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FLORIDA DIVISION OF CORPORATIONS
PUBLIC ACCESS SYSTEM
ELECTRONIC FILING COVER SHEET

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TO: DIVISION OF CORPORATIONS

FAX #: (850) 922-4000

FROM: LECOMPTE & STEPHENSON, P.A.

ACCT#: 072100000461

CONTACT: EDITH L MCKENZIE

PHONE: (813) 823-5000

FAX #: (813) 894-1023

NAME: N/A

AUDIT NUMBER.....H98000017761

DOC TYPE.....MERGER OR SHARE EXCHANGE

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PAGES..... 1

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TALLAHASSEE, FLORIDA

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DIVISION OF CORPORATIONS

Share Exchange

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DC

9/23/98

FLORIDA DIVISION OF CORPORATIONS
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FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

September 23, 1998

RFI RECYCLED FIBRE INDUSTRIES, INC.
455 NO INDIAN ROCKS RD
BELLEAIR BLUFFS, FL 33770US

SUBJECT: RFI RECYCLED FIBRE INDUSTRIES, INC.
REF: P95000057960

We received your electronically transmitted document. However, the document has not been filed. Please make the following corrections and refax the complete document, including the electronic filing cover sheet.

Exhibit "A" was not received as mentioned in the Share Exchange document.

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

If you have any questions concerning the filing of your document, please call (850) 487-6906.

Darlene Connell
Corporate Specialist

FAX Aud. #: H98000017761
Letter Number: 498A00048026

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ARTICLES OF SHARE EXCHANGE

Pusuant to Section 607.1105 of the Florida Statutes, the undersigned corporations RFI Recycled Fibre Industries, Inc., a Delaware corporation, formerly known as Synthetic Blood & Medical Technologies, Inc. ("RFI (Delaware)"), and RFI Recycled Fibre Industries, Inc., a Florida corporation ("RFI (Florida)"), execute these Articles of Share Exchange and state as follows:

1. That certain Agreement and Plan of Reorganization between RFI (Delaware) and RFI (Florida) is attached hereto without exhibits as Exhibit "A" and incorporated herein by this reference (the "Plan of Share Exchange"). On the terms and conditions, and in the manner and on the basis, set forth in the Plan of Share Exchange, the Plan of Share Exchange provides for the acquisition of all of the outstanding common stock of RFI (Florida) by RFI (Delaware) in exchange for shares of common stock of RFI (Delaware).

2. The Plan of Share Exchange was adopted and approved by the unanimous written consent dated February 16, 1996 of the directors of RFI (Delaware), and was also adopted and approved by stockholders of RFI (Delaware) owning more than a majority of the outstanding shares of common stock of RFI (Delaware), the only class of stock outstanding, pursuant to an action by written consent dated February 15, 1996.

3. The Plan of Share Exchange was adopted and approved by shareholders of RFI (Florida) owning more than a majority of the issued and outstanding shares of common stock of RFI (Florida), the only class of stock outstanding, on March 26, 1996.

4. All shareholders of RFI (Florida) exchanged their shares of common stock in RFI (Florida) for shares of common stock in RFI (Delaware) on or before December 31, 1996.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these Articles of Share Exchange to be duly executed on July 28, 1998.

RFI Recycled Fibre Industries, Inc.,
a Delaware corporation

By: Jerome Bauman
Jerome Bauman, its President

RFI Recycled Fibre Industries, Inc.,
a Florida corporation

By: Jerome Bauman
Jerome Bauman, its President

This instrument prepared by:
Morris A. LeCompte, FLA BAR No. 0286761
LeCompte & Stephenson, P.A.
100 Second Avenue South
St. Petersburg, FL 33701
727/823-5000

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AGREEMENT and plan of reorganization ("Agreement"), effective as of March 12, 1996, by and between Synthetic Blood & Medical Technologies, Inc., a Delaware corporation with offices located at P.O. Box 43355, Highland Heights, Ohio (the "Company"); Dr. Albert P. Kretz, the Chief Executive Officer and Chairman of the Board of the Company ("CEO"); Recycled Fibre Industries, Inc., a Florida corporation with offices located at 5030 Champion Boulevard, Suite 453, Boca Raton, Florida 33496-2227 ("RFI"); and the existing Stockholders of RFI (the "Stockholders").

WHEREAS, the Company desires to acquire the business of RFI through the acquisition of all outstanding shares of stock of RFI in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the covenants set forth herein, it is agreed as follows:

ARTICLE I

THE EXCHANGE

1.1 Terms of Exchange. On the basis of the representations, warranties, covenants and agreements contained herein, and subject to the terms and conditions of this Agreement.

(i) The Stockholders shall sell, assign, transfer and convey to the Company at the Closing Date (as hereinafter defined) all of the outstanding shares of capital stock of RFI ("RFI Shares"). The Stockholders shall deliver at the Closing Date certificates representing the RFI Shares duly endorsed in blank or accompanied by stock powers duly endorsed in blank, in each case in proper form for transfer,

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with signatures guaranteed as reasonably requested by the Company and with all stock transfer and other required documentary stamps affixed thereto.

(ii) In consideration for the RFI Shares, the Company shall deliver at the Closing Date, certificates registered in such names and for such number of shares of the Company's Common Stock as set forth on Schedule 1.1 annexed hereto. Approximately one Share of the Company's Common Stock will be issued in exchange for each one third RFI Shares presently outstanding. The aggregate number of shares of the Company's Common Stock to be issued and delivered to the Stockholders in exchange for the RFI Stock shall be approximately 6,750,000 shares of the Company's Common Stock representing an aggregate of 90% of the issued and outstanding common stock of the Company after giving effect to the transactions described in this Agreement.

ARTICLE II

CLOSING

2.1 Closing. The Closing contemplated by Article 1 of this Agreement shall be held at the offices of Company counsel, Silverman, Collura & Chernis, P.C., 381 Park Avenue South, New York, New York 10016 within five days after the conditions set forth in Articles 7.1(i) and 7.2(ii) of this Agreement have been satisfied, unless another place or date is agreed upon in writing by the parties (the "Closing Date").

H98000017761 1

2.2 After the Closing Date and from time to time thereafter, the parties to this Agreement shall execute such additional instruments and take such other action as either party may reasonably request in order to effectuate the transactions contemplated by this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company and the CEO jointly and severally represent and warrant to RFI as follows:

3.1 Organization and Standing. Upon the filing of the Franchise Tax returns and Certificate of Renewal and Revival annexed hereto as Exhibit 3.1 the Company will be a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and will have all requisite power, qualification and authority, corporate or otherwise, to own, lease and operate its properties and assets and carry on its business as and in the places where such properties and assets are now owned, leased or operated or such business is now being conducted. True, complete and correct copies of the Company's certificate of incorporation (or other charter document), by-laws and all amendments thereto, as presently in effect and all corporate minutes of Board and Shareholder Meetings for the last three years will be delivered to RFI at the Closing.

3.2 Authorization. The Company has all requisite power and authority to execute, deliver and perform this Agreement. All necessary corporate proceedings of the Company have been duly taken to authorize the execution, delivery and performance of this Agreement by the Company. This Agreement has been duly authorized, executed and delivered by the Company,

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constitutes the legal valid and binding obligation of the Company, and is enforceable in accordance with the terms hereof.

3.3 No Further Action Needed. No consent, authorization, approval, order, license, certificate, permit, declaration or filing with, any federal, state, local or other governmental authority or any court or other tribunal is required by the Company for the execution, delivery or performance of this Agreement by the Company. No consent of any party to any contract, agreement, instrument, lease, license, arrangement, or understanding to which the Company is a party, or to which it or any of its properties or assets are subject, is required for the execution, delivery or performance of this Agreement (except as to any such consents referred to on Schedule 3.3 annexed hereto, which consents will be delivered to RFI prior to the Closing Date). The execution, delivery and performance of this Agreement will not violate, result in a breach of, conflict with, or entitle any party to terminate or call a default under any term of any contract, agreement, instrument, lease, license, arrangement, or understanding whereby the Company is a party to, or violate or result in a breach of any term of the Certificate of Incorporation (or other charter document) or by-laws of the Company, or violate, result in a breach of, or conflict with any law, rule, regulation, order, judgment, or decree binding on the Company or to which any of its operations, business, properties or assets are subject.

3.4 Capitalization. The authorized capital stock of the Company consists of 50,000,000 shares of \$.001 par value common stock ("Company Common Stock"), of which 750,005 shares are outstanding following the Company's recently declared one for two and one half reverse stock split. Each of such outstanding shares of Company Common Stock is validly authorized, validly issued and fully paid and non-assessable, and has not been issued and is not

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owned or held in violation of any preemptive right of stockholders. At the Closing Date the Shares, upon issuance to the Stockholders, shall be validly issued, fully paid and non-assessable.

3.5 Lack of Commitment to Issue Securities. There is not presently outstanding nor is there any commitment, plan, or arrangement on the part of the Company to issue any options, warrants or other rights calling for the issuance of any shares of stock of the Company or any security or other instrument convertible into, exercisable for or exchangeable for stock of the Company.

3.6 Financial Condition. Annexed hereto as Schedule 3.6 are true and correct copies of the following, initialled by the CEO of the Company (i) audited consolidated balance sheet of the Company for September 30, 1989; (ii) the unaudited balance sheet of the Company as of March 31, 1990 (most recent date available); (iii) audited consolidated statement of income, statement of retained earnings, and statement of changes in financial position and/or cash flow of the Company for the fiscal year ended September 30, 1989; and (iv) the unaudited consolidated statement of income, consolidated statement of retained earnings, and consolidated statement of changes in financial position and/or cash flow of the Company for the three (3) months ended March 31, 1990 (most recent available). Each such balance sheet presents fairly the consolidated financial condition, assets, liabilities, and stockholders' equity of the Company as of its date; each such statement of income and statement of retained earnings presents fairly the consolidated results of operations of the Company for the period indicated; and each such statement of changes in financial position and/or cash flow presents fairly the consolidated information purported to be shown therein. The financial statements referred to in this Section 3.6 have been prepared in accordance with generally accepted accounting principles consistently

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applied throughout the periods involved, are correct and complete, and are in accordance with the books and records of the Company.

3.7 Lack of Material Changes. Since March 31, 1990 (the most recent unaudited financial statement date):

- (a) There has not been any material adverse change in the financial condition, results of operations, business, properties, assets, liabilities, or future prospects of the Company.
- (b) The Company has not authorized, declared, paid, or effected any dividend or liquidating or other distribution in respect of its capital stock or any direct or indirect redemption, purchase, or other acquisition of any such stock other than as reflected in the Certificate of Amendment of its Certificate of Incorporation dated October 26, 1989.
- (c) The operations and business of the Company have been conducted in all respects only in the ordinary course.
- (d) The Company has not mortgaged, pledged or subjected to lien or other encumbrances any of its assets.
- (e) The Company has not suffered an extraordinary loss (whether or not covered by insurance) or waived any right of substantial value.
- (f) The Company has not sold or transferred any of its assets having a book value of \$5,000 or more or canceled any debts or claims, except, in each case, in the ordinary course of business.

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- (g) There has not been any issuance of the Company's capital stock, bonds or other corporate securities.
- (h) There has not been any strike, lockout, labor trouble or any similar event or condition of any character adversely affecting the business of the Company.
- (i) There has not been any increase in the compensation payable or to become payable by the Company to any of its officers, employees or agents, or any known payment or arrangement made to or with any of such persons, except as disclosed to Purchaser.

There is no fact known to the Company and/or the CEO which materially adversely affects or in the future (as far as the Company or the CEO can foresee) may materially adversely affect the financial condition, results of operations, business, properties, assets, liabilities, or future prospects of the Company; provided, however, that the Company and the CEO express no opinion as to political or economic matters of general applicability.

3.8 Tax and Other Liabilities. (i) The Company has no liability or obligation of any nature, accrued or contingent, including without limitation liabilities for federal, state, local, or foreign taxes, liabilities to customers or suppliers, direct or indirect, claims, losses, damages, deficiencies (including deferred income tax and other net tax deficiencies), costs, expenses, obligations, guarantees, or responsibilities, whether accrued, absolute, or contingent, known or unknown, fixed or unfixed, liquidated or unliquidated, secured or unsecured, (hereinafter collectively referred to as "Liabilities") other than the following:

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- (a) Liabilities for which full provision and/or disclosure has been made on the audited balance sheet as of September 30, 1989;
- (b) Other liabilities arising since the Last Balance Sheet and prior to the Closing Date in the ordinary course of business which are not inconsistent with the representations and warranties of the Company or the CEO or any other provision of this Agreement and do not exceed \$1,000 in the aggregate; and
- (c) payroll taxes in the approximate amount of \$6,200 including penalties and accrued interest.

(ii) Upon the filing of the tax returns for 1990-95, which shall be RFT's responsibility, the Company will have filed all federal tax returns required to be filed by them. The Company has not received reports as to adjustments from any taxing authority during the past five years and no litigation, governmental or other proceeding (formal or informal), or investigation is pending, threatened, or in prospect with respect to any taxes.

3.9 Litigation and Claims. (i) There is no litigation, arbitration, claim, governmental or other proceeding (formal or informal), or investigation pending, threatened, or in process (or any basis therefore known to the Company or the CEO) with respect to the Company, or any of its business, properties, or assets. The Company is not affected by any present or threatened strike or other labor disturbance nor to the knowledge of the Company, or the CEO, is any union attempting to represent any employee of the Company as collective bargaining agent. The Company is not in violation of, or in default with respect to, any law.

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rule, regulation, order, judgment, or decree; nor is the Company or the CEO required to take any action in order to avoid such violation or default.

- (ii) Attached hereto as Schedule 3.9(a) is a list of all known obligations of the Company as they existed prior to the Letter of Intent between the Company and RFI dated December 11, 1995. Those designated by an asterisk have been settled by RFI prior to closing.
- (iii) Attached hereto as Schedule 3.9(b) is a list of obligations of the Company which the Company and its CEO represent and warrant were never the subjects of written agreements, are more than five years old and as such are time-barred and uncollectible. The CEO has further agreed that his 10,000 (post-split) shares in the Company will constitute collateral for the representation and warranty reflected in this subparagraph 3.9(iii) and as such will be subject to a one-year lockup. If no claim has been asserted against the Company by any of the creditors listed on Schedule 3.9(b) during the year following the date of this agreement, the CEO shall receive his 10,000 shares free of any such restriction.

3.10 Assets. Attached hereto as Schedule 3.10 is a true and complete list of any real and other properties and material assets (including but not limited to machinery, equipment, inventories, and intangibles owned, leased, used in its business and/or licensed by the Company (collectively the "Assets"). The Assets constitute all such properties and assets which are necessary to conduct the business of the Company as presently conducted and/or as the Company contemplates conducting.

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3.11 Title to Assets. The Company has good and marketable title to all of its Assets, free and clear of all liens, mortgages, security interests, pledges, charges, conditional sales agreements and security investments, and encumbrances.

3.12 Accounts and Notes Receivable. All accounts and notes receivable reflected on the September 30, 1989 Balance Sheet, and those arising since that date constitute valid and binding obligations, have been collected or are and will be good and collectible, in each case at the aggregate recorded amounts thereof without right of recourse, defense, deduction, return of goods, counterclaim, offset, or set off on the part of the obligor, and, if not collected, can reasonably be anticipated to be paid within 60 days of the date incurred.

3.13 Lack of Restrictions. No real property owned, leased, licensed, or used by the Company lies in the area which is, or to the knowledge of the Company and/or the CEO, will be, subject to zoning, use, or building code restriction which would prohibit, and no state of facts relating to the actions of another person or entity or its ownership, leasing, licensing, or use of any real or personal property exists or will exist which would prevent, the continued effective ownership, leasing, licensing, or use of such real property in the business in which the Company are now engaged or the business in which they contemplate engaging.

3.14 Contracts and Other Instruments. (i) Schedule 3.14 accurately and completely details all contracts, licenses, instruments and agreements to which the Company is a party, including but not limited to, all telephone agency agreements, supply agreements, manufacturer agreements, price protection agreements, distributorship agreements, OEM agreements, partnership agreements, dealership agreements, fiduciary agreements, license agreements, marketing agreements, commission agreements, sales agency agreements, other agency

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agreements, bank credit agreements, factoring agreements, loan agreements, indentures, promissory notes, guarantees, undertakings, other evidences of indebtedness, letters of credit, joint venture agreements, agreements for the acquisition of merger or combination with any other company, corporation or businesses signed within the last three years, employment agreements, labor agreements, salesmen commission agreements, independent contractor agreements, sales or purchase agreements for a term in excess of one year which have an aggregate sale or purchase price in excess of \$10,000; contracts, agreements, arrangements, or understandings with any stockholder, any director, officer, or employee, any relatives or affiliate of any stockholder or of any such director, officer, or employee, or any other corporation or enterprise in which any stockholder, any such director, officer, or employee, or any such relative or affiliate then had or now has a 5% or greater equity or voting or other substantial interest; government contracts, franchise agreements, management agreements, advisory agreements, consulting agreements, advertising agreements, construction agreements, warehousing agreements, engineering agreements, design agreements, major utility agreements and any other agreements which involve the payment of in excess of \$10,000 prior to the date it can be terminated without penalty or premium (all of which contracts, licenses, instruments, and agreements are hereinafter referred to collectively as the "Contracts").

(ii) Neither the Company nor any other party to any such Contract, to the best of the Company's and/or the CEO's knowledge, is now or expects in the future to be in violation or breach of, or in default with respect to complying with, any material provision thereof, and each such Contract, is in full force and effect and is the legal, valid, and binding obligation of the parties thereto and is enforceable as to them in accordance with their respective terms. Neither

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the Company nor any other party to any such Contract has given notice of termination or taken any action inconsistent with the continuance thereof. The execution, delivery, and performance of this Agreement will not prejudice any such Contract. The Company is not party to or bound by any other contract, agreement, instrument, lease, license, arrangement, or understanding, or subject to any charter or other restriction, which has had or may in the future have a material adverse effect on the financial condition, results of operations, business properties, assets, liabilities, or future prospects of the Company.

3.15 Leases. There are no leases or subleases to which the Company is a party ("Leases"). The Company is not in breach of any lease, nor is it legally bound to perform any act which if performed thereunder would prevent a material breach thereof.

3.16 Capital Projects. As of the date of this Agreement, the Company has not undertaken any capital projects the cost of completion of which would exceed \$1,000.

3.17 Environmental Laws. The Company is in material compliance with all United States Federal, State and local laws regarding environmental matters.

3.18 ERISA Matters. The Company does not have, nor does it contribute to, any pension, profit sharing, option, other incentive plan, or any other type of employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974), or any obligation to or customary arrangement with employees for bonuses, incentive compensation, or severance pay.

3.19 Insurance. There are no valid enforceable insurance policies of any kind held by the Company. Any previously existing policies have been canceled or terminated.

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3.20 Labor Disputes. The Company is not a party to any union representation or labor contract. The Company has not received any notice from any labor union or group of employees that such union or group represents or believes or claims it represents or intends to represent any of the employees of the Company; no strike or work interruption by any of its employees is planned, under consideration, threatened or imminent; and the Company has not made any loan or given anything of value, directly or indirectly, to any officer, official, agent or representative of any labor union or group of employees. The Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed by them to the date hereof or amounts required to be reimbursed to such employees. In the event of termination of the employment of any said employees, the Company will not by reason of anything done prior to the Closing Date be liable to any of said employees for "severance pay" or any other payments. The Company is in compliance with all Federal, state and local laws and regulations respecting labor, employment and wages and hours; and there is no unfair labor practice complaint against the Company pending before the National Labor Relations Board or any comparable state or local agency.

3.21 Liens on Assets. Except as set forth on Schedule 3.21 attached hereto the Company has good and marketable title to all of its assets and such assets are not subject to any mortgages, pledges, liens, conditional sales agreements, encumbrances and security interests or claims except for minor imperfections in title and encumbrances, if any, which singularly and in the aggregate are not substantial in amount and do not materially detract from the value of the property subject thereto or impair the use thereof by the Company's business

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3.22 Condition of Tangible Assets. As of the Closing Date, all of the Company's assets will be in normal, operating and useable condition, in a state of good maintenance and repair, subject to ordinary wear and tear and scheduled maintenance items, taking into consideration the age and utilization thereof, and, conform to all applicable ordinances, regulations and other laws (including those relating to building and zoning and environmental protection and occupational safety and health).

3.23 Validity of Contemplated Transactions. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby has been duly authorized and approved by the unanimous consent of the Board of Directors of the Company; (ii) do not and will not contravene, violate and/or result in a breach or default under any provision of the Certificate of Incorporation or Bylaws of the Company as presently are in effect; (c) do not violate, are not in conflict with, and do not constitute a default under, or cause the acceleration of any payments pursuant to, or otherwise impair the good standing, validity, or effectiveness of any material agreement, contract, license, indenture, instrument, lease, or mortgage, or subject the Company or any of its assets to any indenture, mortgage, contract, commitment, or agreement, other than this Agreement, to which the Company is a party or by which the Company or any of the assets are bound; and (d) does not violate any material provision of law, rule, regulation, order, permit, or license to which the Company is subject.

3.24 Subsidiaries. The Company owns no shares of capital stock or other equity interest in any corporation, partnership, joint venture or other business organization or enterprise, except as set forth on Schedule 3.24 annexed hereto.

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3.25 Bank Accounts. Schedule 3.25 annexed hereto lists the names and addresses of every bank and other financial institution in which the Company maintains an account (whether checking, savings or otherwise), lock box or safe deposit box, and the account numbers and names of persons having signing authority or other access thereto.

3.26 Questionable Payments. Neither the Company, Shareholder, CEO, any director, officer, agent, employee, or other person associated with or acting on behalf of the Company has, directly or indirectly: (i) used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from corporate funds; (ii) violated any provision of the Foreign Corrupt Practices Act of 1977; (iii) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (iv) made any false or fictitious entry on the books or records of the Company; (v) made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment; (vi) given any favor or gift which is not deductible for federal income tax purposes; and/or (viii) made any bribe, kickback, or other payment of a similar or comparable nature, whether lawful or not, to any person or entity, private or public, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions, or to pay for favorable treatment for business secured or for special concessions already obtained.

3.27 Directors and Officers. A true and complete list as of the date of this Agreement indicating the Company's directors and officers, each of whom has been duly elected is as follows:

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<u>NAME</u>	<u>POSITION</u>
Dr. Albert P. Kretz, Jr.	President, Chief Executive and Financial Officer, Secretary, Treasurer, Chairman of the Board of Directors
Dr. William H. Perloff	Director
Dr. Michael Ashkar	Director
Dr. Edward M. Levine	Director

3.28 Liabilities. Schedule 3.9(a) annexed hereto is a true and complete list of all the Company bank loans, lines of credit, financial institution indebtedness and other liabilities (including but not limited to accounts payable and accrued expenses) outstanding as of the date of this Agreement, which schedule includes the name of the creditor and amount outstanding before certain obligations reflected thereon were settled and paid by RFI pursuant to the December 11, 1995 letter of intent between the parties.

3.29 Veracity of Statements. Neither this Agreement nor the representations and warranties by the Company and/or the CEO contained herein or in any documents, instruments, certificates or schedules furnished pursuant hereto or in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements or facts contained herein and therein not misleading. There is no fact which adversely affects, or in the future may adversely affect, the business, operations, affairs, condition or prospects of the Company's assets and/or business which has not been set forth in this Agreement.

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ARTICLE 4**REPRESENTATIONS AND WARRANTIES OF RFI**

RFI hereby represents and warrants to the Company as follows:

4.1 Organization and Standing. RFI is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has all requisite power and authority, corporate or otherwise, to own, lease and operate its properties and to carry on its businesses in the places where such properties are now owned, leased or operated or such business is now being conducted, or contemplated to be conducted.

4.2 Authorization. Subject to approval by RFI's Board of Directors, RFI has all requisite power and authority, corporate and otherwise, to enter into this Agreement and to assume and perform its obligations hereunder. Upon approval of RFI's Board, the execution and delivery of this Agreement and the performance by RFI of its obligations hereunder will be duly authorized by all necessary corporate action. No further action or approval, corporate or otherwise, will be required in order to constitute this Agreement as a valid, binding and enforceable obligation of RFI.

4.3 Legal Proceedings. RFI is not aware of any material lawsuits pending against it, nor have any such lawsuits been threatened.

4.4 No Covenant as to Tax Consequences. It is expressly understood and agreed that neither RFI nor its officers or agents has made any warranty or agreement, express or implied, as to the tax consequences of the transactions contemplated by this Agreement or the tax consequences of any action pursuant to or growing out of this Agreement.

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4.5 Accuracy of All Statements Made by RFI. No representation or warranty by RFI in this Agreement, nor any statement, certificate, schedule or exhibit hereto furnished or to be furnished by RFI pursuant to this Agreement, nor any document or certificate delivered to the Company pursuant to this Agreement or in connection with actions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statement contained therein not misleading.

ARTICLE 5

COVENANTS OF THE COMPANY AND CEO

5. Covenants of the Company and CEO. The Company and CEO, jointly and severally covenant as follows:

5.1 The representations and warranties of the Company and CEO contained in this Agreement and in the schedules hereto shall be true and correct in all respects as of the Closing Date. The Company and the CEO shall give RFI prompt notice of any change in any of the information contained in the representations and warranties of either The Company or the CEO hereunder, the schedules hereto or the documents furnished by the Company or the CEO in connection herewith which occurs prior to the Closing Date. Upon the happening of any occurrence or event prior to the Closing Date, which shall have a material adverse effect upon the business or assets of the Company, RFI shall have the right to terminate this Agreement by written notice to the Company and upon such termination, no party shall have any further liability or obligation under this Agreement.

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5.2 The Company shall, prior to the Closing Date, deliver to RFI the unanimous consent of its Board of Directors, which Consents evidence the approval of this Agreement and the transactions contemplated hereby.

5.3 The Company will, prior to the Closing Date, comply with all laws affecting operation of its business, will not operate the said business other than in the ordinary course, and will give notice to RFI of any event or circumstance not in the ordinary course which materially affect the Company's business.

5.4 The Company and the CEO shall use their best efforts to take or cause to be taken all action and do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including, without limitation, to obtain all consents, approvals and authorizations of third parties, to make all filings with and give all notices to third parties which may be necessary or required in order to effectuate the transactions contemplated hereby and to provide all information necessary to enable the Company to meet its disclosure responsibilities to the Securities and Exchange Commission, NASD and the investment community.

5.5 The Company and the CEO will cause themselves to, conduct their respective affairs so that at the Closing Date no representation or warranty of the Company and/or the CEO, will be inaccurate, no covenant or agreement of the Company and/or the CEO will be breached, and no condition in this Agreement will remain unfulfilled by reason of the actions or omissions of the Company and/or the CEO. Except as otherwise requested by RFI in writing, the Company and the CEO will, use their best efforts to preserve the business operation of the Company intact, to keep available the services of their present personnel, to preserve in full force and

H98000017761 1

H98000017761 1

effect the assets of the Company, and to preserve the goodwill of the Company's suppliers and others having business relations with the Company. Unless this Agreement is rightfully terminated, the CEO and the Company will cause the Company to conduct its business and operation in all respects only in the ordinary course.

ARTICLE 6

COVENANTS OF RFI

RFI covenants as follows:

6.1 The representations and warranties of RFI contained in this Agreement shall be true and correct in all material respects as of the Closing Date, and RFI shall give the Company prompt notice of any change in any of the information contained in the representations and warranties of RFI hereunder or the documents furnished by RFI in connection herewith which occurs prior to the Closing Date.

6.2 RFI will use its best efforts to, prior to the Closing Date, comply with all laws affecting the operation of its business.

6.3 RFI shall use its best efforts to take or cause to be taken all action and do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including, without limitation, to obtain all consents, approvals and authorizations of third parties and to make all filings with and give all notices to third parties which may be necessary or required in order to effectuate the transactions contemplated hereby.

H98000017761 1

ARTICLE 7

CONDITIONS OF CLOSING

7.1 The obligation of RFI to close hereunder shall be subject to the fulfillment and satisfaction, by the Company, prior to or at the Closing Date, of the following conditions or the written waiver thereof by RFI:

- (i) Board Meeting. RFI's Board of Directors shall have approved all of the transactions described in this Agreement by either a vote or written consent of the majority of Board members and a majority of RFI's stockholders shall have executed consents approving the transactions contemplated by this Agreement.
- (ii) Representatives and Warranties. The representations and warranties of the Company in this Agreement shall be true and correct in all material respects when made and shall be true and correct in all material respects on and as of the Closing Date.
- (iii) Delivery of Officers' Certificate. A certificate signed by the CEO shall be delivered to RFI certifying that each of the warranties and representations set forth in this Agreement are true and accurate as of the date of the Closing Date and that no event or occurrence has transpired as of the Closing Date which has or will have a material adverse effect upon the business or assets being acquired.
- (iv) Compliance with Agreement. The Company and the CEO shall have performed and complied with all of their covenants and obligations under this Agreement and the Offer embodied in the letter of intent dated December 11, 1995, a copy of which Offer is annexed hereto as Exhibit 7.1.

H98000017761 1

H98000017761 1

- (v) Absence of Suit. No action, suit or proceedings before any court or any governmental or regulatory authority shall have been commenced or threatened and, no investigation by any governmental or regulatory authority shall have been commenced, against the Company or the CEO, seeking to restrain, prevent or change the transactions contemplated hereby, or questioning the validity or legality of any such transactions, or seeking damages in connection with any of such transactions.
- (vi) Receipt of Approvals, Etc. All approvals, consents and/or waivers for the Company and the CEO that are necessary to effect the transactions contemplated hereby shall have been received.
- (vii) Accuracy of Financial Statements. All balance sheets, statements of income, statements of changes in financial position and/or cash flows and other financial statements of the Company furnished by the CEO pursuant to this Agreement shall be true, accurate and prepared in accordance with generally accepted accounting principles.
- (viii) Proceedings and Instruments Satisfactory; Certificates. All proceedings, corporate or otherwise, to be taken in connection with the transactions contemplated by this Agreement shall have occurred and all appropriate documents incident thereto as RFI may reasonably request shall have been delivered to RFI.
- (ix) Resignations. RFI shall have received the written resignation of all existing officers and directors of the Company.

H98000017761 1

H98000017761 1

(x) Releases. RFI shall have received releases executed by all officers and directors of the Company and all material creditors of the Company, fully and unconditionally discharging and releasing all claims and causes of action which such parties, their heirs, personal representatives, survivors or assignees ever had, now have or hereinafter may have against the Company, except claims and causes of action arising out of or relating to the transactions contemplated by this Agreement or which RFI deems unnecessary.

7.2 The obligation of the Company to close hereunder shall be subject to the fulfillment and satisfaction, prior to or at the Closing Date, of the following conditions by RFI or the written waiver thereof by the Company:

(i) Representatives and Warranties. The representation and warranties of RFI in this Agreement shall be true and correct in all material respects when made and shall be true and correct in all material respects on and as of the Closing Date.

(ii) Delivery of Officers' Certificate. RFI shall deliver to the Company a certificate signed by its president, certifying that each of the warranties and representations of RFI set forth in this Agreement is true and accurate as of the date of the Closing Date and that no event or occurrence has transpired as of the Closing Date which has or will have a material adverse effect upon the business or assets being acquired.

(iii) Compliance with Agreement. RFI and the Stockholders shall have performed and complied with materially all of their obligations and delivered all

H98000017761 1

securities required to be delivered under this Agreement and the Offer incorporated in the letter of intent dated December 11, 1995.

(iv) Absence of Suit. No action or lawsuit shall have been commenced against RFI, seeking to restrain, prevent or change the transactions contemplated hereby, or questioning the validity or legality of any such transactions, or seeking damages in connection with any of such transactions.

(v) Receipt of Approvals, Etc. All approvals, consents and/or waivers for RFI that are necessary to effect the transactions contemplated hereby shall have been received.

(vi) Proceedings and Instruments Satisfactory; Certificates. All proceedings, corporate or otherwise, to be taken in connection with the transactions contemplated by this Agreement shall have occurred and all appropriate documents incident thereto as the Company may reasonably request shall have been delivered to the Company.

ARTICLE 8

INDEMNIFICATION

8.1 By RFI. RFI shall defend and promptly indemnify and save the Company and the CEO harmless from, against, for and in respect of and shall pay any and all damages, losses, obligations, liabilities, claims, encumbrances, deficiencies, costs and expenses, including, without limitation, reasonable attorneys' fees and other costs and expenses incident to any action, investigation, claim or proceeding (all hereinafter collectively referred to as "Losses") suffered,

H98000017761 1

H98000017761 1

sustained, incurred or required to be paid by the Company and the CEO by reason of RFI's breach of any warranty, representation or covenant hereunder.

8.2 By the Company and CEO. The Company and the CEO, jointly and severally, shall defend and promptly indemnify RFI, and its officers and directors, and save and hold them harmless from, against, for and in respect of and shall pay any and all damages, losses, obligations, liabilities, claims, encumbrances, deficiencies, costs and expenses, including without limitation, reasonable attorneys' fees and other costs and expenses incident to any suit, action, investigation, claim or proceeding (all hereinafter collectively referred to as "Losses") suffered, sustained, incurred or required to be paid by RFI by reason of (i) the existence of any and all obligations and/or liabilities of the Company which were not disclosed to RFI in this Agreement; (ii) any breach or failure of observance or performance of any representation, warranty, covenant, agreement or commitment made by the Company and/or the CEO hereunder or relating hereto or as a result of any such representation, warranty, covenant, agreement or commitment being untrue or incorrect in any respect, or (iii) any and all actions, suits, investigations, proceedings, demands, assessments, audits, judgments and claims arising out of any of the foregoing or from any misrepresentation or omission from any schedule to this Agreement, certificates, financial statements or from any document furnished or required to be furnished hereunder.

H98000017761 1

ARTICLE 9EXPENSES

9.1 Expenses. The parties agree to bear their expenses individually, each in respect of all expenses of any character incurred by it in connection with this Agreement or the transactions contemplated hereby.

ARTICLE 10APPOINTMENT OF NEW OFFICERS AND DIRECTORS AND DUE DILIGENCE

10.1 Resignations. At the Closing Date, the Company will deliver the resignations of all officers and directors of the Company. Prior to the delivery of such resignations a new Board of Directors will be appointed for the Company consisting of the following individuals:

ARTICLE 11SECURITIES ACT PROVISIONS

11.1 Restrictions on Disposition of Shares. The Stockholders covenant and warrant that the Shares to be received from the Company pursuant to this Agreement are acquired for their own account and not with the present view towards the distribution thereof without compliance with securities laws and they will not dispose of the Shares except (i) pursuant to an effective registration statement under the Securities Act of 1933, as amended, or (ii) in any other transaction which, in the opinion of the Company's counsel, is exempt from registration under the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission ("SEC") thereunder. In order to effectuate the covenants of this

H98000017761 1

subsection 11.1 an appropriate legend will be placed upon each of the certificates of stock at the time of distribution of the Shares by the Company pursuant to this Agreement, and stop transfer instructions shall be placed with the transfer agent for the Shares.

11.2 Evidence of Compliance with Private Offering Exemption. The Stockholders agree to supply the Company with such evidence as counsel for the Company may require in order to evidence the private offering character of the distribution of shares made pursuant to this Agreement.

11.3 Notice of Limitation Upon Disposition. RFI and the Stockholders are aware that the Shares distributed pursuant to this Agreement will not have been registered pursuant to the Securities Act of 1933, as amended; and, therefore, under current interpretations and applicable rules, the Shares can not be publicly sold for a period of at least two years, and at the expiration of such two year period, sales of the Shares may be confined to brokerage transactions of limited amounts requiring certain notification filings with the SEC and such disposition may be available only if the Company is current in its filings with the SEC under the Securities Act of 1933, as amended, or other public disclosure requirements, and the other limitations imposed thereby on the disposition of Shares of the Company.

ARTICLE 12

MISCELLANEOUS PROVISIONS

12.1 Entire Agreement. This Agreement and the Offer dated December 11, 1995 constitutes the entire agreement of the parties with respect to the subject matter hereof. The representations, warranties, covenants and agreements set forth in this Agreement and in any

H98000017761 1

H98000017761 1

financial statements, schedules or exhibits delivered pursuant hereto constitute all the representations, warranties, covenants and agreements of the parties hereto and upon which the parties have relied and except as may be specifically provided herein. No change, modification, amendment, addition or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of the party to be charged therewith.

12.2 Survival of Covenants, etc. All warranties, representations and covenants set forth herein shall survive the Closing Date of this Agreement.

12.3 Notices. Any and all notices or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Agreement shall be deemed to have been duly given or made for all purposes if sent by Federal Express delivery or by certified or registered mail, return receipt requested and postage prepaid or hand delivered as follows:

For the Company:
Dr. Albert P. Kretz
1002 Millridge Road
Highland Heights, Ohio 44143

For RFI:
Recycled Fibre Industries, Inc.
7101 West McNab Road
Tamarac, Florida 33321

Copy to:
Silverman, Collura & Chernis, P.C.
381 Park Avenue Suite, Suite 1601
New York, New York 10016

12.4 Waiver. No waiver of the provisions hereof shall be effective unless in writing and signed by the party to be charged with such waiver. No waiver shall be deemed a

H98000017761 1

continuing waiver or waiver in respect of any subsequent breach or default, either of a similar or different nature, unless expressly so stated in writing.

12.5 Governing Law. This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of Florida applicable to contracts to be performed entirely within that State. Any dispute in any way related to the subject matter of this Agreement shall be litigated exclusively within the State of Florida and all parties hereto, including shareholders of the Company consent to the jurisdiction of the State and/or United States District Courts of Florida. Should any clause, section or part of this Agreement be held or declared to be void or illegal for any reason, all other clauses, sections or parts of this Agreement which can be affected without such illegal clause, section or part shall nevertheless continue in full force and effect.

12.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns or heirs and personal representatives; provided, however, that no party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other parties hereto.

12.7 Captions. The headings, captions or titles of paragraphs under sections or subsections of this Agreement are for convenience and reference only and do not in any way modify, interpret or construe the intent of the parties or effect any of the provisions of this Agreement.

12.8 Time Periods. Any time period provided for herein which shall end or expire on a Saturday, Sunday, or legal holiday shall be deemed extended to the next full business day thereafter.

H98000017761 1

12.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same Agreement. The Stockholders shall execute this agreement by the delivery of written consents approving the exchange of all outstanding shares of common stock of RFI for an aggregate of 90% of the outstanding shares of common stock of the Company.

12.10 Confidentiality. Neither this Agreement nor any memorandum of this Agreement shall be recorded amongst the Public Records of any State or County. The parties hereto agree to keep this Agreement confidential, as well as any information or document obtained by either party in connection with this transaction, except to the extent disclosure is required to or by any government agency or regulatory or quasi-regulatory body. The Company will not release any information by press release or otherwise regarding this transaction without the prior consent of RFI.

12.11 Joint Draftsmanship. The preparation of this Agreement has been a joint effort of the parties and this Agreement shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed on the date and year first above written.

SYNTHETIC BLOOD & MEDICAL TECHNOLOGIES, INC.

By: Albert P. Kretz
Albert P. Kretz, President

RECYCLED FIBRE INDUSTRIES, INC.

By: Shirley Davidson
Shirley Davidson, President