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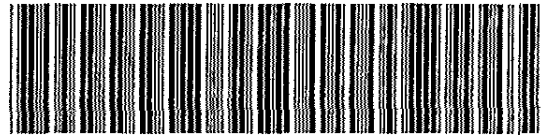
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TALLAHASSEE, FLORIDA

merger

Q. Ocullette JAN 24 2005

G O D W I N G R U B E R

TANDY V. JOURET
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800.662.8393
Direct Fax: 214.527.3142
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*Attorneys
A Limited Liability Partnership*

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214 939 4400
800 662 8393
214 760 7332 Fax

GodwinGruber.com

January 18, 2005

Via Federal Express
Amendment Section
Division of Corporations
409 E. Gaines Street
Tallahassee, FL 32399


Re: *Cygnus*; Our File 13573.0002

Dear Sir or Madam:

Enclosed please find the original and one copy of Plan and Articles of Merger as well as our firm's check in the amount of \$70.00 to cover the fee for same. Please file the original and return a certified copy to this office in the enclosed, self-addressed and stamped envelope.

Thanks for your help. Please do not hesitate to call if you should have any questions.

Sincerely,



Tandy V. Jouret

Enclosure

TRANSMITTAL LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: Cygnus eTransactions Group, Inc.
(Name of surviving corporation)

The enclosed merger and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

Tandy Jouret
(Name of person)

Cygnus eTransactions Group, Inc.
(Name of firm/company)

1201 Elm Street, Suite 1700
(Address)

Dallas, Texas 75270
(City/state and zip code)

For further information concerning this matter, please call:

Tandy Jouret at (214) 939-4844
(Name of person) (Area code & daytime telephone number)

☐ Certified copy (optional) \$8.75 (plus \$1 per page for each page over 8, not to exceed a maximum of \$52.50; please send an additional copy of your document if a certified copy is requested)

Mailing Address:
Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Street Address:
Amendment Section
Division of Corporations
409 E. Gaines St.
Tallahassee, FL 32399

ARTICLES OF MERGER (Profit Corporations)

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

First: The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (If known/ applicable)
Cygnus eTransactions Group, Inc.	Nevada	

Second: The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (If known/ applicable)
Cygnus Entertainment, Inc.	Florida	

Third: The Plan of Merger is attached.

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

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

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 January 14, 2005

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 January 14, 2005

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

Name of Corporation

Signature

Typed or Printed Name of Individual & Title

Cygnus Entertainment, Inc.

Jeffrey P Johnson, Director & CEO

Seventh: SIGNATURES FOR EACH CORPORATION

Name of Corporation

Signature

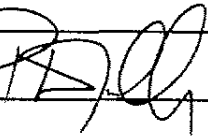
Typed or Printed Name of Individual & Title

Cygnus Entertainment, Inc.



Jeffrey P Johnson, Director & CEO

Cygnus eTransactions Group, Inc.



Phillip Offill, Director

PLAN OF MERGER

(Non Subsidiaries)

The following plan of merger is submitted in compliance with section 607.1101, F.S. and in accordance with the laws of any other applicable jurisdiction of incorporation.

First: The name and jurisdiction of the surviving corporation:

Name

Jurisdiction

Cygnus eTransactions Group, Inc.

Nevada

Second: The name and jurisdiction of each merging corporation:

Name

Jurisdiction

Cygnus Entertainment, Inc.

Florida

Third: The terms and conditions of the merger are as follows:

Articles of Merger are attached.

Fourth: The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

Articles of Merger are attached.

(Attach additional sheets if necessary)

THE FOLLOWING MAY BE SET FORTH IF APPLICABLE:

Amendments to the articles of incorporation of the surviving corporation are indicated below or attached as an exhibit:

None

OR

Restated articles are attached:

Other provisions relating to the merger are as follows:

Plan and Articles of Merger

By and Among

CYGNUS ENTERTAINMENT, INC.

and

CYGNUS eTRANSACTIONS GROUP INC.

Closing date January 14, 2004

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DEFINITIONS

EXHIBITS:

- A List of Directors of CYGNUS ENTERTAINMENT, INC. & CYGNUS eTRANSACTIONS GROUP
- B List of CYGNUS ENTERTAINMENT, INC. Shareholders

ARTICLES OF MERGER

This Agreement and Articles of Merger (this "Agreement"), entered into as of January 14, 2004, is by and among CYGNUS eTRANSACTIONS GROUP, INC. a Nevada corporation (hereinafter referred to as the "surviving entity") and CYGNUS ENTERTAINMENT, INC. a Florida Corporation (hereinafter referred to as the "merging entity" or "the Company") are filed pursuant to Florida statutes section 607.1101 and the Nevada Revised Statutes 92A.200.

WITNESSETH:

WHEREAS, CYGNUS eTRANSACTIONS GROUP INC. was formed to engage in any lawful business or activity for which corporations may be organized under the laws of the State of Nevada.

WHEREAS, the respective Boards of Directors of CYGNUS eTRANSACTIONS GROUP, INC. and CYGNUS ENTERTAINMENT, INC. have adopted resolutions approving and adopting the proposed merger (the "Merger") of CYGNUS ENTERTAINMENT, INC. with and into CYGNUS eTRANSACTIONS GROUP INC. upon the terms and conditions hereinafter set forth in this Agreement; and

WHEREAS, CYGNUS ENTERTAINMENT, INC. and CYGNUS eTRANSACTIONS GROUP intend that the Merger of CYGNUS ENTERTAINMENT, INC. with and into CYGNUS eTRANSACTIONS GROUP INC. as a tax-free reorganization under the provisions of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations promulgated thereunder; and

WHEREAS, the shareholders of CYGNUS ENTERTAINMENT, INC. , who together own approximately 70% of the outstanding common stock of the CYGNUS ENTERTAINMENT, INC. , desire to enter into this Agreement for the purpose of evidencing their consent to the consummation of the Merger and for the purpose of making certain representations, warranties, covenants and agreements.

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants herein contained, and on the terms and subject to the conditions herein set forth, the parties hereby agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. Subject to the terms and conditions of this Agreement, CYGNUS ENTERTAINMENT, INC. will be merged with and into CYGNUS eTRANSACTIONS GROUP INC. effecting a change in domicile from a Florida corporation to a Nevada corporation (upon filing of the articles, CYGNUS eTRANSACTIONS GROUP INC.'s name shall remain, CYGNUS eTRANSACTIONS GROUP INC. and CYGNUS ENTERTAINMENT, INC. shall thereupon cease. CYGNUS eTRANSACTIONS GROUP INC. shall have the effects set forth in section 607.1105 of the Florida Revised Statutes and Article 92A.100 of Nevada Revised Statutes (the "NRS").

Section 1.2 Effective Time of the Merger. The parties hereto shall cause Articles of Merger (the "Articles of Merger") that meet the requirements of the applicable provisions of the NRS to be properly executed and filed with the Secretary of State of Nevada on the Closing Date. The Merger shall be effective at the time of acceptance of the filing of the Articles of Merger with the Secretary of State of Nevada in accordance with the Nevada Revised Statutes or at such later time which the parties hereto shall have agreed upon and designated in such filing as the effective time of the Merger (the "Effective Time").

Section 1.3 The Surviving Corporation.

(a) Articles of Incorporation. The Articles of Incorporation of the Company shall be the Articles of Incorporation of the Surviving Corporation.

(b) Bylaws. The Bylaws of the Company as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation.

(c) Directors and Officers. The directors of the Company shall be as set forth on Exhibit "A" from the Effective Date until their respective successors are duly elected or appointed and qualify in the manner provided in the Articles of Incorporation and Bylaws of the Surviving Corporation, or as otherwise provided by law.

Section 1.4 Conversion of Shares. At the Effective Date, by virtue of the Merger and without any action on the part of Company and or any holder of capital stock of any of them, subject to the limitations contained herein:

(a) Subject to Section 1.6, each share of common stock of the merging entity ("the merging entity Common Stock") issued and outstanding common stock immediately prior to the Effective Date shall be automatically converted into the right to receive shares of fully paid and nonassessable common stock of the surviving corporation (the "Surviving Common Stock") on a share for share basis (the "Exchange Ratio").

(b) Each share of common stock of the merging entity issued and outstanding immediately prior to the Effective Time shall automatically be

converted into and become one share of Common Stock of the Surviving Corporation.

Section 1.5 Stock Certificates. At or following the Effective Time, each holder of an outstanding certificate or certificates representing the merging entity Common Stock shall surrender the same to the surviving corporation and the surviving corporation shall, in exchange therefore, issue to the holder of such certificate(s) shares of the surviving entity Common Stock in accordance with Section 1.4, and the surrendered certificate(s) shall be canceled. From and after the Effective Time, all shares of the merging entity Common Stock converted in accordance with Section 1.4 shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist. Until surrendered and exchanged, each certificate of the merging entity Common Stock shall represent solely the right to receive the surviving corporation Common Stock in accordance with Section 1.4, without interest and less any tax withholding. From and after the Effective Date, all certificates representing the common stock of the merging entity shall be deemed for all purposes to represent the number of shares of common stock of the Surviving Corporation into which they are converted in accordance with Section 1.4.

Section 1.6 Dissenting Shares. Each share of the merging entity Common Stock issued and outstanding immediately prior to the Effective Time not voted in favor of the Merger, the holder of which has given written notice of the exercise of dissenter's rights and has perfected such rights as required by the Florida Statutes, is herein called a "Dissenting Share." Dissenting Shares shall not be converted into or represent the right to receive the surviving entity Common Stock pursuant to Section 1.4 and shall be entitled only to such rights as are available to such holder pursuant to the Florida Statutes, unless the holder thereof shall have withdrawn or forfeited his dissenter's rights. Each holder of Dissenting Shares shall be entitled to receive the value of such Dissenting Shares held by him in accordance with the applicable provisions of the Florida Statutes. The Company will pay to any holder of Dissenting Shares such amount as such holder shall be entitled to receive in accordance with the applicable provisions of the Florida Statutes. If any holder of Dissenting Shares shall effectively withdraw or forfeit his dissenter's rights under the Florida Statutes, such Dissenting Shares shall be converted into the right to receive the surviving entity Common Stock in accordance with Section 1.4.

Section 1.7 Tax-Free Reorganization. The parties hereto intend that the Merger shall constitute reorganization within the meaning of Section 368 of the Code. The parties hereto adopt this Agreement as a "Plan of Merger and Reorganization" within the meaning of Section 1.368-2(g) and 1.3683(a) of the Treasury Regulations promulgated thereunder.

Section 1.8 Further Documents. Each party hereto will, either prior to or after the Effective Date, execute such further documents, instruments, deeds, bills of sale, assignments and assurances and take such further actions as may reasonably be requested by one or more of the other parties to consummate the Merger, to vest the Surviving Corporation with full title to all assets, properties, privileges, rights, approvals, immunities and franchises of the merging entity, or to effect the other purposes of this Agreement.

Section 1.9 Adjustment of Exchange Ratio. The Exchange Ratio shall be adjusted in the event of any consolidation, reorganization, recapitalization, stock split, stock dividend or other like event which occurs, between the date of this Agreement and the Closing Date, with respect to the surviving entity Common Stock.

ARTICLE II **REPRESENTATIONS AND WARRANTIES OF THE SURVIVING ENTITY**

The surviving entity, represents and warrants that the following are true and correct as of the date hereof and will be true and correct through the Closing Date as if made on that date (it being acknowledged and agreed that indemnification for any breaches of the representations and warranties set forth in this Article II shall be as provided in Article X below):

Section 2.1 Ownership of the Stock. There are 18 shareholders of record for the surviving entity as of the date of this agreement.

Section 2.2 Organization and Good Standing; Qualification. The surviving entity is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, with all requisite corporate power and authority to carry on the business in which it is engaged, to own the properties it owns, to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The surviving entity is duly qualified and licensed to do business and is in good standing in all jurisdictions where the nature of its business makes such qualification necessary. The surviving entity does not have any assets, employees or offices in any state other than the State of Nevada.

Section 2.3 Capitalization. The authorized capital stock of the surviving entity consists of 25,000,000 shares of common stock, par value \$0.001 of which 8,250,000 issued and outstanding.

Section 2.4 Corporate Records. The copies of the surviving entity Articles of Incorporation, and all amendments thereto, that have been delivered to the merging entity are true, correct and complete copies thereof, as in effect on the date hereof. The minute books of the surviving entity, copies of which have been delivered to the merging entity contain accurate minutes of all meetings of, and accurate consents to all actions taken without meetings by, the Board of Directors (and any committees thereof) and the shareholders of the surviving entity since the formation of the surviving entity .

Section 2.5 Authorization and Validity. The execution, delivery and performance by the surviving entity of this Agreement and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby, have been or will be approved and duly authorized by all directors and shareholders as required by the surviving entity. This Agreement and the Related Agreements have been or will be as of the Closing Date duly executed and delivered by the surviving entity and constitute or will constitute legal, valid and binding obligations of the surviving entity, enforceable against the surviving entity in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the

availability of equitable remedies, subject to approval by the shareholders of the surviving entity. The merger of the merging entity with and into the surviving entity as set forth herein will not impair the ability or authority of the surviving entity to carry on its business as now conducted in any respect.

Section 2.6 Subsidiaries. The surviving entity does not own, directly or indirectly, any of the capital stock of any other corporation or any equity, profit sharing, participation or other interest in any corporation, partnership, joint venture or other entity.

Section 2.7 No Violation. Neither the execution, delivery or performance of this Agreement or the Related Agreements nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a violation or breach of the terms, conditions or provisions of, or constitute a default under, the Articles of Incorporation or Bylaws of the surviving entity or any agreement, indenture or other instrument under which the surviving entity is bound or to which the surviving entity Common Stock or any of the assets of the surviving entity are subject, or result in the creation or imposition of any security interest, lien, charge or encumbrance upon the surviving entity Common Stock or any of the assets of the surviving entity, or (b) violate or conflict with any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body having jurisdiction over the surviving entity Common Stock or the assets of the surviving entity.

Section 2.8 Consents. No consent, authorization, approval, permit or license of, or filing with, any governmental or public body or authority, any lender or lessor or any other person or entity is required to authorize, or is required in connection with, the execution, delivery and performance of this Agreement or the Related Agreements on the part of the surviving entity.

Section 2.9 Financial Statements. The surviving entity has furnished to the merging entity any available unaudited consolidated balance sheet and related unaudited consolidated statements of income, retained earnings and cash flows for the twelve-month periods ended December 31, 2003 and December 31, 2002, including the notes thereto (the "Unaudited Financial Statements"), as well as Unaudited balance sheets and related Unaudited statements of income, retained earnings and cash flows for each month ended thereafter through March 31. The Unaudited Financial Statements are in accordance with the books and records of the surviving entity, and fairly present the financial condition and results of operations of the surviving entity as of the dates and for the periods indicated, except for the absence of notes thereto and subject to normal year-end audit adjustments which are not material. The books of account of the surviving entity and the Subsidiaries have been kept accurately in the ordinary course of business, the transactions entered therein represent bona fide transactions and the revenues, expenses, assets and liabilities of the surviving entity have been properly recorded in such books.

Section 2.10 Liabilities and Obligations. The Unaudited Financial Statements reflect all liabilities of the surviving entity, accrued, contingent or otherwise (known or unknown and asserted or unasserted), arising out of transactions effected or events occurring on or prior to the date hereof. All reserves shown in the Unaudited Financial Statements are appropriate, reasonable and sufficient to provide for losses thereby

contemplated. Except as set forth in the Unaudited Financial Statements, the surviving entity is not liable upon or with respect to, or obligated in any other way to provide funds in respect of or to guarantee or assume in any manner, any debt, obligation or dividend of any person, corporation, association, partnership, joint venture, trust or other entity, and the surviving entity does not know of any basis for the assertion of any other claims or liabilities of any nature or in any amount.

Section 2.11 Employee Matters.

(a) Cash Compensation. The surviving entity herein states that there have been no Cash Compensation paid to any employees of the surviving entity.

(b) Compensation Plans. The surviving entity herein states that there have been no Compensation Plans established as of the date of this agreement with any employee of the surviving entity

(c) Employment Agreements. The surviving entity herein states that there have been no Employment Agreements entered into or will be entered into with any employees of the surviving entity as of the date of this agreement.

(d) Employee Policies and Procedures. The surviving entity does not and has not generated any Employee Policies and Procedures as of the date of this agreement.

(e) Labor Compliance. The surviving entity (i) has been and is in compliance with all laws, rules, regulations and ordinances respecting employment and employment practices, terms and conditions of employment and wages and hours, and (ii) is not liable for any arrears of wages or penalties for failure to comply with any of the foregoing. The surviving entity has not engaged in any unfair labor practice or discriminated on the basis of race, color, religion, sex, national origin, age or handicap in its employment conditions or practices. There are no (i) unfair labor practice charges or complaints or racial, color, religious, sex, national origin, age or handicap discrimination charges or complaints pending or, to the knowledge of the surviving entity, threatened, against the surviving entity before any federal, state or local court, board, department, commission or agency nor, to the knowledge of the surviving entity, does any basis therefore exist or (ii) existing or, to the knowledge of the surviving entity, threatened, labor strikes, disputes, grievances, controversies or other labor troubles affecting the surviving entity, nor, to the knowledge of the surviving entity, does any basis therefore exist.

(f) Unions. The surviving entity has never been a party to any agreement with any union, labor organization or collective bargaining unit. No employees of the surviving entity are represented by any union, labor organization or collective bargaining unit. To the knowledge of the surviving entity, the employees of the surviving entity have no intention to and have not threatened to organize or join a union, labor organization or collective bargaining unit.

(g) Aliens. All employees of the surviving entity are citizens of and are authorized to be employed in, the United States.

Section 2.12 Assets.

(a) Real Property. The surviving entity owns no real property.

(b) Personal Property. The surviving entity has no tangible or intangible personal property as of the date of this agreement.

(c) Leases. The surviving entity is currently under no obligation of any leases of real or personal property.

Section 2.13 Commitments.

(a) Commitments; Defaults. The surviving entity has not entered into any commitments, nor is the surviving entity's Common Stock, the assets, or the business of the surviving entity bound by, whether or not in writing, any:

(i) partnership or joint venture agreement;

(ii) deed of trust or other security agreement;

(iii) guaranty or suretyship, indemnification or contribution agreement or performance bond;

(iv) employment, consulting or compensation agreement or arrangement, including the election or retention in office of any director or officer;

(v) labor or collective bargaining agreement;

(vi) debt instrument, loan agreement or other obligation relating to indebtedness for borrowed money or money lent or to be lent to another;

(vii) deed or other document evidencing an interest in or contract to purchase or sell real property;

(viii) agreement with dealers or sales or commission agents, public relations or advertising agencies, accountants or attorneys;

(ix) lease of real or personal property, whether as lessor, lessee, sublessor or sublessee;

(x) agreement between the surviving entity and any affiliate of the surviving entity;

(xi) agreement relating to any material matter or transaction in which an interest is held by a person or entity that is an affiliate of the surviving entity;

(xii) any agreement for the acquisition of services, supplies, equipment or other personal property and involving more than \$60,000 in the aggregate;

(xiii) powers of attorney; contracts containing noncompetition covenants;

(xv) any other contract or arrangement that involves either an unperformed commitment in excess of \$60,000 or that terminates more than 30 days after the date hereof;

(xvi) agreement relating to any material matter or transaction in which an interest is held by any person or entity;

(xvii) agreement providing for the purchase from a supplier of all or substantially all of the requirements of the surviving entity or any Subsidiary of a particular product or service; or

(xviii) any other agreement or commitment not made in the ordinary course of business or that is material to the business or financial condition of the surviving entity or any Subsidiary.

(b) No Cancellation or Termination of Commitment. Except as contemplated hereby, the surviving entity has not received notice of any plan or intention of any other party to any Commitment to exercise any right to cancel or terminate any Commitment or agreement, and the surviving entity does not know of any fact that would justify the exercise of such a right. The surviving entity does not contemplate, or has no reason to believe any other person or entity currently contemplates, any amendment or change to any Commitment.

Section 2.14 Adverse Agreements. The surviving entity is not a party to any agreement or instrument or subject to any charter or other corporate restriction or any judgment, order, writ, injunction, decree, rule or regulation that materially and adversely affects, or may in the future materially and adversely affect, the condition (financial or otherwise), operations, assets, liabilities, business or prospects of the surviving entity.

Section 2.15 Insurance. The surviving entity does not carry property, liability, workers' compensation and such other types of insurance.

Section 2.16 Patents, Trade-marks, Service Marks and Copyrights.

(a) Ownership. The surviving entity does not own patents, trade-marks, service marks or copyrights.

Section 2.17 Trade Secrets and Customer Lists. The surviving entity has the right to use, free and clear of any claims or rights of others all trade secrets, customer lists and proprietary information required for the marketing of all merchandise and services formerly or presently sold or marketed by the surviving entity. The surviving entity is not using or in any way making use of any confidential information or trade secrets of any third party, including without limitation any past or present employee of the surviving entity.

Section 2.18 Taxes.

(a) All Returns required to have been filed by the surviving entity have been timely filed (taking into account duly granted extensions) and are true, correct and complete in all respects. The surviving entity is not currently the beneficiary of any extension of time within which to file any Return, and no claim has ever been made by any governmental authority in a jurisdiction where the surviving entity do not file Returns that the surviving entity is or may be subject to taxation by that jurisdiction, which claim has not been resolved as of the date hereof.

(b) All Taxes of the surviving entity which have become due (without regard to any extension of the time for payment and whether or not shown on any Return) have been paid. the surviving entity have withheld and paid over all Taxes required to have been withheld and paid over by them and have complied with all information reporting and back-up withholding requirements relating to Taxes. There are no liens with respect to Taxes on any of the assets of the surviving entity, other than liens for Taxes not yet due and payable, and for which adequate reserves have been established in the Unaudited Financial Statements.

(c) No deficiencies exist or have been asserted (verbally or in writing) with respect to Taxes of the surviving entity and the surviving entity have not received notice (verbally or in writing) that they have not filed a Return or paid any Taxes required to be filed or paid by them.

(d) The surviving entity is not or has not ever been (i) a party to any tax sharing agreement or arrangement (formal or informal, verbal or in writing), or (ii) a member of an affiliated group of corporations (within the meaning of Internal Revenue Code Section 1504) filing a consolidated federal income Return, or any similar group under analogous provisions of other law.

(e) The surviving entity is not liable for any unpaid Taxes of any person other than the surviving entity under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law, or by contract or otherwise.

(f) Prior to May 20, 2004, the surviving entity was a validly electing Corporation within the meaning of Internal Revenue Code Sections 1361 and 1362.

Section 2.19 Compliance with Laws. The surviving entity has complied with all laws, regulations and licensing requirements and have filed with the proper authorities all necessary statements and reports. There are no existing violations by the surviving entity of any federal, state or local law or regulation that could affect the property or business of the surviving entity. the surviving entity possess all necessary licenses, franchises, permits and governmental authorizations to conduct its business as now conducted.

Section 2.20 Finder's Fee. The surviving entity has not incurred any obligation for any finder's, brokers or agent's fee in connection with the transactions contemplated hereby.

Section 2.21 Litigation. The surviving entity has not incurred any legal actions or administrative proceedings or investigations instituted or, to the knowledge of the surviving entity, threatened, against or affecting, or that could affect, the surviving entity, any of the surviving entity's Common Stock, or the business of the surviving entity. the surviving entity is not (a) subject to any continuing court or administrative order, writ, injunction or decree applicable specifically to the surviving entity or to their respective business, assets, operations or employees or (b) in default with respect to any such order, writ, injunction or decree. the surviving entity does know of any basis for any such action, proceeding or investigation.

Section 2.22 Accuracy of Information. The surviving entity states in connection with the transactions contemplated hereby is true, correct and complete in all material respects. Such information states all material facts required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

Section 2.23 Ownership Interests of Interested Persons. No officer, supervisory employee, or director of the surviving entity or their respective spouses or children, owns directly or indirectly, on an individual or joint basis, any material interest in, or serves as an officer or director of, any customer, or supplier of the surviving entity, or any organization that has a material contract or arrangement with the surviving entity.

Section 2.24 Environmental Matters.

(a) **Environmental Laws.** The surviving entity nor any of their respective assets are currently in violation of, or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or to any remedial obligations under, any laws or regulations pertaining to health or the environment (hereinafter sometimes collectively called "Environmental Laws"), including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 et seq.), as amended from time to time ("CERCLA") (including without limitation as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and regulations promulgated under CERCLA, (ii) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 et seq.), as amended from time to time ("RCRA"), and regulations promulgated thereunder, (iii) statutes, rules or regulations, whether federal, state or local, relating to asbestos or polychlorinated biphenyls, and (iv) the provisions of applicable Nevada law, and this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the assets and operations of the surviving entity .

Section 2.25 Certain Payments. The surviving entity nor any director, officer or, to the knowledge of the surviving entity, employee, of the surviving entity has not paid or caused to be paid, directly or indirectly, in connection with the business of the surviving entity (a) to any government or agency thereof or any agent of any supplier or

customer any bribe, kick-back or other similar payment; or (b) any contribution to any political party or candidate (other than from personal funds of directors, officers or employees not reimbursed by their respective employers or as otherwise permitted by applicable law).

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE MERGING ENTITY

The merging company represents and warrants that the following are true and correct as of the date hereof and will be true and correct through the Closing Date as if made on that date (it being acknowledged and agreed that indemnification for any breaches of the representations and warranties set forth in this Article II shall be as provided in Article X below):

Section 3.1 Ownership of the Stock. The shareholders listed on Exhibit "B" own, beneficially and of record, good and marketable title to the shares of Company Common Stock set forth opposite such shareholders' names on Exhibit "B", which constitutes all of the issued and outstanding capital stock of the merging entity, and to the knowledge of the merging entity, free and clear of all security interests, liens, adverse claims, encumbrances, equities, proxies, options or shareholders' agreements. At the Closing, the shareholders of the merging entity will convey to the merging entity good and marketable title to all of the issued and outstanding capital stock of the merging entity, free and clear of any security interests, liens, adverse claims, encumbrances, equities, proxies, options, shareholders' agreements or restrictions.

Section 3.2 Organization and Good Standing; Qualification. The merging entity is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, with all requisite corporate power and authority to carry on the business in which it is engaged, to own the properties it owns, to execute and deliver this Agreement and to consummate the transactions contemplated hereby. the merging entity is duly qualified and licensed to do business and is in good standing in all jurisdictions where the nature of its business makes such qualification necessary. the merging entity does not have any assets, employees or offices in any state other than the State of Florida.

Section 3.3 Capitalization. The authorized capital stock of the merging entity consists of 10,000,000 shares of common stock, par value \$0.01 per share, of which there are currently 6,306,810 shares of common stock issued and outstanding.

Section 3.4 Corporate Records. The copies of the merging entity's Articles of Incorporation and Bylaws, and all amendments thereto, that have been delivered to the surviving entity are true, correct and complete copies thereof, as in effect on the date hereof. The minute books of the merging entity, copies of which have been delivered to the surviving entity, contain accurate minutes of all meetings of, and accurate consents to all actions taken without meetings by, the Board of Directors (and any committees thereof) and the shareholders of the merging entity since the formation of the merging entity.

Section 3.5 Authorization and Validity. The execution, delivery and performance by the merging entity of this Agreement and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby, have been or will be approved and duly authorized by all directors and shareholders as required by the merging entity. This Agreement and the Related Agreements have been or will be as of the Closing Date duly executed and delivered by the merging entity and constitute or will constitute legal, valid and binding obligations of the merging entity, enforceable against the merging entity in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies, subject to approval by the shareholders of the merging entity. The merger of the merging entity with and into the surviving entity as set forth herein will not impair the ability or authority of the merging entity to carry on its business as now conducted in any respect.

Section 3.6 Subsidiaries. The merging entity does not own, directly or indirectly, any of the capital stock of any other corporation or any equity, profit sharing, participation or other interest in any corporation, partnership, joint venture or other entity.

Section 3.7 No Violation. Neither the execution, delivery or performance of this Agreement or the Related Agreements nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a violation or breach of the terms, conditions or provisions of, or constitute a default under, the Articles of Incorporation or Bylaws of the merging entity or any agreement, indenture or other instrument under which the merging entity is bound or to which the merging entity Common Stock or any of the assets of the merging entity are subject, or result in the creation or imposition of any security interest, lien, charge or encumbrance upon the merging entity Common Stock or any of the assets of the merging entity, or (b) violate or conflict with any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body having jurisdiction over the merging entity Common Stock or the assets of the merging entity.

Section 3.8 Consents. No consent, authorization, approval, permit or license of, or filing with, any governmental or public body or authority, any lender or lessor or any other person or entity is required to authorize, or is required in connection with, the execution, delivery and performance of this Agreement or the Related Agreements on the part of the merging entity.

Section 3.9 Financial Statements. The merging entity has furnished the surviving entity any available unaudited consolidated balance sheet and related unaudited consolidated statements of income, retained earnings and cash flows for the twelve-month periods ended December 31, 2003 and December 31, 2002, including the notes thereto (the "Unaudited Financial Statements"), as well as Unaudited balance sheets and related Unaudited statements of income, retained earnings and cash flows for each month ended thereafter through March 31. The Unaudited Financial Statements are in accordance with the books and records of the merging entity, and fairly present the financial condition and results of operations of the merging entity as of the dates and for the periods indicated, except for the absence of notes thereto and subject to normal year-end audit adjustments which are not material. The books of account of the merging entity and the Subsidiaries

have been kept accurately in the ordinary course of business, the transactions entered therein represent bona fide transactions and the revenues, expenses, assets and liabilities of the merging entity have been properly recorded in such books.

Section 3.10 Liabilities and Obligations. The Unaudited Financial Statements reflect all liabilities of the merging entity, accrued, contingent or otherwise (known or unknown and asserted or unasserted), arising out of transactions effected or events occurring on or prior to the date hereof. All reserves shown in the Unaudited Financial Statements are appropriate, reasonable and sufficient to provide for losses thereby contemplated. Except as set forth in the Unaudited Financial Statements, the merging entity is not liable upon or with respect to, or obligated in any other way to provide funds in respect of or to guarantee or assume in any manner, any debt, obligation or dividend of any person, corporation, association, partnership, joint venture, trust or other entity, and the merging entity does not know of any basis for the assertion of any other claims or liabilities of any nature or in any amount.

Section 3.11 Employee Matters.

(a) **Cash Compensation.** The merging entity herein states that there have been no Cash Compensation paid to any employees of the merging entity.

(b) **Compensation Plans.** The merging entity herein states that there have been no Compensation Plans established as of the date of this agreement with any employee of the merging entity.

(c) **Employment Agreements.** The merging entity herein states that there have been no Employment Agreements entered into or will be entered into with any employees of the merging entity as of the date of this agreement.

(d) **Employee Policies and Procedures.** The merging entity does not and has not generated any Employee Policies and Procedures as of the date of this agreement.

(e) **Labor Compliance.** The merging entity (i) has been and is in compliance with all laws, rules, regulations and ordinances respecting employment and employment practices, terms and conditions of employment and wages and hours, and (ii) is not liable for any arrears of wages or penalties for failure to comply with any of the foregoing. The merging entity has not engaged in any unfair labor practice or discriminated on the basis of race, color, religion, sex, national origin, age or handicap in its employment conditions or practices. There are no (i) unfair labor practice charges or complaints or racial, color, religious, sex, national origin, age or handicap discrimination charges or complaints pending or, to the knowledge of the merging entity, threatened, against the merging entity before any federal, state or local court, board, department, commission or agency nor, to the knowledge of the merging entity, does any basis therefore exist or (ii) existing or, to the knowledge of the merging entity, threatened, labor strikes, disputes, grievances, controversies or other labor

troubles affecting the merging entity, nor, to the knowledge of the merging entity, does any basis therefore exist.

(f) **Unions.** The merging entity has never been a party to any agreement with any union, labor organization or collective bargaining unit. No employees of the merging entity are represented by any union, labor organization or collective bargaining unit. To the knowledge of the merging entity, the employees of the merging entity have no intention to and have not threatened to organize or join a union, labor organization or collective bargaining unit.

(g) **Aliens.** All employees of the merging entity are citizens of and are authorized to be employed in, the United States.

Section 3.12 Commitments.

(a) **Commitments; Defaults.** The merging entity has not entered into any commitments, nor is The merging entity's Common Stock, the assets, or the business of The merging entity bound by, whether or not in writing, any:

- (i) partnership or joint venture agreement;
- (ii) deed of trust or other security agreement;
- (iii) guaranty or suretyship, indemnification or contribution agreement or performance bond;
- (iv) employment, consulting or compensation agreement or arrangement, including the election or retention in office of any director or officer;
- (v) labor or collective bargaining agreement;
- (vi) debt instrument, loan agreement or other obligation relating to indebtedness for borrowed money or money lent or to be lent to another;
- (vii) deed or other document evidencing an interest in or contract to purchase or sell real property;
- (viii) agreement with dealers or sales or commission agents, public relations or advertising agencies, accountants or attorneys;
- (ix) lease of real or personal property, whether as lessor, lessee, sublessor or sublessee;
- (x) agreement between the merging entity and any affiliate of the merging entity;
- (xi) agreement relating to any material matter or transaction in which an interest is held by a person or entity that is an affiliate of the merging entity;

- (xii) any agreement for the acquisition of services, supplies, equipment or other personal property and involving more than \$60,000 in the aggregate;
- (xiii) powers of attorney;
- (xiv) contracts containing noncompetition covenants;
- (xv) any other contract or arrangement that involves either an unperformed commitment in excess of \$60,000 or that terminates more than 30 days after the date hereof;
- (xvi) agreement relating to any material matter or transaction in which an interest is held by any person or entity;
- (xvii) agreement providing for the purchase from a supplier of all or substantially all of the requirements of the merging entity or any Subsidiary of a particular product or service; or
- (xviii) any other agreement or commitment not made in the ordinary course of business or that is material to the business or financial condition of the merging entity or any Subsidiary.

(b) **No Cancellation or Termination of Commitment.** Except as contemplated hereby, the merging entity has not received notice of any plan or intention of any other party to any Commitment to exercise any right to cancel or terminate any Commitment or agreement, and the merging entity does not know of any fact that would justify the exercise of such a right. The merging entity does not contemplate, or has no reason to believe any other person or entity currently contemplates, any amendment or change to any Commitment.

Section 3.13 Adverse Agreements. The merging entity is not a party to any agreement or instrument or subject to any charter or other corporate restriction or any judgment, order, writ, injunction, decree, rule or regulation that materially and adversely affects, or may in the future materially and adversely affect, the condition (financial or otherwise), operations, assets, liabilities, business or prospects of the merging entity.

Section 3.14 Insurance. The merging entity does not carry property, liability, workers' compensation and such other types of insurance.

Section 3.15 Patents, Trade-marks, Service Marks and Copyrights.

(a) **Ownership.** The merging entity does not own patents, trade-marks, service marks or copyrights.

Section 3.16 Trade Secrets and Customer Lists. The merging entity has the right to use, free and clear of any claims or rights of others all trade secrets, customer lists and proprietary information required for the marketing of all merchandise and services formerly or presently sold or marketed by the merging entity. The merging entity is not using or in

any way making use of any confidential information or trade secrets of any third party, including without limitation any past or present employee of the merging entity.

Section 3.17 Taxes.

(a) All Returns required to have been filed by the merging entity have been timely filed (taking into account duly granted extensions) and are true, correct and complete in all respects. The merging entity is not currently the beneficiary of any extension of time within which to file any Return, and no claim has ever been made by any governmental authority in a jurisdiction where the merging entity do not file Returns that the merging entity is or may be subject to taxation by that jurisdiction, which claim has not been resolved as of the date hereof.

(b) All Taxes of the merging entity which have become due (without regard to any extension of the time for payment and whether or not shown on any Return) have been paid. the merging entity have withheld and paid over all Taxes required to have been withheld and paid over by them and have complied with all information reporting and back-up withholding requirements relating to Taxes. There are no liens with respect to Taxes on any of the assets of the merging entity, other than liens for Taxes not yet due and payable, and for which adequate reserves have been established in the Unaudited Financial Statements.

(c) No deficiencies exist or have been asserted (verbally or in writing) with respect to Taxes of the merging entity and the merging entity have not received notice (verbally or in writing) that they have not filed a Return or paid any Taxes required to be filed or paid by them.

(d) The merging entity is not or has not ever been (i) a party to any tax sharing agreement or arrangement (formal or informal, verbal or in writing), or (ii) a member of an affiliated group of corporations (within the meaning of Internal Revenue Code Section 1504) filing a consolidated federal income Return, or any similar group under analogous provisions of other law.

(e) The merging entity is not liable for any unpaid Taxes of any person other than the merging entity under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law, or by contract or otherwise.

(f) Prior to May 20, 2004, the merging entity was a validly electing Corporation within the meaning of Internal Revenue Code Sections 1361 and 1362.

Section 3.18 Compliance with Laws. The merging entity has complied with all laws, regulations and licensing requirements and have filed with the proper authorities all necessary statements and reports. There are no existing violations by the merging entity of any federal, state or local law or regulation that could affect the property or business of the merging entity. The merging entity possess all necessary licenses, franchises, permits and governmental authorizations to conduct its business as now conducted.

Section 3.19 Finder's Fee. The merging entity has not incurred any obligation for any finder's, brokers or agent's fee in connection with the transactions contemplated hereby.

Section 3.20 Litigation. The merging entity has not incurred any legal actions or administrative proceedings or investigations instituted or, to the knowledge of the merging entity, threatened, against or affecting, or that could affect, the merging entity, any of the merging entity's Common Stock, or the business of the merging entity. the merging entity is not (a) subject to any continuing court or administrative order, writ, injunction or decree applicable specifically to the merging entity or to their respective business, assets, operations or employees or (b) in default with respect to any such order, writ, injunction or decree. the merging entity does know of any basis for any such action, proceeding or investigation.

Section 3.21 Accuracy of Information. The merging entity states in connection with the transactions contemplated hereby is true, correct and complete in all material respects. Such information states all material facts required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

Section 3.23 Environmental Matters.

(a) **Environmental Laws.** The merging entity nor any of their respective assets are currently in violation of, or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or to any remedial obligations under, any laws or regulations pertaining to health or the environment (hereinafter sometimes collectively called "Environmental Laws"), including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 et seq.), as amended from time to time ("CERCLA") (including without limitation as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and regulations promulgated under CERCLA, (ii) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 et seq.), as amended from time to time ("RCRA"), and regulations promulgated thereunder, (iii) statutes, rules or regulations, whether federal, state or local, relating to asbestos or polychlorinated biphenyls, and (iv) the provisions of applicable Nevada law, and this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the assets and operations of the merging entity.

Section 3.24 Certain Payments. The merging entity nor any director, officer or, to the knowledge of the merging entity, employee, of the merging entity has not paid or caused to be paid, directly or indirectly, in connection with the business of the merging entity (a) to any government or agency thereof or any agent of any supplier or customer any bribe, kick-back or other similar payment; or (b) any contribution to any political party or candidate (other than from personal funds of directors, officers or employees not reimbursed by their respective employers or as otherwise permitted by applicable law).

ARTICLE IV
THE SURVIVING ENTITY AND THE MERGING ENTITY COVENANTS

The surviving entity and the merging entity jointly and severally agree that between the date hereof and the Closing:

Section 4.1 Consummation of Agreement. The surviving entity and the merging entity shall use their best efforts to cause the consummation of the transactions contemplated hereby in accordance with their terms and conditions.

Section 4.2 Business Operations. The surviving entity shall operate their businesses in the ordinary course consistent with past practice. The merging entity and the surviving entity shall not pursue, negotiate or enter into any acquisitions of other businesses and shall discontinue any such pursuits or negotiations pending as of the date of this Agreement. The surviving entity and the merging entity shall use their reasonable best efforts to preserve the business of the surviving entity intact, to retain the present customers, suppliers, creditors, officers and employees. The merging entity and the surviving entity shall not take any action that could adversely affect the condition (financial or otherwise), operations, assets, liabilities, business or prospects of the surviving entity or take or fail to take any action that would cause or permit the representations made in Article III to be inaccurate at the time of Closing or preclude the surviving entity and the merging entity from making such representations and warranties at the Closing.

Section 4.3 Access. Subject to reasonable notice from the surviving entity, during regular business hours the merging entity shall permit the surviving entity and its authorized representatives full access to, and make available for inspection, all of the assets and business of the merging entity including their respective employees, customers and suppliers, and permit the surviving entity and its authorized representatives to inspect and make copies of all documents, records and information with respect to the affairs of the merging entity as the surviving entity and its representatives may request, all for the sole purpose of permitting the surviving entity to become familiar with the business and assets and liabilities of the merging entity.

Section 4.4 Material Change. The merging entity shall promptly inform the surviving entity in writing of any material adverse change in the condition (financial or otherwise), operations, assets, liabilities, business or prospects of the merging entity or any Subsidiary. Notwithstanding the disclosure to the surviving entity of any such material adverse change, the merging entity and the surviving entity shall not be relieved of any liability for, nor shall the providing of such information by the merging entity to the surviving entity be deemed a waiver of the breach of any representation or warranty of the merging entity and the surviving entity contained in this Agreement.

Section 4.5 Approvals of Third Parties. The surviving entity and the merging entity shall use their reasonable best efforts to secure, as soon as practicable after the date hereof, all necessary approvals and consents of third parties and the merging entity's shareholders, to the consummation of the transactions contemplated hereby. In connection therewith, the merging entity shall give notice to its shareholders of a majority shareholders' agreement on the approval and adoption of this Agreement and the Merger within ten (10)

days after the date hereof, provided that, a validly executed consent in lieu of a shareholders meeting shall constitute compliance with this provision. Unless the merging entity's board of directors determines that an alternative action is necessary in accordance with its fiduciary duties to the merging entity's shareholders under applicable law (which determination shall not affect the previous approval by the merging entity's board of directors of the transactions contemplated herein or the obligations of the merging entity's shareholders under the Voting Agreement), the board of directors of the merging entity shall recommend approval and adoption of this Agreement and the Merger by the holders of the merging entity Common Stock and shall use all commercially reasonable efforts to obtain such approval and adoption.

Section 4.6 Employee Matters. The merging entity shall not, without the prior written approval of the surviving entity, except as required by law:

- (a) increase the Cash Compensation of the employees;
- (b) adopt, amend or terminate any Compensation Plan;
- (c) adopt, amend or terminate any Employment Agreement;
- (d) adopt, amend or terminate any Employee Policies and Procedures;
- (e) institute, settle or dismiss any employment litigation;
- (f) enter into, modify, amend or terminate any agreement with any union, labor organization or collective bargaining unit; or
- (g) take or fail to take any action with respect to any past or present employee of the merging entity that could adversely affect the business of the merging entity

Section 4.7 Employee Benefit Plans. The merging entity shall not, without the prior written approval of the surviving entity, except as required by law:

- (a) adopt, amend or terminate any Employee Benefit Plan;
- (b) take any action that would deplete the assets of any Employee Benefit Plan, other than payment of benefits in the ordinary course to participants and beneficiaries;
- (c) fail to pay any premium or contribution due or with respect to any Employee Benefit Plan;
- (d) fail to file any return or report with respect to any Employee Benefit Plan; or
- (e) take or fail to take any action that could adversely affect any Employee Benefit Plan.

Section 4.8 Contracts. Except with the surviving entity prior written consent, the merging entity shall not waive any right or cancel any contract, debt or claim nor assume, enter into, amend or modify any contract, lease, license, obligation, indebtedness, commitment, purchase or sale except in the ordinary course of business consistent with past practices.

Section 4.9 Capital Assets; Payments of Liabilities; Indebtedness. The merging entity shall not, without the prior written approval of the surviving entity (a) acquire or dispose of any capital asset having an initial cost of \$60,000 or more; (b) incur any indebtedness for borrowed money or guarantee any such indebtedness other than in the ordinary course of its business consistent with past practice; (c) voluntarily purchase, cancel, prepay or otherwise provide for a complete or partial discharge in advance of a scheduled repayment date with respect to, or waive any right under, any indebtedness for borrowed money; or (d) discharge or satisfy any lien or encumbrance or pay or perform any obligation or liability other than (i) liabilities and obligations reflected in the Financial Statements or (ii) current liabilities and obligations incurred in the ordinary course of business since July 31, 1999 and, in either case (i) or (ii) above, only as required by the express terms of the agreement or other instrument pursuant to which the liability or obligation was incurred.

Section 4.10 Mortgages, Leases, Liens and Guaranties. The merging entity shall not, without the prior written approval of the surviving entity, enter into or assume any mortgage, pledge, conditional sale or other title retention agreement, permit any security interest, lien, encumbrance or claim of any kind to attach to any of its assets, whether now owned or hereafter acquired, or guarantee or otherwise become contingently liable for any obligation of another, except obligations arising by reason of endorsement for collection and other similar transactions in the ordinary course of business consistent with past practice, or make any capital contribution or investment in any corporation, business or other person. the merging entity shall not (a) enter into (or commit to enter into) any new lease or renew any existing lease of real property (except pursuant to commitments for such lease or lease renewal entered into prior to the date hereof); or (b) purchase or acquire or enter into any agreement to purchase or acquire any real estate.

Section 4.11 No Negotiation with Others. The merging entity nor any Principal Shareholder shall solicit or participate in negotiations with and the merging entity and the Principal Shareholders shall use their best efforts to prevent any affiliate, shareholder, director, officer, employee or other representative or agent of the merging entity from negotiating with, soliciting or participating in negotiations with) any third party with respect to the sale of the business of the merging entity or any Subsidiary or any transaction inconsistent with those contemplated hereby, except to the extent necessary to comply with the merging entity's and the Principal Shareholders' fiduciary duties to the merging entity's Shareholders under the Florida Statutes.

Section 4.12 The merging entity and the surviving entity shall use their best efforts to file as soon as possible, and to effect early termination of all applicable waiting periods, under the HSR Act, including without limitation complying promptly with all requests thereunder for additional information, if necessary.

Section 4.13 Corporate Actions. No distribution, payment or dividend of any kind will be declared or paid by the merging entity, nor will any repurchase or redemption of any capital stock of the merging entity be approved or effected. The merging entity shall make no offerings, issuances or grants of securities of the merging entity, including but not limited to options, warrants and other securities convertible into the surviving entity Common Stock. the merging entity shall not (a) adopt or propose any change in their respective articles of incorporation or bylaws; (b) adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization; or (c) split, combine, reclassify or take similar action with respect to its capital stock.

Section 4.14 Tax Issues. The merging entity will not change any tax election, change any annual tax accounting period, change any method of tax accounting, file any amended Tax Return, enter into any closing agreement relating to any Tax, settle any Tax claim or assessment, surrender any right to claim a Tax refund or consent to any extension or waiver (other than a reasonable extension or waiver) of the limitations period applicable to any Tax claim or assessment, if any such action would have the effect of increasing the aggregate Tax liability or reducing the aggregate tax assets of the merging entity, taken as a whole.

Section 4.15 General. The merging entity will not agree or commit to do any actions prohibited by this Agreement.

Section 4.16 Tax-Free Reorganization. The merging entity nor the surviving entity shall take any action prior to or after the Effective Date that could reasonably be expected to cause the Merger to fail to qualify as a "reorganization" under Section 368(a) of the Code.

ARTICLE V **THE SURVIVING ENTITY COVENANTS**

The surviving entity agrees that between the date hereof and the Closing:

Section 5.1 Consummation of Agreement. The surviving entity shall use its best efforts to cause the consummation of the transactions contemplated hereby in accordance with their terms and conditions.

Section 5.2 HSR Act. The surviving entity shall use its best efforts to file as soon as possible, and to effect early termination of all applicable waiting periods, under the HSR Act, including without limitation complying promptly with all requests thereunder for additional information, if necessary.

Section 5.3 Approvals of Third Parties. The surviving entity shall use its reasonable best efforts to secure, as soon as practicable after the date hereof, all necessary approvals and consents of third parties and the surviving entity shareholders to the consummation of the transactions contemplated hereby. In connection therewith, the surviving entity shall give notice to its shareholders of the majority shareholders' approval and adoption of this Agreement and the Merger as soon as practicable after the

date hereof. The board of directors of the surviving entity shall recommend approval and adoption of this Agreement and the Merger by its shareholders and shall use all commercially reasonable efforts to obtain such approval and adoption.

Section 5.4 Tax Free Reorganization. Neither The merging entity nor the surviving entity shall take any action prior to or after the Effective Date that could reasonably be expected to cause the Merger to fail to qualify as a "reorganization" under Section 368(a) of the Code.

Section 5.5 General. The surviving entity will not agree or commit to do any actions prohibited by this Agreement.

ARTICLE VI **THE MERGING ENTITY CONDITIONS PRECEDENT**

Except as may be waived in writing by the surviving entity, the obligations of the merging entity hereunder are subject to the fulfillment at or prior to the Closing Date of each of the following conditions:

Section 6.1 Representations and Warranties. The representations and warranties of the merging entity and the surviving entity contained herein shall have been true and correct in all respects when initially made and shall be true and correct in all material respects as of the Closing Date.

Section 6.2 Covenants and Conditions. The merging entity and the surviving entity shall have performed and complied in all material respects with all covenants and conditions required by this Agreement to be performed and complied with by the merging entity and the surviving entity prior to the Closing Date.

Section 6.3 Proceedings. No action, proceeding or order by any court or governmental body or agency shall have been threatened, orally or in writing, asserted, instituted or entered to restrain or prohibit the carrying out of the transactions contemplated hereby.

Section 6.4 No Material Adverse Change. No material adverse change in the condition (financial or otherwise), operations, assets, liabilities, business or prospects of the merging entity shall have occurred since the date of the most recent balance sheet included in the Unaudited Financial Statements.

Section 6.5 HSR Act. All applicable waiting periods under the HSR Act shall have expired or been terminated.

Section 6.6 Resignations of Directors and Officers. The merging entity shall have received the resignations of the directors and officers of the Company as requested by the merging entity.

Section 6.7 Tax Affidavit. The surviving entity shall have received a nonforeign affidavit, as such affidavit is referred to in Section 1445(b)(2) of the Code, of each of the

Company's shareholders signed under penalty of perjury and dated as of the Closing Date, to the effect that such shareholder is a not a foreign person and providing such shareholder's United States taxpayer identification number.

Section 6.8 Dissenting Shareholders. The surviving entity shall have received a certificate signed by the President of the Company stating that none of the merging entity's shareholders have filed with the merging entity a demand for dissenters rights under the Florida Statutes, upon request by surviving entity.

Section 6.9 Merger Effective. The Merger shall have become effective under the Nevada Revised Statutes.

Section 6.10 Approval by the Shareholders. This Agreement and the transactions contemplated hereby shall have been approved by the shareholders of the merging entity and the Shareholders' of the surviving entity.

Section 6.11 Closing Deliveries. The surviving entity shall have received all documents, duly executed in form satisfactory to the surviving entity and its counsel

ARTICLE VII CLOSING DELIVERIES

Section 7.1 Deliveries of the merging entity and the surviving entity. At the Closing, the merging entity and Principal Shareholders shall deliver to the surviving entity the following, all of which shall be in form and content satisfactory to the surviving entity and its counsel:

- (a) certificates representing all of the merging entity Common Stock, duly endorsed and in proper form for transfer to the surviving entity by delivery under applicable law, or accompanied by duly executed instruments of transfer in blank;
- (b) a copy of resolutions of the Board of Directors and shareholders of the merging entity authorizing the execution, delivery and performance of this Agreement and all related documents and agreements, each certified by the Secretary of the merging entity as being true and correct copies of the originals thereof subject to no modifications or amendments;
- (c) a certificate, dated within five business days of the Closing Date, of the Secretary of State of the states of incorporation of the merging entity establishing that the merging entity is in existence, has paid all franchise taxes and otherwise is in good standing to transact business in its state of incorporation;
- (d) certificates, dated within five business days of the Closing Date, of the Secretaries of State of the states in which the merging entity is qualified to do business, to the effect that the merging entity is qualified to do business and is in good standing as a Florida corporation;
- (e) all authorizations, consents, approvals, permits and licenses;

- (i) executed Articles of Merger to effectuate the Merger; and
- (ii) such other instrument or instruments of transfer as shall be necessary or appropriate, as the merging entity or its counsel shall reasonably request, to vest in the surviving entity good and marketable title to the merging entity Common Stock.

Section 7.2 Deliveries of the surviving entity. At the Closing, the surviving entity shall deliver the following to the merging entity or the appropriate party:

- (a) a copy of the resolutions of the Board of Directors of the surviving entity authorizing the execution, delivery and performance of this Agreement and all related documents and agreements and approving the issuance of the surviving entity Common Stock to be issued hereunder, each certified by the surviving entity Secretary as being true and correct copies of the originals thereof subject to no modifications or amendments;

ARTICLE VII **POST CLOSING MATTERS**

Section 8.1 Further Instruments of Transfer. Following the Closing, at the request of the surviving entity, Principal Shareholders shall deliver any further instruments of transfer and take all reasonable action as may be necessary or appropriate to (a) vest in the surviving entity good and marketable title to the Company Common Stock and (b) carry out more effectively the provisions of this Agreement and to establish and protect the rights created in favor of the parties hereunder or thereunder.

Section 8.2 Tax Matters. Each party hereto shall provide to each of the other parties hereto such cooperation and information as any of them reasonably may request in filing any Return, amended Return or claim for refund, determining a liability for Taxes or a right to refund of such Taxes or in conducting any audit or other proceeding in respect of such Taxes. Such cooperation and information shall include providing copies of all relevant portions of Returns, together with relevant accompanying schedules, work papers, documents relating to rulings or other determinations by taxing authorities and records concerning the ownership and tax basis of property, which such party may possess.

Section 8.3 Indemnification of Directors and Officers.

- (a) From and after the Effective Date and for a period of six (6) years thereafter, the Surviving Corporation shall fulfill and honor in all material respects the indemnification obligations of the surviving entity contained in the Articles of Incorporation or by-laws or any equivalent organizational document of the surviving entity as in effect immediately prior to the Effective Date.

ARTICLE IX REMEDIES

Section 9.1 Indemnification by Shareholders. Subject to the terms and conditions of this Article, the shareholders of the surviving entity entitled to shares of the merging entity Common Stock under Section 1.4 (the "Indemnifying Shareholders") each agree to indemnify, defend and hold the surviving entity and its directors, officers, agents, attorneys and affiliates (the "surviving entity Indemnities") harmless from and against any and all losses, claims, obligations, demands, assessments, penalties, liabilities, costs, damages and expenses (including reasonable attorneys' and other fees and expenses for investigation and defense with respect to the foregoing) (collectively, "Damages") asserted against or incurred by such indemnities by reason of or resulting from: (a) a breach of any representation, warranty or covenant of the merging entity or Principal Shareholders contained herein, in any exhibit, schedule, certificate or financial statement delivered hereunder, any certificate delivered at Closing, or in any agreement executed in connection with the transactions contemplated hereby; and (b) any claims, liabilities, costs, expenses or losses resulting from and arising out of the matters described: Schedule 9.01 attached hereto; provided that the Indemnifying Shareholders shall not be required to indemnify the surviving entity Indemnities in respect to any Damages until the aggregate amount of all such Damages exceeds \$100,000 (the "Basket"), whereupon the Indemnifying Shareholders shall be required to indemnify the surviving entity Indemnities in respect of such Damages to the extent (but only to the extent) that such Damages exceed the Basket. Any provision in this Agreement to the contrary notwithstanding, (x) the Indemnifying Shareholders' liability to the surviving entity Indemnities for Damages under this Article shall be limited to the Shares and shall be payable only by return of the Shares in accordance with the Agreement, except as provided in the next sentence of this Section 9.1; (y) Damages arising out of a breach of the representations in Section 3.1, 3.3 or 3.5 with respect to an Indemnifying Shareholder shall be the obligation of only the Indemnifying Shareholder breaching such representations; and (z) the obligations of the Principal Shareholders to indemnify the surviving entity Indemnities for Damages arising out of any breach of any representation or warranty contained in Article II of this Agreement shall be several, and not joint, and shall be the obligation only of the Principal Shareholder breaching such representation or warranty. Notwithstanding anything hereinabove to the contrary, in the event of any Damages arising from a breach of the representations set forth in Section 3.1, 3.3, or 3.5 in excess of the Escrowed Shares remaining in escrow, the Indemnifying Shareholders shall be severally liable on a pro rata basis based upon the amount of shares of the merging entity Common Stock issued to each Indemnifying Shareholder hereunder, but not in excess of such amount of the merging entity Common Stock issued to such Indemnifying Shareholder. Any claim for Damages against an Indemnifying Shareholder to be satisfied by shares shall be pursuant to and in accordance with the Agreement.

Section 9.2 Indemnification by the merging entity. Subject to the terms and conditions of this Article, the merging entity hereby agrees to indemnify, defend and hold the Company and Indemnifying Shareholders and its or their respective directors, officers, agents, attorneys and affiliates (the "Company Indemnities") harmless from and against all Damages asserted against or incurred by any of such indemnities by reason of or resulting from a breach of any representation, warranty or covenant of the merging entity

contained herein or in any exhibit, schedule or certificate delivered hereunder, any certificate delivered at Closing, or in any agreement executed in connection with the transactions contemplated hereby; provided however, that the merging entity shall not be required to indemnify the Company Indemnities in respect to any Damages until the aggregate amount of all such Damages exceeds the Basket.

Section 9.3 Conditions of Indemnification. The respective obligations and liabilities of the Company and Principal Shareholders and the merging entity (the "indemnifying party") to the other (the "party to be indemnified") under Sections 9.1 and 9.2 with respect to claims resulting from the assertion of liability by third parties shall be subject to the following terms and conditions:

(a) Within 20 days (or such earlier time as might be required to avoid prejudicing the indemnifying party's position) after receipt of notice of commencement of any action evidenced by service of process or other legal pleading, the party to be indemnified shall give the indemnifying party written notice thereof together with a copy of such claim, process or other legal pleading, and the indemnifying party shall have the right to undertake the defense thereof by representatives of its own choosing and at its own expense; provided that the party to be indemnified may participate in the defense with counsel of its own choice, the fees and expenses of which counsel shall be paid by the party to be indemnified unless (i) the indemnifying party has agreed to pay such fees and expenses, (ii) the indemnifying party has failed to assume the defense of such action or (iii) the named parties to any such action (including any impleaded parties) include both the indemnifying party and the party to be indemnified and the party to be indemnified has been advised by counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the indemnifying party (in which case, if the party to be indemnified informs the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of the party to be indemnified, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for the party to be indemnified, which firm shall be designated in writing by the party to be indemnified).

(b) In the event that the indemnifying party, by the 30th day after receipt of notice of any such claim (or, if earlier, by the 10th day preceding the day on which an answer or other pleading must be served in order to prevent judgment by default in favor of the person asserting such claim), does not elect to defend against such claim, the party to be indemnified will (upon further notice to the indemnifying party) have the right to undertake the defense, compromise or settlement of such claim on behalf of and for the account and risk of the indemnifying party and at the indemnifying party's expense, subject to the right of the indemnifying party to assume the defense of such claims at any time prior to settlement, compromise or final determination thereof.

(c) Notwithstanding the foregoing, the indemnifying party shall not settle any claim without the consent of the party to be indemnified unless such settlement involves only the payment of money and the claimant provides to the party to be indemnified a release from all liability in respect of such claim. If the settlement of the claim involves more than the payment of money, the indemnifying party shall not settle the claim without the prior consent of the party to be indemnified.

(d) The party to be indemnified and the indemnifying party will each cooperate with all reasonable requests of the other.

Section 9.4 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants contained herein shall survive the Closing and all statements contained in any certificate, exhibit or other instrument delivered by or on behalf of the merging entity, Principal Shareholders or the surviving entity pursuant to this Agreement shall be deemed to have been representations and warranties by the merging entity and Principal Shareholders or the surviving entity, as the case may be, and, notwithstanding any provision in this Agreement to the contrary, shall survive for a period of twelve months after the Closing Date. Any claims for Damages must be made prior to the expiration of the applicable period set forth in this section, and as to any such claim that is presented to the indemnifying party within the applicable period set forth in this section, such obligation to indemnify shall continue to survive until such claim is finally resolved or disposed of.

Section 9.5 Waiver. No waiver by any party of any default or breach by another party of any representation, warranty, covenant or condition contained in this Agreement, any exhibit or any document, instrument or certificate contemplated hereby shall be deemed to be a waiver of any subsequent default or breach by such party of the same or any other representation, warranty, covenant or condition. No act, delay, omission or course of dealing on the part of any party in exercising any right, power or remedy under this Agreement or at law or in equity shall operate as a waiver thereof or otherwise prejudice any of such party's rights, powers and remedies. All remedies, whether at law or in equity, shall be cumulative and the election of any one or more shall not constitute a waiver of the right to pursue other available remedies.

Section 9.6 Remedies Exclusive. The remedies provided in this Article shall be exclusive of any other rights or remedies available to one party against the other, either at law or in equity, except in the case of fraud.

Section 9.7 Offset. Any and all amounts owing or to be paid by the merging entity to the surviving entity, hereunder or otherwise, shall be subject to offset and reduction pro tanto by any amounts that may be owing at any time by the merging entity to the surviving entity in respect of any failure or breach of any representation, warranty or covenant of the merging entity or the surviving entity under or in connection with this Agreement or any other agreement with the merging entity or any transaction contemplated hereby or thereby, as reasonably determined by the surviving entity. If the surviving entity determines that such offset is appropriate, notice shall be given to the merging entity of such determination at least 10 days prior to the due date of the payment to be reduced. If the conditions upon which the reduction is based are cured by the merging entity prior to such

due date, as determined by the surviving entity, the amount of such payment shall not be so reduced.

Section 9.8 Costs, Expenses and Legal Fees. Whether or not the transactions contemplated hereby are consummated, each party hereto shall bear its own costs and expenses (including attorneys' fees and expenses), except that each party hereto that is shown to have breached this Agreement or any other agreement contemplated hereby agrees to pay the costs and expenses (including reasonable attorneys' fees and expenses) incurred by any other party in successfully (a) enforcing any of the terms of this Agreement against such breaching party or (b) proving that another party breached any of the terms of this Agreement.

ARTICLE X TERMINATION

Section 10.1 Termination. This Agreement may be terminated:

- (a) At any time prior to the Closing Date by mutual written agreement of all parties.
- (b) At any time prior to the Closing Date by the surviving entity if any representation or warranty of the merging entity contained in this Agreement or in any certificate or other document executed and delivered by the merging entity pursuant to this Agreement is or becomes untrue or breached in any material respect or if the merging entity or the surviving entity fail to comply in any material respect with any covenant contained herein, and any such misrepresentation, noncompliance or breach is not cured, waived or eliminated within seven days.
- (c) At any time prior to the Closing Date by the merging entity if any representation or warranty of the surviving entity contained in this Agreement or in any certificate or other document executed and delivered by the merging entity pursuant to this Agreement is or becomes untrue or breached in any material respect or if the merging entity fails to comply in any material respect with any covenant contained herein, and any such misrepresentation, noncompliance or breach is not cured, waived or eliminated within seven days.
- (d) By the merging entity if the conditions stated in Article VI have not been satisfied by the Closing Date.
- (e) By the Company if the conditions stated in Article VII have not been satisfied by the Closing Date.

In the event this Agreement is terminated pursuant to subparagraph (b), (c), (d) or (e) above, the merging entity, the Company and the surviving entity shall each be entitled to pursue, exercise and enforce any and all remedies, rights, powers and privileges available at law or in equity. In the event of a termination of this Agreement under the provisions of this Article, a party not then in material breach of this Agreement shall stand fully released and discharged of any and all obligations under this Agreement.

Section 10.2 This Agreement shall terminate if the Closing has not occurred by March 1, 2005.

ARTICLE XI MISCELLANEOUS

Section 11.1 Amendment. This Agreement may be amended, modified or supplemented only by an instrument in writing executed by all the parties hereto.

Section 11.2 Assignment. Neither this Agreement nor any right created hereby or in any agreement entered into in connection with the transactions contemplated hereby shall be assignable by any party hereto, except by the merging entity to an affiliate of the surviving entity

Section 11.3 Parties In Interest; No Third Party Beneficiaries. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and assigns of the parties hereto. Neither this Agreement nor any other agreement contemplated hereby shall be deemed to confer upon any person not a party hereto or thereto any rights or remedies hereunder or thereunder.

Section 11.4 Entire Agreement. This Agreement and the agreements contemplated hereby constitute the entire agreement of the parties regarding the subject matter hereof, and supersede all prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

Section 11.5 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 11.6 Captions. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect any of the terms or provisions hereof.

Section 11.7 Gender and Number. When the context requires, the gender of all words used herein shall include the masculine, feminine and neuter and the number of all words shall include the singular and plural.

Section 11.8 Reference to Agreement. Use of the words "herein", "hereof", "hereto" and the like in this Agreement shall be construed as references to this

Agreement as a whole and not to any particular Article, Section or provision of this Agreement, unless otherwise noted.

Section 11.9 Confidentiality; Publicity and Disclosures. Each party shall keep this Agreement and its terms confidential, and shall make no press release or public disclosure, either written or oral, regarding the transactions contemplated by this Agreement without the prior knowledge and consent of the other parties hereto; provided that the foregoing shall not prohibit any disclosure (a) by press release, filing or otherwise that is required by federal securities laws or the rules of the Pink Sheets, (b) to attorneys, accountants, investment bankers or other agents of the parties assisting the parties in connection with the transactions contemplated by this Agreement and (c) by the surviving entity in connection with conducting an examination of the operations and assets of the merging entity.

Section 11.10 Notice. Any notice or communication hereunder or in any agreement entered into in connection with the transactions contemplated hereby must be in writing and given by depositing the same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, or by delivering the same in person or by facsimile transmission. Such notice shall be deemed received on the date on which it is hand-delivered or received by facsimile transmission or on the third business day following the date on which it is so mailed. For purposes of notice, the addresses of the parties shall be:

If to the Company:

CYGNUS ENTERTAINMENT, INC.
901 International Parkway, Suite 300
Lake Mary, Florida 32746

with a copy to:

Jeffrey Johnson
901 International Parkway, Suite 300
Lake Mary, Florida 32746

If to surviving entity:

CYGNUS eTRANSACTIONS GROUP, INC.
1201 Elm Street, Suite 1700
Dallas, Texas 75270

with a copy to:

Phillip Offill
1201 Elm Street, Suite 1700
Dallas, Texas 75270

Any party may change its address for notice by written notice given to the other parties in accordance with this Section.

Section 11.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

EXECUTED as of the date first above written.

CYGNUS ENTERTAINMENT, INC. (Merging Entity)

Jeffrey Johnson, Director & CEO

CYGNUS eTRANSACTIONS GROUP (Surviving Entity)



Phillip Offill, Director

DEFINITIONS

In addition to terms otherwise defined in this Agreement, as used in this Agreement, the following terms shall have the meanings set forth below:

"Agreement and Plan of Merger" shall have the meaning set forth in Section 1.2.

"Knowledge", "Have no knowledge of", or "Do not know of" and similar phrases shall mean (i) in the case of a natural person, the particular fact was known, or not known, as the context requires, to such person after diligent investigation and inquiry by such person, and (ii) in the case of an entity, the particular fact was known, or not known, as the context requires, to any executive officer of such entity after diligent investigation and inquiry by the principal executive officer of such entity.

"Cash Compensation" shall have the meaning set forth in Section 3.11(a).

"Closing" shall mean the closing of the transactions contemplated by this Agreement, which shall occur at 11:00 a.m., local time, on the Closing Date in the offices of Godwin Gruber, LLP, 1201 Elm Street, Suite 1700, Dallas, Texas 75270, or at such other time and place as shall be mutually agreed in writing by the parties hereto.

"Closing Date" shall mean the date of Closing, which date shall be as soon as practicable after the date of this Agreement; provided that the date may not be later than March 1, 2005.

"Code" shall mean the Internal Revenue Code of 1986.

"Commitments" shall have the meaning set forth in Section 3.12(a).

"Company Common Stock" shall have the meaning set forth in Section 1.4.

"Company Shareholders" shall have the meaning set forth in Section 9.2.

"Compensation Plans" shall have the meaning set forth in Section 3.11(b).

"Damages" shall have the meaning set forth in Section 9.2.

"Dissenting Share" shall have the meaning set forth in Section 1.6.

"Effective Time" shall have the meaning set forth in Section 1.2.

"Employee Benefit Plan" shall have the meaning set forth in Section 3.11.

"Employee Policies and Procedures" shall have the meaning set forth in Section 3.11(d).

"Employment Agreements" shall have the meaning set forth in Section 3.11(c).

"Environmental Laws" shall have the meaning set forth in Section 3.23.

"Exchange Ratio" means one for one of Company Common Stock as set forth on Schedule 1.4.

"Financial Statements" shall have the meaning set forth in Section 3.9.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Ordinary course of business" means the usual and customary way in which the Company or any Subsidiary, as the case may be, has conducted its business in the past.

"Merger" shall have the meaning set forth in the preamble of this Agreement.

"the merging entity Common Stock" shall have the meaning set forth in Section 3.1.

"the merging entity Notice" shall have the meaning set forth in Section 4.5.

"Personal Property" shall have the meaning set forth in Section 2.12(b).

"Return" or "Returns" means any returns, reports or statements (including any information returns) required to be filed for purposes of a particular Tax. "Tax" or "Taxes" means all federal, state, local or foreign net or gross income, gross receipts, net proceeds, sales, use, ad valorem, value added, franchise, bank shares, withholding, payroll, employment,

excise, property, deed, stamp, alternative or add on minimum, environmental or other taxes, assessments, duties, fees, levies or other governmental charges of any nature whatever, whether disputed or not, together with any interest, penalties, additions to tax or additional amounts with respect thereto.

"Shares" shall have the meaning set forth in Section 1.4.

"Subsidiary" shall mean any corporation, partnership, joint venture or other legal entity of which the Company owns, directly or indirectly, stock or other equity interests which entitle the holder to vote for the election of the board of directors or other governing body of such corporation or other legal entity; and shall include within the meaning of the term each Subsidiary, as defined above, of any Subsidiary of the Company.

EXHIBIT A

EXHIBIT "A"

CYGNUS ENTERTAINMENT, INC.

Jeffrey P. Johnson, Director

Steve Shaper, Director

Larry Paul, Director

Henry Dekker, Director

CYGNUS eTRANSACTIONS GROUP, INC.

Phillip Offill, Sole Director

EXHIBIT B

LASTNAME	FIRST NAME(S)	CONTACT	ADDRESS	CITY	STATE	ZIP	# OF SHARES	NOTES
Adams	Chad D.		1022 Douglas Ave	Altamonte Springs	FL	32714	32714	1,000
Adams	George		217 N. Dugan Ave RD-8	Chamblee	NC	28207	28207	1,000
Adornette	David & Susan		336 North 11th St	Flagler Beach	FL	32136	32136	6,000
Allen	Wanda C.		176 Palm Kail Rd	Essex	GA	30540	30540	200
Aly	Katherine		2900 Bremer Avenue	Orlando	FL	32822	32822	600
Aly	Robert M.		4716 Weylaker Place	Orlando	FL	32807	32807	400
Asker	Steve		PO Box 733	Sturgeon Bay	WI	54235	54235	6,000
Baig	Saithen		365 Plant, #102	Atlanta	GA	30305	30305	12,000
Barnett	Julie		205 Ranch Rd	Wentz Park	FL	32702	32702	3,000
Bates	Donald P. & Jennifer		810 Woodell Lane	Cassiberry	FL	32707	32707	1,000
Bay Whetzel LLC		Shirley Seal	429 South Tyndall Pkwy, Suite N	Paramita City	FL	32404	32404	2,000
Beckie	Thomas		3065 Park Avenue	Manchewiser	MO	21102	21102	1,500
Beckitt	Jovanon		FL 2 Box 163X	Morris	MO	27583	27583	200
Beckitt	Lea P. & George E.		FL 2 Box 163X	Morris	MO	27583	27583	400
Beckton	Cheryl		3447 Rutgers Dr	Southem	PA	18020	18020	7,000
Beckwith	James J. & Lori D.		640 Hunt Road N.E.	Palm Bay	FL	32937	32937	24,000
Brown, MD	Michael D.		5831 Weckburg St	New Orleans	LA	70124	70124	6,000
Buris	Philip B.		1520 Highway Prime Pass	Alpharetta	GA	30022	30022	12,000
Burkett	Ryan		2802 Dickson Ave	Orlando	FL	32808	32808	1,000
Cadotte	David & Paula		3132 Westcott Road W	Fort Worth	TX	76109	76109	250
Cadotte	Moses A.		3132 Westcott Road West	Fort Worth	TX	76109	76109	200
Cadotte	Paula		3132 Westcott Rd, West	Fort Worth	TX	76109	76109	200
Cadotte	James T.		809 West Long St	Orlando	FL	32804	32804	24,500
Cadotte Jr.	Kendall		2887 Moorings Pky	Steeleville	GA	30039	30039	500
Caylor	David		1037 Royal Oaks Dr	Apopka	FL	32703	32703	1,500
Chenier	Ormer		15314 Amberbrook Blvd	Orlando	FL	32703	32703	500
Chenier	Timothy Styles	Parline Law Firm, Altr Charles Scallie	1720 South Orange Ave, 3rd Floor	Orlando	FL	32806	32806	140,000
Chenier	Timothy Styles		159 Old Tavern Rd	Orlando	CT	06477	06477	120,000
Chenier	Timothy Styles		322 E. Central Blvd, Unit 802	Orlando	FL	32801	32801	1,000
Chenier	Jason V. and Walker M.		2787 Ananya Terrace	Lake Mary	FL	32746	32746	5,000
Chenier	Jason & Trishna		64 Victoria	Frederick	MD	21702	21702	500
Chenier	Matthew Ward Kimberly D.		10237 Emma Lakes Dr	Jacksonville	FL	32257	32257	800
Chenier	Candice R.		552 Frichley Road	Maitland	FL	32751	32751	30,000
Chenier	Candice R. & Herman V.		552 Frichley Rd	Maitland	FL	32751	32751	1,000
Chenier	Thomas P.		2306 Heritage Drive	Opelika	AL	36901	36901	2,000
Chenier	Shirley		PO Box 1430	Fayetteville	GA	30214	30214	50,000
Chenier	Paul		660 Booningsdale Rd	Gen Elyn	IL	60137	60137	5,000
Chenier	Henry		1280 Hobbs Brook Lane	Maitland	FL	32750	32750	250,000
Chenier	Henry & Alena		1280 Hobbs Brook Lane	Maitland	FL	32750	32750	2,000
Chenier	Nadene		339 Lancer Oak Dr.	Apopka	FL	32712	32712	500
Chenier	John & Susan		7154 W. Flybrook Street	Crestal River	FL	34429	34429	150
Chenier	Jill		2703 Aloma Oaks Dr.	Orlando	FL	32765	32765	400
Chenier	Denise & Paul		8047 International Village Dr	Jacksonville	FL	32277	32277	20,000
Chenier	Gregory D.		8047 International Village Dr	Jacksonville	FL	32277	32277	200
Chenier	Jason		4190 S. Korman Road, Apt. 910	Orlando	FL	32811	32811	50
Chenier	Jerry		1724 Fourstarwood Dr.	Lake Mary	FL	32746	32746	400
Chenier	Jerry		431 East Central Blvd, 8515	Orlando	FL	32801	32801	1,500
Chenier	Patricia & Marybeth	Glenn D. Browning	2323 Heights Dr	Bolton	MO	63702	63702	17,000
Chenier	Birgit R.		618 Brocton Way	W. Melbourne	FL	32904	32904	100,000
Chenier	Ronald E.		6346 Carlin St	New Orleans	LA	70124	70124	10,000
Chenier	Christopher H.		2100 Weaver St.	Orlando	FL	32803	32803	200
Chenier	Ernest		1625 Shadow Moss Circle	Lake Mary	FL	32746	32746	2,500
Chenier	Anthony		105 Weymouth Dr	Sanford	FL	32771	32771	7,500
Chenier	David C. & Jean L.		13319 Poyon Dr	Orlando	FL	32711	32711	300
Chenier	David P. & Paula J.		6938-1 Riverwalk Ln	Jaciera	FL	33456	33456	2,000
Chenier	Grant		144 Queens Circle	Panama City	FL	32405	32405	15,000
Chenier	Mark V. & June E.		1646 Roberts Drive	Jacksonville Beach	FL	32250	32250	4,000
Chenier	Roanne S.		229 Paine Ave	Maitland	FL	32751	32751	4,000
Chenier	Rex		1528 Turbowater Blvd	Ocala	FL	34791	34791	3,000
Chenier	Kathy J.		413 Oakhill Drive	Altamonte Springs	FL	32701	32701	1,500
Chenier	Philip & Cheryl		1824 Whitney Road SE	Altamonte Springs	GA	30655	30655	2,000
Chenier	Dennis	John P. Glanno	1608 Stanford Ct	Monticello	LA	70453	70453	15,000
Chenier	John P. Glanno		23223 Oak Plains Cir	Cottage	LA	70453	70453	10,200
Chenier	John P. Glanno		1047 Fairweather Dr	Somerville	FL	32776	32776	1,800
Chenier	John P. Glanno		1473 Sunset Drive	Kennettville	NC	27704	27704	3,500
Chenier	John P. Glanno		8489 Rockwell Place	Longwood	LA	70460	70460	80
Chenier	John P. Glanno		628 Palmetto Court	Longwood	LA	70460	70460	10,000
Chenier	John P. Glanno		24557 McDowell Ct	Indianapolis	IN	46217-4519	46217-4519	900
Chenier	John P. Glanno		24557 McDowell Ct	Somerville	FL	32776	32776	1,500,000
Chenier	John P. Glanno		2201 Lantana Dr.	Somerville	FL	32776	32776	1,500,000
Chenier	John P. Glanno		14911 Hawkemport Run Cir	Paramita City	FL	32405	32405	28,000
Chenier	John P. Glanno		1213 Venable Circle	Orlando	FL	32828	32828	1,000
Chenier	John P. Glanno		271 Crown Oaks Way	Maitland	FL	32940	32940	3,000
Chenier	John P. Glanno			Longwood	FL	32779	32779	13,500

LASTNAME	FIRST NAME(S)	CONTACT	ADDRESS	CITY	STATE	ZIP	# OF SHARES	NOTES
King	Daniel W.		8012 Sylvania Ct	Orlando	FL	32817		1,500
Larsonby	Thomase		3804 Currock Dr	Birmingham	AL	35242		25,000
Linda	David		6806 N. Calanet Circa	Lake Worth	FL	33467		25,000
Linda	Lorrie E. & Matthew		6013 Biltmore Ln	Orlando	FL	32819		7,000
Linda	Michael D.		5040 Gardengate Ln	Orlando	FL	32821		30,000
Linda	Scott A.		3481 Fellinging Acorn Cir	Lake Mary	FL	32746		17,000
Lord	Chad K.		6073 Hillbrook Creek Ct	Lake Mary	FL	32746		17,000
Major	Andrew		885-1255 Vahn Rd	North Branch	B.C.	86729		2,500
Major	Ken		5074 Harpor Lake Dr	Wardensville	FL	34798		1,500
Major	Charles		80 Briar Hill Ave	Toronto	ON	34798		10,000
Major	Michael R.		5105 Cypress Creek Dr	Orlando	FL	32811		8,000
Major	Alexander & Lyndal Anne		4617 Courtney Lane Ct	Orlando	FL	32812		28,800
Major	Holly M.		1661 Evans Dr South	Jacksonville Beach	FL	32250		2,000
Major	Robert W.		6533 Lampson Avenue	Houston	TX	77065-0228		200
Major	Robert W.		3083 MacArthur Drive	Seattle	LA	70458		5,650
Major	Steven		609 West King St	Orlando	FL	32904		10,000
Major	Steven		1473 Sunset Drive	Seattle	LA	70460		160
Major	Barbara & Joseph		1573 Bangle St Apt 445	Victoria	BC	38711		8,210
Major	Theresa		2026 Forest Circle	Orlando	FL	32803		500
Major	Robert & Charlotte		2401 N. 20th	Orlando	FL	32803		50,000
Major	Robert J.		6148 Bluewater Circle	Boise	ID	83702		1,000
Major	Robert		19780 46A Avenue	Langley	B.C.	32819		5,041
Major	Samuel		One Pershing Blvd	Barnesville	GA	30417		400
Major	Zoe		Long Meadows, Highland	Barnesville	GA	30417		400
Major	Michael		279 Mary Court	Atlanta	GA	30417		400
Major	James R.		8602-2001 Beach Avenue	Atlanta	GA	30417		400
Major	David R. & Karen L.		1611 Wrentham St.	Vancouver	BC	32714		25,000
Major	David C.		6104 Ramdell Dr	Boise	ID	36830		1,000
Major	Koranting		9105 Cypress Creek Dr	Boise	ID	32911		1,500
Major	Larry		1720 South Orange Ave, 3rd Floor	Orlando	FL	32806		10,000
Major	Katheryn		2291 Honey Locust Dr.	Orlando	FL	32806		50,000
Major	Anthony D.		798 Stock Street	Atlanta	GA	30303		50
Major	Chad A.		1300 Ashley Square	Atlanta	GA	30303		10,000
Major	Lester M.		1141 Honeytown Rd	High Point	NC	27105		400
Major	Steven M.		8025 Honeytown Rd	High Point	NC	27285		5,000
Major	Matthew		1141 Honeytown Rd	High Point	NC	27285		1,000
Major	Eric		3630 Malibu Ct	Orlando	FL	32822		1,250
Major	Sharon E.		1150 Greenstone Blvd #100	Healdton	FL	32746		10,000
Major	Leo Falkenstein		7080 Bay David Drive	St. Cloud	FL	34771		400
Major	Marie		1608 Shadow Rock Dr	Lake Vegas	NV	89117		15,000
Major	Amy M.		6389 General Hwy St	New Orleans	LA	70124		3,000
Major	Louis Fernando		0308 SW Palmar Rd	Poultard	OR	97219		3,500
Major			Call 12 22-27	Portland	OR	97219		33,234
Major			PO Box 173785	Denver	CO	80217-3785		2,400
Major			PO Box 173785	Denver	CO	80217-3785		2,400
Major			PO Box 173785	Denver	CO	80217-3785		9,400
Major			PO Box 173785	Denver	CO	80217-3785		1,428
Major			PO Box 173785	Denver	CO	80217-3785		4,900
Major			PO Box 173785	Denver	CO	80217-3785		700
Major			PO Box 173785	Denver	CO	80217-3785		4,500
Major			PO Box 173785	Denver	CO	80217-3785		1,000
Major			PO Box 173785	Denver	CO	80217-3785		6,000
Major			PO Box 173785	Denver	CO	80217-3785		4,000
Major			PO Box 173785	Denver	CO	80217-3785		1,000
Major			PO Box 173785	Denver	CO	80217-3785		50,000
Major			PO Box 173785	Denver	CO	80217-3785		1,000
Major			PO Box 173785	Denver	CO	80217-3785		3,000
Major			PO Box 173785	Denver	CO	80217-3785		2,000
Major			PO Box 173785	Denver	CO	80217-3785		2,000
Major			PO Box 173785	Denver	CO	80217-3785		1,500
Major			PO Box 173785	Denver	CO	80217-3785		1,500
Major			PO Box 173785	Denver	CO	80217-3785		25,000
Major			PO Box 173785	Denver	CO	80217-3785		150,000
Major			PO Box 173785	Denver	CO	80217-3785		5,000
Major			PO Box 173785	Denver	CO	80217-3785		5,000
Major			PO Box 173785	Denver	CO	80217-3785		7,807
Major			PO Box 173785	Denver	CO	80217-3785		400
Major			PO Box 173785	Denver	CO	80217-3785		300
Major			PO Box 173785	Denver	CO	80217-3785		500
Major			PO Box 173785	Denver	CO	80217-3785		15,000
Major			PO Box 173785	Denver	CO	80217-3785		5,000
Major			PO Box 173785	Denver	CO	80217-3785		5,000
Major			PO Box 173785	Denver	CO	80217-3785		100
Major			PO Box 173785	Denver	CO	80217-3785		500
Major			PO Box 173785	Denver	CO	80217-3785		630,500

LASTNAME	FIRST NAME(S)	CONTACT	ADDRESS	CITY	STATE	ZIP	# OF SHARES	NOTES
Shewens	M. Ornela		65 Race Landing Trail	Morlok	AK	72658	2,500	
Shewens	Ornel & Ornela		65 Race Landing Trail	Morlok	AK	72658	7,500	
Shewens	Sharon		285 Shady Oaks Cr	Morlok	AK	72658	12,000	
Sluts	Dorcas		13586 Sunset Lakes Circle	Lake Mary	FL	32746	711,000	
Sweeney	Sherry		19781 46a Ave	Winter Garden	FL	34787	1,000	
Bourbeau	Jean-Marc		19781 46a Ave	Langley	BC	V6A 5G7	1,440	
Sykes	Jocyn L.		159 Oak Tavern Rd	Langley	BC	V6A 5G7		
Sykes	Trinity		159 Oak Tavern Rd	Orange	CT	06477	70,835	Second shareholder with Sherrylyn Sweeney
Talbot	William S. & Martin Stuart		845 W. Plymouth Ave	Orange	CT	06477	835	
Talbot			2620 Seale Dr	Deland	FL	32720	50,000	
Tanner L. Glano Family Trust		Tanner L. Glano	3459 Rockwell Place	Boale	ND	58702	1,000	
Vance	James B.		383 Casa Grande Drive	Longwood	FL	32778	10,000	
Vance	James B. & Yvonne		383 Casa Grande Drive	Winter Springs	FL	32708	4,500	
Vance	Yvonne		383 Casa Grande Drive	Winter Springs	FL	32708	2,000	
Venette	Matthew R. & Lauren R.		380 Dutchman Circa	Winter Springs	FL	32708	4,500	
Villey	Robert		4545 Brookside Rd	Orlando	FL	32801	1,000	
Wickley	Harold F.		5905 Sunset Blvd	Tampa	OH	43815	16,000	
Wickley	Sherry		5905 Sunset Blvd	FL Pierce	FL	34682	1,000	

8,306,810

Second shareholder with Harold Wickley