. All of the books and records of the Company have been made available to the Purchaser.

5.7. No Undisclosed Liabilities

Except for those liabilities as set forth on Schedule 3, the Company does not have any obligation or liability, of any nature whatsoever, whether absolute, accrued, contingent or otherwise, of the type customarily reflected in financial statements prepared on a cash basis. There are no facts in existence that might reasonably serve as the basis for any liability or obligation of the Company that is not fully disclosed in this Agreement and the Schedules thereto. The Company has not received any notice from any trade creditors or others that delinquency on payment obligations has become or will become the basis for termination of any business relationships.

5.8. Absence of Certain Changes

Except as contemplated or permitted by this Agreement, since the most recent Financial Statement Date there has not been:

- (1) Any material adverse change in the business, financial condition, operations, or assets of the Company;
- (2) Any damage, destruction, or loss, whether covered by insurance or not materially adversely affecting the properties or business of the Company;

- (3) Any sale or transfer by the Company of any tangible or intangible asset other than in the ordinary course of business, any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and contract rights of customers in inventory;
- (4) Any material transaction not in the ordinary course of business of the Company;
- (5) The lapse of any material trademark, assumed name, trade name, service mark, copyright, or license or any application with respect to the foregoing;
- (6) The grant of any increase in the compensation of officers or employees (including any such increase pursuant to any bonus, pension, profit-sharing, or other plan) other than customary increases on a periodic basis or required by agreement or understanding in the ordinary course of business and in accordance with past practice;
- (7) Made any change in any method of accounting or accounting principle;
- (8) Failed to maintain its books, accounts and records in its usual, regular and ordinary manner; or
- (9) An agreement to do any of the foregoing.

5.9. Compliance with Laws

To the best of Shareholders' knowledge, the Company is, in the conduct of its business, in substantial compliance with all laws, statutes, ordinances, regulations, orders, judgments, or decrees applicable to them, the enforcement of which, if the Company was not in compliance therewith, would have a materially adverse effect on the business of the Company, taken as a whole. The Company has not received any notice of any asserted present or past failure by the Company to comply with such laws, statutes, ordinances, regulations, orders, judgments, or decrees. The Shareholders do not know of any reason why the Company would not be able to continue the Business, as presently conducted or as proposed to be conducted after Closing.

5.10. Licenses and Permits

The Company has all operating authority, licenses, franchises, permits, certificates, consents, rights and privileges (collectively "Licenses") as are necessary or appropriate to the operation of its business as now conducted and as proposed to be conducted and which the failure to possess would have a material adverse effect on the assets, operations or financial condition of the Company. Such Licenses are in full force and effect, no violations have been or are expected to have been recorded in respect of any such licenses, and no proceeding is pending or, to the knowledge of the Shareholders, threatened that could result in the revocation or limitation of any such licenses. The Shareholders has conducted its business so as to comply in all material respects with all such Licenses.

Environmental Matters

The Shareholders warrant and represent:

- (1) Activities. There have not been any activities, events or conditions in, on or under the real property leased by the Company or any other real property which has been owned, leased, occupied or under the control of the Company at any time the Real Property was owned, leased, occupied or controlled by the Company or at any time prior thereto, involving the presence, handling, use, generation, treatment, storage, or disposal of any Hazardous Substances in violation of, or subject to any unsatisfied material liability under, applicable Environmental Laws.
- (2) Releases. There have not been any Releases or threatened Releases of any Hazardous Substances at, to or from any of the Real Property (including without limitation any such Releases at any other property of any Hazardous Substances generated by the Company at any time since the Real Property has been owned, leased, occupied or controlled by the Company) or at any time prior thereto that (i) is or was in material violation of applicable Environmental Law to the extent that such Environmental Laws provide applicable standards defining acceptable levels of Hazardous Substances; (ii) in the absence of such applicable standards, could reasonably be expected to give rise to an action to compel an investigation or cleanup or to pay civil administrative fines, penalties or other damages; or (iii) could reasonably be expected to result in the imposition of a lien or claim being attached to any Real Property that could have a Material Adverse Effect on the Company.
- (3) Compliance. The Company has been at all times and is now in compliance with all, and has not received notice that it is otherwise subject to any unsatisfied liability under any, Environmental Laws. There is no pending or threatened litigation, investigation or enforcement action, administrative order or notice of violation brought under any Environmental Law concerning any of the Company's operations or the Real Property. The Company has not received any unsatisfied request for information, notice of claim, demand or other notification or allegation that it is or may be potentially responsible for any threatened or actual Release of Hazardous Substances.
- (4) Real Property Status. None of the Real Property is listed, or proposed for listing on the National Priority List pursuant to CERCLA or any inventory or similar list of hazardous waste disposal sites maintained by any state or local agency, for which the Company has received notice that it is considered to be a potentially responsible party or otherwise may face liability.
- (5) Environmental Reports. There are no environmental audits or reports regarding any Real Property dated within the past five (5) years.

5.11. Title to and Condition of Property

- (1) Real Property. The Company does not own any real property.
- (2) Personal Property. The Company has good and marketable title to or holds valid leasehold interests in all equipment, machinery, furniture, fixtures and other tangible personal property. None of such personal property is subject to any lien, encumbrance or security interest or to any contract of sale, except inventory to be

disposed of in the ordinary course of business consistent with past practice. The equipment, machinery, furniture and fixtures used or necessary in the operation of the Business of the Company (i) are not subject to any commitment or arrangement for their use by any Person other than the Company, (ii) are in good operating condition and repair, reasonable wear and tear excepted, and (iii) are usable for the purposes for which they are intended. The Company holds valid and binding lease agreements for all personal property that is used in and material to the business of the Company and that is not owned by the Company.

- (3) Intellectual Property. The Company does not own, possess, use or hold any patents, patent applications, trade names, trademarks, trademark registrations and applications, service marks, copyrights, and copyright registrations and applications, domestic or foreign (collectively, "Intellectual Property"). The Company does not pay any royalties or other consideration for the right to use any Intellectual Property of others. To the Shareholders' best knowledge, the Company has not operated and is not operating its business in a manner that infringes the proprietary rights of any other person in any patents, trademarks, trade names, service marks, copyrights, or confidential information. The Shareholders have not received any written notice of any infringement or unlawful use of such property. The Company has the unrestricted and absolute right to use the trade name "Grinning Dog Pictures" in every jurisdiction in which it does business.
- (4) No Condemnation or Expropriation. Neither the whole nor any portion of any property or assets of the Company is subject to any governmental decree or order directing or authorizing the sale, condemnation, expropriation or other taking of such property or assets by any Governmental Authority, with or without payment of compensation therefor, nor, to the knowledge of the Shareholders or the Company, is any such governmental action threatened.

5.12. Contracts and Commitments

- (1) Real Property Leases. The Company is not a party to any lease of real property, whether as lessor or lessee.
- (2) Material Contracts. The Company is not a party to any material contracts.
- (3) Purchase Commitments. The Company has no purchase commitments for inventory items or supplies other than in the ordinary course of the Company's Business.
- (4) Performance Commitments. The Company has no forward obligations under consulting or other service agreements or contracts with independent agents except those made at arms' length in the ordinary course of business.
- (5) Powers of Attorney. The Company has not given a power of attorney, which is currently in effect, to any Person for any purpose whatsoever.
- (6) Contracts with Affiliates. The Company does not have any Contract with any Affiliate that is not cancelable by the Company on notice of not longer than thirty (30) days, without liability, penalty or premium of any nature or kind.

- (7) Contracts With Employees; Best Efforts. The Company does not have any collective bargaining or employment agreements, non-disclosure or non-competition agreements or any agreements that contain any severance or termination pay, liabilities or obligations, or any bonus, vacation, deferred compensation, stock purchase, stock option, profit sharing, pension, retirement or other Employee Benefit Plans not otherwise disclosed in the Employee Manual, a copy of which has been delivered to the Purchaser.
- (8) Contracts Subject to Renegotiation or Termination. The Company is not a party to any Contract that is subject to renegotiation or as to which the Company or the Shareholders have been advised that the Contract will be terminated.
- (9) Loan Agreements and Guarantees. The Company is not obligated under any loan agreement, promissory note or other evidence of indebtedness as a signatory, guarantor or otherwise and has not otherwise guaranteed the performance by any person or entity of the obligations of such person or entity under any Contract or other agreement.
- (10) Joint Ventures. The Company is not a party to any joint venture contract, partnership arrangement, or other agreement involving a sharing of profits, losses, costs or liabilities by the Company with any other party.
- (11) Restrictive Covenants. The Company is not a party to any Contract containing covenants that in any way purport to restrict the Company's business activity or purport to limit the freedom of the Company to engage in any line of business or to compete with any person.
- (12) No Default. The Company is not in default under the Leases, any other material lease, or any Contract, nor has any event occurred, which through the passage of time or the giving of notice, or both, would constitute a default by the Company, would cause the acceleration of any of the Company's obligations there under, would result in the creation of any material lien, encumbrance or restriction on any of the assets of the Company, or would result in a Material Adverse Effect. To the knowledge of the Shareholders or the Company, no third party is in default under any material lease or Contract to which the Company is a party, nor has any event occurred that, through the passage of time or the giving of notice, or both, would constitute a default there under.

5.13. Labor Matters

The Company has not experienced any labor disputes, union organization attempts or any work stoppage due to labor disagreements in connection with its business. The Shareholders and the Company represent and warrant that: (a) there is no unfair labor practice charge or complaint against the Company pending before the National Labor Relations Board or any Governmental Authority; (b) there is no labor strike, dispute, written request for representation, slowdown or stoppage currently pending or threatened against the Company (including without limitation any organizational drive); (c) no written inquiry concerning representation of Company employees has been received by the Company and the Shareholders have no knowledge of any questions having been raised with respect thereto; (d) there is no labor grievance which, if determined adversely

to the Company could have a Material Adverse Effect; (e) no arbitration proceeding arising out of or under any collective bargaining agreement to which the Company is a party is pending, nor do the Shareholders have any knowledge of any basis therefor; and (f) there are no administrative charges or court complaints against the Company concerning alleged employment discrimination or other employment-related matters pending or threatened before the U.S. Equal Employment Opportunity Commission or any state or federal court or agency.

5.14. Employee Benefit Plans

The Company has no Employee Benefit Plans.

5.15. Employee Compensation.

The Company has no current employees. The Company has no obligation for any accrued or unpaid vacation benefits. The Company has no obligation for any accrued or unpaid employee bonus, including any bonus constituting taxable wages to the Shareholders. No other Person, other than accountants, attorneys, franchisees, independent contractors and distributors, regularly performs compensable services relating to the Business.

5.16. Improper Payments or Funds

Neither the Shareholder, the Company nor any director, officer, agent or employee of the Company has and no other Person associated with or acting for or on behalf of the Company has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff influence payment, kickback or other payment to any Person, private or public, regardless of form whether in money, property or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured or (iii) to obtain special concessions or for special concessions already obtained for or in respect of the Company or any Affiliate of the Company or (b) established or maintained any fund or asset that has not been recorded in the books of the Company.

5.17. Related Businesses

Neither the Shareholder nor any Affiliate of the Company has any direct or indirect interest (except through the ownership of securities listed on a national securities exchange) in (i) any Person which does business, or is in competition, with the Company, or (ii) any property, asset or right which is used by the Company in the conduct of its Business.

5.18. Related Person Indebtedness

The Company owes no indebtedness to any person.

5.19. Insurance

The company holds no policies of property, fire and casualty, general liability, auto, workers' compensation, and other forms of insurance. The Company is not in default with respect to any provision contained in any policy of insurance.

5.20. Tax Matters

- (1) (i) All Tax Returns with respect to Taxes that are required to be filed by or with respect to the Company on or before the Closing Date have been duly filed, and all such Tax Returns are correct and complete in all material respects, (ii) all Taxes due from or in respect of the Company for the periods covered by the Tax Returns referred to in clause (i) have been paid in full , and the Company has made or will make all payments of estimated Taxes required to be made on or before the Closing Date, (iii) all deficiencies asserted or assessments made on or before the Closing Date as a result of examinations by any Governmental Authority have been or will be paid in full on or before the Closing Date and (iv) there is no dispute, inquiry or claim concerning any Tax liability of the Company either (A) claimed or raised by any Governmental Authority, or (B) as to which the Shareholders have knowledge.
- (2) As of the Closing Date, the Company will not be a party to, will not be bound by, and will have no obligation under, any tax sharing agreement or contract.
- (3) The Shareholders are not, and have never been, parties to any agreement with respect to the distribution of income or liquidation proceeds from the Company.
- (4) The Company is not currently the beneficiary of any extension of time with respect to (A) filing any Tax Return or (B) paying any Tax assessment or Tax deficiency, (ii) to the Company's knowledge, no claim has ever been made by an authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, (iii) the Company is subject to income tax only with respect to the United States and the jurisdictions where it conducts business, (iv) there are no security interests on any of the assets or stock of the Company that arose in connection with any failure (or alleged failure) to pay any Tax, (v) no Tax liability will be incurred by the Company as a result of the transactions contemplated by this Agreement; and (vi) the Company has not been delinquent in the payment of any Tax, or in the filing of any Tax Return.
- (5) The Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.
- (6) The Company has not waived any statute of limitations in respect to any Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.
- (7) The Company has no liability for the Taxes of any Person other than the Company (i) under any Laws, (ii) as a transferee or successor, (iii) by contract, or (iv) otherwise.
- (8) The Company has not (i) filed a consent under Code §341(f) concerning collapsible corporations; and (ii) been a United States real property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii).
- (9) The Company is, and has been since its incorporation, a validly electing Subchapter S corporation within the meaning of §§1361 and 1362 of the IRC.

- (10) The Company's S corporation election has not been terminated or revoked by any Governmental Authority for any reason.

5.21. Brokers or Finders

Neither the Shareholders, the Company, nor any person acting on their behalf has employed any broker or finder or consultant, or has incurred any obligation or liability for any brokerage fees, commissions, finders' fees or consultants' fees in connection with the transactions contemplated by this Agreement, and no Person has or will have any right, interest or valid claim against or upon the Purchaser or the Company for any such fee or commission.

5.22. Litigation

There are no lawsuits, actions, proceedings, inquiries, claims, orders or investigations by or before any court or governmental or other regulatory agency or commission (including actions or proceedings seeking injunctive relief) pending or, to the knowledge of the Shareholders or the Company, threatened against the Shareholders or the Company, before any court, administrative or regulatory body, or any Governmental Entity.

There are no lawsuits, actions, proceedings, inquiries, claims, orders or investigations by or before any court or governmental or other regulatory agency or commission (including actions or proceedings seeking injunctive relief) pending or, to the Shareholders' or the Company's knowledge, threatened against the Shareholders or the Company and there are no facts or circumstances known to the Shareholders or the Company that could result in a claim for damages or equitable relief that, if decided adversely, could, individually or in the aggregate, materially impair the ability of the Shareholders or the Company to perform their obligations under this Agreement.

5.23. Accounts Receivable

The Company has no current accounts receivable.

5.24. Suppliers

The Company has no list of materials suppliers.

5.25. Disclosure

To the knowledge of Shareholders neither this Agreement nor any of the schedules, attachments, written statements, documents, certificates, or other items prepared or supplied to Purchaser by or on behalf of the Shareholders with respect to this purchase contain any untrue statement of a material fact or omit a material fact necessary to make each statement contained herein or therein not misleading. To the knowledge of Shareholders no officer or director has intentionally concealed any fact known by such person to have a material adverse effect upon the Shareholders' existing or expected financial condition, operating results, assets, customer relations, employee relations, or business prospects taken as a whole.

ARTICLE 6. REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

As a material inducement to the Purchaser to enter into this Agreement and purchase the assets of the Business, the Shareholders and the Company, jointly and severally, represent and warrant that:

6.1. Ownership of the Stock

Each Shareholder is the record and beneficial owner and holder of such number of shares of common stock as are set forth on Schedule 1.1, all of which are being transferred and sold hereunder as the Stock. Each Shareholder's shares of Stock are held free and clear of all liens, claims, encumbrances, charges and assessments of any nature. There are no outstanding options, contracts, calls, commitments, agreements or demands of any character relating to any Shareholder's Stock. Each Shareholder's Stock is not subject to any restrictions with respect to transferability. Each Shareholder has full power and authority to assign and transfer her Stock to the Purchaser in accordance with the terms of this Agreement without obtaining the consent or approval of any other Person or Governmental Authority, and the delivery of the each Shareholder's Stock to the Purchaser pursuant to this Agreement will transfer valid title thereto, free of all liens, encumbrances, charges and assessments of any kind. Each Shareholder acquired all of her Stock from the Company.

ARTICLE 7. REPRESENTATIONS AND WARRANTIES OF PURCHASER

As a material inducement to the Shareholders to enter into this Agreement and sell the stock of the Company, the Purchaser hereby represents and warrants to the Shareholders as follows:

7.1. Organization; Power

The Acquiring Company (also known as the Purchaser) has all requisite power and authority to enter into this Agreement and perform it terms.

7.2. Authorization

The Purchaser has all requisite power and authority to execute, deliver and perform its obligations under the Agreement. No further corporate act or proceeding on the part of the Purchaser is necessary to authorize this Agreement or the other Closing Documents or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes and, when executed and delivered, the other Closing Documents and will constitute, valid and binding agreements of the Purchaser enforceable against the Purchaser in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally, and by general equitable principles affecting the availability of equitable relief.

7.3. No Conflict with Other Instruments or Agreements

Neither the execution and delivery of this Agreement or the other Closing Documents, nor the consummation by the Purchaser of the transactions contemplated hereby and thereby (i) will violate any statute, law, rule, regulation, order, writ, injunction or decree of any court or Governmental Authority applicable to the Purchaser, (ii) will require any authorization, consent, approval, exemption or other action by, or filing with or notice to,

any court or Governmental Authority or any other Person, or (iii) will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in or allow the creation of any lien, security interest, charge or encumbrance upon any of the assets material to the business, assets or financial condition of the Purchaser, under any term or provision of (a) the Certificate of Formation or Operating Agreement of the Company or (b) any material contract, commitment, understanding, arrangement, agreement or restriction of any kind or character to which the Purchaser is a party, or by which the Purchaser, or any of its respective assets or properties may be bound.

7.4. Litigation

There are no lawsuits, actions, proceedings, inquiries, claims, orders or investigations by or before any court or governmental or other regulatory agency or commission pending or, to the Purchaser's knowledge, threatened against the Purchaser and there are no facts or circumstances known to the Purchaser that could result in a claim for damages or equitable relief that, if decided adversely, could, individually or in the aggregate, materially impair the ability of the Purchaser to perform its obligations under this Agreement.

7.5. Brokers or Finders

Neither the Purchaser, nor any person acting on its behalf has employed any broker or finder or consultant, or has incurred any obligation or liability for any brokerage fees, commissions, finders' fees or consultants' fees in connection with the transactions contemplated by this Agreement, and no Person has or will have any right, interest or valid claim against or upon the Shareholders or the Company for any such fee or commission.

7.6. Disclosure

To the Purchaser's knowledge, this Agreement, when taken as a whole, does not contain any untrue statement of a material fact concerning the Purchaser or omit to state a material fact necessary in order to make the statements concerning the Purchaser contained herein not misleading in light of the circumstances under which they were made.

ARTICLE 8. COVENANTS OF THE COMPANY AND THE SHAREHOLDERS

The Company and the Shareholders covenants and agrees with Purchaser as follows:

8.1. Due Diligence

- (1) During the period from the date hereof to the Closing Date, the Shareholders and the Company shall give the Purchaser, its counsel, accountants, financial lending institution, environmental and equipment consultants and other authorized representatives, reasonable access during normal business hours to all information, financial or otherwise, regarding the Company's facilities, assets, liabilities, properties, books, records, contracts, key customers, prospects, marketing efforts and employees and all such other information and data

concerning the Company and its operations as the Purchaser may reasonably request. The Shareholders and the Company shall cause the directors, officers, employees, accountants, and other agents and representatives (collectively, "Representatives") of the Company to cooperate fully with Purchaser and Purchaser's Representatives in connection with Purchaser's due diligence investigation of the Company.

- (2) The Shareholders shall immediately notify the Purchaser of any action or event which would have a Material Adverse Effect.
- (3) The Purchaser shall be under no obligation to continue with its due diligence investigation if, at any time, the results of its due diligence investigation are not satisfactory to the Purchaser for any reason in its sole discretion.
- (4) Upon reasonable notice, the Company shall also afford the Purchaser and the Purchaser's Representatives access to the Company's Real Property prior to the Closing Date for the purpose of conducting an environmental audit of such property.
- (5) No such due diligence investigation by the Purchaser shall affect or be deemed to modify any representation or warranty made by the Shareholders or the Company.

8.2. Operation of the Business Pending Closing

- (1) Ordinary Course Operation. From the date hereof until the Closing, and except as otherwise consented to or approved by Purchaser in writing, the Company will carry on its Business in the ordinary course consistent with past practice and, to the extent consistent therewith, will use its reasonable efforts to maintain and preserve its business organization intact and to maintain its current relations and goodwill with customers, suppliers, employees, and others having business relationships with the Company. The Company will not engage in any extraordinary transactions without Purchaser's prior consent, including but not limited to:
 - (a) not disposing of any assets of the Company, except in the ordinary course of business, including the "boneyard" inventory;
 - (b) not make any expenditure of any funds of the Company in excess of \$5,000;
 - (c) not increasing, terminating, amending or otherwise modifying any Employee Benefit Plan;
 - (d) not entering into any employment or severance agreement with any director, officer or other employee of the Company;
 - (e) not giving any increases in the rates of salary or other compensation payable to employees, directors, consultants, advisors or agents;
 - (f) making no material acquisition or disposition of assets, nor incurring any additional indebtedness, nor entering into or commit to any Contracts not in the ordinary course of business;

- (g) not paying any dividend or make any other distribution in respect of its capital stock, or otherwise causing assets of the Company to be distributed to any of its shareholders;
 - (h) not redeeming, purchasing or otherwise acquiring any of its own stock;
 - (i) not issuing, granting or otherwise disposing of any of its equity, including any securities, options, warrants, rights or convertible securities;
 - (j) not acquiring or agreeing to acquire, by merging or consolidating with, by purchasing an equity interest in or substantially all of the assets of, or by any other manner, any business or entity; and
 - (k) not loaning or advancing funds to, or guaranteeing payment on behalf of, any Person.
- (2) Accounting and Tax Methods. The Company will not (i) change any of its methods of accounting in effect at the Financial Statement Date, (ii) make or rescind any express or deemed election relating to Taxes, (iii) settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes, or (iv) change any of its methods of reporting income or deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns for the taxable year ending December 31, 2005.
- (3) Public Announcements. No press release or other announcement to the employees, customers, or suppliers of the Company related to this Agreement or this purchase will be issued without the joint approval of the parties, unless required by law, in which case Purchaser and Shareholders will consult with each other regarding the announcement.

8.3. Satisfaction of Conditions

The Company and the Shareholders will use reasonable efforts to obtain as promptly as practicable the satisfaction of the conditions to Closing described in this Agreement and any necessary consents or waivers under or amendments to agreements by which the Shareholders is bound.

8.4. Supplements to Schedules, Representations, Warranties and Covenants

From time to time prior to the Closing, the Company and the Shareholders will promptly supplement or amend the Schedules with respect to any matter hereafter arising that, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in any Schedule and will promptly notify Purchaser of any breach by either of them that either of them discovers of any representation, warranty, or covenant contained in this Agreement. No supplement or amendment of any Schedule made pursuant to this section will be deemed to cure any breach of any representation of or warranty made in this Agreement unless Purchaser specifically agrees thereto in writing; provided, however, that if this purchase is closed, Purchaser will be deemed to have waived its rights with respect to any breach of a representation, warranty, or covenant or any supplement to any Schedule of which it shall have been notified.

No Solicitation

The Shareholders will not and the Company will not directly or indirectly (through a representative or otherwise) solicit or furnish any information to any prospective Purchaser, or commence or conduct presently ongoing negotiations with any other party, or enter into any agreement with any other party concerning the sale of the Stock, any other capital stock of the Company, the Company, the Company's assets, or any part thereof (an "Acquisition Proposal"); and the Shareholders shall promptly notify the Purchaser of the receipt of any Acquisition Proposal and the terms thereof. The Shareholders shall not dispose of any interest in the Stock except pursuant to this Agreement, as the same may be amended and in affect from time to time.

8.5. Cooperation on Tax Matters and Transfer of Records

- (1) The Shareholders shall cooperate fully, as and to the extent reasonably requested by the Company or the Purchaser, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to any Tax.. Such cooperation shall include the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding. The Shareholders acknowledge that the Company shall retain all books and records with respect to Tax matters pertinent to the Company.
- (2) Shareholders agree, upon request, to cooperate to attempt to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including but not limited to, with respect to transactions contemplated by this Agreement).
- (3) To the extent the Company is required to file any Tax Return by any Governmental Authority for Tax periods ending on or prior to the Closing Date which are required to be filed or are due after the Closing Date, Shareholders shall prepare and file or cause to be prepared and filed any such Tax Return. For the periods ending after the Closing Date, Company shall prepare and file or cause to be prepared and filed all Tax Returns.
- (4) The Company will continue to qualify as a Subchapter S corporation within the meaning of §§1361 and 1362 and for state income tax purposes up to and including the Closing Date.
- (5) The Shareholders and the Purchaser shall execute and deliver at the election of the Purchaser a Split Year tax return if recommended by a tax professional.

8.6. Action After the Closing

Upon the reasonable request of the Purchaser, Shareholders will take all action and will execute all documents and instruments necessary or desirable to consummate and give full effect to the provisions and intent of this Agreement.

8.7. Resignations

Effective as of the Closing Date, each Shareholder shall, pursuant to a written agreement or instrument signed by each such Person: (i) agree to terminate, effective at the Closing, any agreement affecting her employment between such Person and the Company, and (ii)

resign from any and all positions such Person may hold in the Company as either an officer, director, employee, representative, trustee of any employee benefit plan under ERISA, agent, or independent contractor.

ARTICLE 9. COVENANTS OF PURCHASER

9.1. Satisfaction of Conditions

The Purchaser will use reasonable efforts to obtain as promptly as practicable the satisfaction of the conditions to Closing described in this Agreement and any necessary consents or waivers under or amendments to agreements by which the Purchaser is bound.

9.2. Action After the Closing

Upon the reasonable request of the Shareholders, Purchaser will take all action and will execute all documents and instruments necessary or desirable to consummate and give full effect to the provisions and intent of this Agreement.

9.3. Confidentiality of Financial Records.

Purchaser shall not disclose, except as required by law or in connection with any arbitration proceeding hereunder, any financial information provided by the Company or the Shareholders to Purchaser, its accountants or other financial advisors. Purchaser shall indemnify and hold harmless the Company and the Shareholders from any and all damages from any breach of the obligation not to disclose any of the financial information to be provided to Purchaser hereunder.

ARTICLE 10. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER

Each and every obligation of the Purchaser under this Agreement is subject to the satisfaction, at or before the Closing, of each of the following conditions:

10.1. Representations and Warranties; Performance

Each of the representations and warranties made by the Company and Shareholders herein will be true and correct in all material respects as of the Closing with the same effect as though made at that time except for changes contemplated, permitted, or required by this Agreement, and the Company and the Shareholders will have performed and complied with all agreements, covenants, and conditions required by this Agreement to be performed and complied with by it prior to the Closing.

10.2. Consents and Approvals

All filings required to be made prior to the Closing Date, by the Company or the Shareholders with, and all material consents, approvals, waivers and authorizations required to be obtained by the Company or the Shareholders prior to the Closing Date from, any Governmental Authorities, lenders, lessors or other Persons in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, shall have been made or obtained by the Shareholders or the Company in form and substance to satisfy the Purchaser and shall be in full force and

effect

10.3. Litigation

No material action, suit, or proceeding before any court, governmental or regulatory authority will have been commenced and be continuing, and no investigation by any governmental or regulatory authority will have been commenced and be continuing, and no action, investigation, suit, or proceeding will be threatened at the time of Closing, against the Company or the Shareholders or any of its affiliates, associates, officers, shareholders or directors, seeking to restrain, prevent, or change this purchase, questioning the validity or legality of this purchase, or seeking damages in connection with this purchase.

10.4. Absence of Certain Changes

From the date of this Agreement to the Closing, the Shareholders shall not have suffered any material adverse change in its business prospects, financial condition, working capital, assets, liabilities (absolute, accrued, contingent, or otherwise), or operations.

10.5. Absence of Liens

At or prior to the Closing, the Purchaser shall have received a UCC, tax and judgment lien search report indicating that there are no filings under the UCC on file with such office which name the Company as debtor or otherwise indicate any lien on the property or assets of the Company.

10.6. Provision of Financial and Business Records

The Purchaser shall have completed and be satisfied with the results of, its due diligence investigation of the prospects, business, assets, contracts, rights, liabilities and obligations of the Company, including financial, marketing, employee, legal, regulatory and environmental matters.

10.7. Completion of Schedules

Shareholders shall have provided completed and/or updated any schedules attached hereto and provided copies of all documents, agreements, instruments or other matters required by the terms of this Agreement.

10.8. Condition of Property and Assets

The property and assets of the Company pertaining to the Business shall not have been materially or adversely affected in any way as a result of any fire, accident, storm or other casualty or labor or civil disturbance or act of God or the public enemy.

ARTICLE 11. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE SHAREHOLDERS

Each and every obligation of the Shareholders under this Agreement is subject to the satisfaction, at or before the Closing, of each of the following conditions:

11.1. Representations and Warranties; Performance

Each of the representations and warranties made by the Purchaser herein will be true and correct in all material respects as of the Closing with the same effect as though made at

that time except for changes contemplated, permitted, or required by this Agreement; the Purchaser will have performed and complied with all agreements, covenants, and conditions required by this Agreement to be performed and complied with by it prior to the Closing.

11.2. No Proceeding or Litigation

No action, suit, or proceeding before any tribunal, and no investigation by any governmental or regulatory authority will have been commenced and be continuing, and no action, investigation, suit, or proceeding will be threatened at the time of Closing, against the Company or the Shareholders or any of its affiliates, associates, officers, or directors, seeking to restrain, prevent, or change this purchase, questioning the validity or legality of this purchase, or seeking damages in connection with this purchase.

11.3. Consents and Approvals

All filings required to be made prior to the Closing Date, by the Purchaser with, and all material consents, approvals, waivers and authorizations required to be obtained by Purchaser prior to the Closing Date from, any Governmental Authorities or other Persons in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, shall have been made or obtained by the Purchaser in form and substance to satisfy the Shareholders and shall be in full force and effect.

ARTICLE 12. CLOSING

12.1. Time, Place, and Manner of Closing

Closing Date. The closing of the acquisition of the Stock and the consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the Law Offices of Stanley E. Pond, 509 Lagoon Drive, Sanibel, Florida at 11:00 a.m. on Friday, August 11, 2006, or at such other time and place as may be mutually agreed upon by the parties (the "Closing Date"). All proceedings to take place on the Closing Date shall be deemed to take place simultaneously and no delivery shall be deemed to have been made until all such proceedings have been completed.

12.2. Documents to be Delivered by the Shareholders at the Closing

At the Closing, the Shareholders shall deliver to the Purchaser the following documents:

- (1) Stock Certificates. Certificates representing the Stock, together with blank stock powers executed by the Shareholders, if applicable.
- (2) Other Documents. All other documents, instruments or writings required to be delivered to the Purchaser at or prior to the Closing pursuant to the terms of this Agreement.

12.3. Documents to be Delivered by the Purchaser

At the Closing, the Purchaser shall deliver to the Shareholders the following documents:

- (1) All documents, instruments or writings required to be delivered to the Company at or prior to the Closing pursuant to the terms of this Agreement.

ARTICLE 13. INDEMNIFICATION

13.1. Indemnification by the Shareholders.

- (1) The Shareholders, jointly and severally, covenant and agree that they will indemnify and hold the Purchaser and the Company and their successors, assigns, Affiliates, officers, directors, employees, stockholders and agents (collectively, the "Purchaser's Indemnified Persons") at all times harmless from and against any Loss (including reasonable attorneys' fees and other costs of defense) imposed on or incurred by the Purchaser's Indemnified Persons caused by or arising out of or in connection with:
 - (a) the conduct of the Company's business prior to the Closing Date or the actions or inactions of the Company prior to the Closing Date, including any Tax liability;
 - (b) any misrepresentation or breach of warranty under this Agreement, or breach or nonfulfillment of any covenant to be performed on the part of the Shareholders or the Company on or prior to the Closing Date, as provided in this Agreement or any certificate or other document delivered or to be delivered pursuant hereto; or
 - (c) any material breach of, or failure to perform, any agreement of the Shareholders contained in this Agreement or any of the Closing Documents,
- (2) Each Shareholder, severally, covenants and agrees that he or she will indemnify and hold the Purchaser's Indemnified Persons at all times harmless from and against any Loss (including reasonable attorneys' fees and other costs of defense) imposed on or incurred by the Purchaser's Indemnified Persons caused by or arising out of or in connection with any misrepresentation or breach of warranty under Article 5 of this Agreement.

13.2. Indemnification by the Purchaser

The Purchaser covenants and agrees that it will indemnify and hold the Shareholders, their successors, assigns, Affiliates and agents (collectively, the "Shareholders' Indemnified Persons") at all times harmless from and against any Loss (including reasonable attorneys' fees and other costs of defense) imposed on or incurred by the Shareholders' Indemnified Persons caused by or arising out of any misrepresentation, breach of warranty, or breach or nonfulfillment of any covenant or agreement on the part of the Purchaser under this Agreement or any certificate or other document delivered or to be delivered pursuant hereto.

13.3. Undisputed Claims

A party (the "Indemnified Party") may assert a Claim that it is entitled to, or may become entitled to, indemnification under this Agreement by giving written notice of its Claim to the party or parties that are, or may become, required to indemnify the Indemnified Party (the "Indemnifying Party"), providing reasonable details of the facts giving rise to the Claim and a statement of the Indemnified Party's Loss in connection with the Claim, to the extent such Loss is then known to the Indemnified Party and, otherwise, an estimate

of the amount of the Loss that it reasonably anticipates that it will incur or suffer. If the Indemnifying Party does not object to the Claim during the sixty (60) day period following the date of delivery of the Indemnified Party's written notice of its Claim (the "Objection Period"), the Claim shall be considered undisputed and the Indemnified Party shall be entitled to recover the amount of its Loss. The fact that a Claim is not disputed by the Indemnifying Party shall not constitute an admission or create any inference that the asserted Claim is valid for any purpose other than the indemnity obligation of the Indemnifying Party as to such Claim pursuant to this Article 12.

13.4. Disputed Claims

If the Indemnifying Party gives notice to the Indemnified Party within the Objection Period that the Indemnifying Party objects to the Claim, then (a) the parties shall attempt in good faith to resolve their differences during the sixty (60) day period following the date of delivery of the Indemnifying Party's notice of its objection (the "Resolution Period"), and (b) if the parties fail to resolve their disagreement during the Resolution Period, either party may exercise its rights at law or in equity.

13.5. Third-Party Suits

In the case of any Third-Party Suit, the Indemnifying Party shall control the defense of the Third-Party Suit, and shall be fully responsible for the costs of counsel related thereto. The Indemnifying Party shall consult with the Indemnified Party with respect to the Third-Party Suit upon the Indemnified Party's reasonable request for consultation, and the Indemnified Party may, at its expense, participate in (but not control) the defense and employ counsel separate from the counsel employed by the Indemnifying Party. All parties shall cooperate in the defense of the Third-Party Suit. Notwithstanding the foregoing, the Indemnified Party shall control the defense if the Third-Party Suit seeks an equitable remedy against the Indemnified Party or if the Indemnifying Party fails to diligently defend the Third-Party Suit. In the event the Indemnified Party controls the defense under this Section, the Indemnifying Party shall pay the legal fees of the Indemnified Party.

13.6. Settlement or Compromise

If the Indemnified Party is conducting the defense of a Third-Party Suit, the Indemnified Party shall give the Indemnifying Party at least fifteen (15) days prior written notice of any proposed settlement or compromise, during which time the Indemnifying Party may assume the defense of the Third-Party Suit and, if it does so (or if the Indemnifying Party has already assumed control of such Third-Party Suit), the proposed settlement or compromise may not be made without the Indemnified Party's consent, which shall not be unreasonably withheld. If the Indemnifying Party does not so assume the defense of the Third-Party Suit, the Indemnified Party may enter into the proposed settlement. Any settlement or compromise of any Third-Party Suit by either the Indemnifying Party or the Indemnified Party entered into in compliance with this Section 13.6 shall also be binding on the other party in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of the settlement or compromise.

13.7. Failure to Act by Indemnified Party

Any failure by the Indemnified Party to defend a Third-Party Suit shall not relieve the

Indemnifying Party of its indemnification obligations if the Indemnified Party gives the Indemnifying Party at least thirty (30) days prior written notice of the Indemnified Party's intention not to defend and affords the Indemnifying Party the opportunity to assume the defense.

13.8. Survival of Representations and Warranties

Except as expressly set forth herein, all representations and warranties in this Agreement, the Schedules and any other certificate or document delivered pursuant to this Agreement will survive for a period of three (3) years following the Closing Date and the covenants and obligations of the parties under this Agreement shall survive indefinitely. The rights to indemnification or other remedy based on such representations and warranties will not be affected by any investigation conducted with respect to or any knowledge acquired at any time, whether before or after the execution and delivery of this Agreement, the Closing, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

ARTICLE 14. TERMINATION

14.1. Termination for Cause

If, pursuant to the provisions of Articles 9 or 10 of this Agreement, the Shareholders or the Purchaser are not obligated at the Closing to consummate this Agreement, then the party who is not so obligated may terminate this Agreement.

14.2. Termination Without Cause

Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and abandoned at any time without further obligation or liability on the part of any party in favor of any other by mutual consent of the Purchaser and the Shareholders.

14.3. Termination Procedure

Any party having the right to terminate this Agreement due to a failure of a condition precedent contained in Articles 9 or 10 hereto may terminate this Agreement by delivering to the other party written notice of termination, and thereupon, this Agreement will be terminated without obligation or liability of any party.

14.4. Default of Party Terminating Contract

If Purchaser fails to perform this Agreement within the time specified, including the payment of all deposit(s), the deposit(s) paid and the deposit(s) agreed to be paid shall be retained by or for the account of Shareholders as agreed upon liquidated damages, consideration for the execution of this Agreement and in full settlement of any claims whereupon, Purchaser and Shareholders shall be relieved of all obligations under this Agreement. If Shareholders, for any reason, fails, neglects or refuses to perform this Agreement, except by virtue of the failure of a condition precedent for its performance, Purchaser may seek specific performance or elect to receive a return of his deposit(s) without waiving any right to obtain for damages resulting from Shareholder's breach.

ARTICLE 15. ARBITRATION

Any controversy or claim between the parties or between any party and any officer, director, employee, or agent of a party, whatsoever, whether arising under or relating to this Agreement or not, which accrued before the date of this Agreement, or which accrues during any time that any duty or obligation under this Agreement remains undischarged, and including any claim involving an alleged tort, shall be decided by binding arbitration pursuant to Section 682.01 et seq., of the Florida Statutes (Florida Arbitration Code) as amended from time to time and not under the rules of the American Arbitration Association pursuant to the terms and conditions of this Article 15.

15.1. Arbitrator

The arbitration shall be before one (1) arbitrator, who shall be a licensed, practicing attorney in the State of Florida with at least ten (10) years experience in commercial litigation. If the parties fail to agree on the sole arbitrator within ten (10) days of written notice from either party of a dispute to be submitted to arbitration, each party shall designate its selected arbitrator and the two so chosen shall select within ten (10) days of selection a single arbitrator to serve. If a party fails to select an arbitrator the arbitrator chosen by the other party shall serve. If the arbitrators can not agree on the sole arbitrator, application shall be made to a court of competent jurisdiction for the appointment of the arbitrator under Section 682.04, Florida Statutes.

15.2. Time and Place of Arbitration

The arbitration hearing shall be held within forty-five (45) days from the date of the arbitrator's acceptance of his or her duties, unless otherwise agreed by all parties, or extended by the arbitrator on good cause shown. The Arbitrator shall render a written decision within forty five (45) days from the date of the hearing. The arbitration shall be completed in not less than 180 days from the date of written request from the party initiating arbitration. All arbitration proceedings shall be held in Lee County, Florida. If the parties can not agree on a location, the Arbitrator shall select the place of arbitration.

15.3. Fees and Costs of Arbitration

The fees and costs of the arbitration shall be equally divided between the parties. If a party fails to pay the fees of the arbitrator as requested from time to time, the other party may advance any such fees, which shall be due with interest at the maximum legal rate permitted by law from the date of advancement, and shall be part of the award in the arbitration.

15.4. Power of Arbitrator

Any award rendered in the arbitration shall be binding and conclusive upon the parties and shall not be subject to retrying or appeal before any court. The arbitrator shall have the right to decree specific performance. The arbitrator shall have the power to determine a party's entitlement to attorney fees and to determine and award the amount of the reasonable attorney's fees to which a party is entitled.

15.5. Attorney Fees

The prevailing party in any arbitration proceeding shall be entitled to reasonable attorneys fees to be fixed by the arbitrator. The parties waive any right to have a court of

competent jurisdiction determine the reasonable fees to be awarded the prevailing party in any arbitration action.

ARTICLE 16. MISCELLANEOUS PROVISIONS

16.1. Amendment and Modification

Subject to applicable law, this Agreement may be amended, modified, or supplemented only by a written agreement signed by the Purchaser and the Shareholders.

16.2. Further Assurances

The Shareholders, the Company and the Purchaser hereby agree to execute and deliver such other documents and instruments, and take such other actions, as may be necessary or desirable in order to consummate and implement the transactions contemplated by this Agreement.

16.3. Schedules

The Schedules referenced in this Agreement, if any, constitute an integral part hereof. Information set forth in the Schedules specifically references the article or section of this Agreement to which such information relates and shall not be deemed to have been disclosed with respect to any other article or section of this Agreement or for any other purpose

16.4. Waiver of Compliance; Consents

- (1) Any failure of any party to comply with any obligation, covenant, agreement, or condition herein may be waived by the party entitled to the performance of such obligation, covenant, or agreement or who has the benefit of such condition, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.
- (2) Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent will be given in a manner consistent with the requirements for a waiver of compliance as set forth above.

16.5. Payment of Fees and Expenses

Each party to this Agreement will be responsible for, and will pay, all of its own fees and expenses, including those for its own counsel and accountants, incurred in the negotiation, preparation, and consumption of this Agreement and this purchase and sale.

16.6. Law Governing

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

16.7. Titles and Captions

All article, section and paragraph titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor affect the interpretation of this Agreement.

16.8. Pronouns and Plurals

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the Person or Persons may require.

16.9. Parties in Interest; Assignment

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns. The Purchaser may not assign its rights and obligations under this Agreement to any third party without the written consent of the Shareholders. Neither the Shareholders nor the Company may assign its rights and obligations hereunder without the prior written consent of the Purchaser

16.10. Further Action

The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of this Agreement.

16.11. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one Agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart.

SIGNATURE PAGE FOLLOWS

SCHEDULE 1.1(a)

SHARES IN BOTTINELLI PRODUCTIONS, INC., a Florida Corporation

Connie Bottinelli	100
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SCHEDULE 1.1(b)

SHARES IN BOTTINELLI PRODUCTIONS, INC., a New Jersey Corporation

Connie Bottinelli	100
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SCHEDULE 2 -- DISCLOSURE SCHEDULE

None


SCHEDULE 3 – LIABILITIES

BOTTINELLI PRODUCTIONS, INC., a Florida Corporation

None

SIGNED in the presence of the subscribing witnesses on the date(s) shown below.

PURCHASER:


Witness to CONNIE BOTTINELLI
STANLEY E. POND
(printed name of witness)

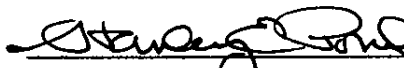
Witness to CONNIE BOTTINELLI

(printed name of witness)


CONNIE BOTTINELLI

Dated: March 15, 2006

BOTTINELLI PRODUCTIONS, INC. (FLORIDA):


Witness to CONNIE BOTTINELLI
STANLEY E. POND
(printed name of witness)

Witness to CONNIE BOTTINELLI


(printed name of witness)

BOTTINELLI PRODUCTIONS, INC.


By: CONNIE BOTTINELLI, President

Dated: March 15, 2006

SELLER:


Witness to CONNIE BOTTINELLI
STANLEY E. POND
(printed name of witness)


Witness to CONNIE BOTTINELLI

(printed name of witness)


CONNIE BOTTINELLI

Dated: March 15, 2006

BOTTINELLI PRODUCTIONS, INC. (NEW JERSEY):



Witness to CONNIE BOTTINELLI
STANLEY C. POOS

(printed name of witness)

Witness to CONNIE BOTTINELLI

(printed name of witness)

BOTTINELLI PRODUCTIONS, INC.



By: CONNIE BOTTINELLI, President

Dated: March 15, 2006