

Form PTO-1594  
(Rev. 10/02)  
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### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

CRG Enterprises, Inc. (Illinois Corp.)

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: 09/25/02

2. Name and address of receiving party(ies)

Name: Silver Coast Creations, Inc

Internal

Address:

Street Address: 2100 NE 18th Place

City: Ocala State: FL Zip: 34470-4702

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Florida
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,836,824

Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Sven W. Hanson

Internal Address:

Street Address: PO Box 357429

City: Gainesville State: FL Zip: 32635-7429

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 3.41):

\$ 40

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

080635

DO NOT USE THIS SPACE

9. Signature.

SVEN W. HANSON

Name of Person Signing

  
Signature

6/16/03  
Date

Total number of pages including cover sheet, attachments, and document: 17

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patent & Trademarks, Box Assignments  
Washington, D.C. 20231

CH \$40.00 080635 1836824

## ASSET PURCHASE AND SALE AGREEMENT

**THIS ASSET PURCHASE AND SALE AGREEMENT** ("Agreement") is made effective as of the 25th day of September, 2002 between **SILVER COAST CREATIONS, INC.**, a Florida corporation ("Buyer"), **CRG ENTERPRISES, INC.**, an Illinois corporation ("Seller"), **CONWAY, LLC**, an Illinois limited liability company ("Landlord") and **LYNN CONWAY** ("Stockholder").

In consideration of the mutual agreements, covenants, representations and warranties of the parties set forth in this Agreement, the parties hereby agree as follows:

### ARTICLE 1

#### THE OPERATIONS

**1.1 Sale and Purchase of Business.** Seller conducts a business of manufacturing and distributing coasters and other decorative products (the "Business") from its facilities located at 1377 U.S. Highway 67, Monmouth, Illinois 61462 (together with the land and all fixtures and improvements thereon, the "Facility"). On the Closing Date (as hereafter defined), Seller shall sell and Buyer shall purchase the assets of Seller more particularly described below (the "Assets"), free of all liens, charges or encumbrances, except for liens securing Assumed Obligations (as hereafter defined).

(a) All of Seller's inventory, including furnished goods, raw materials and work in process on hand on the Closing Date (the "Inventory").

(b) The items of tangible personal property listed on Exhibit A hereto (the "Tangible Personal Property").

(c) Other intangible personal property relating to the Business (except Excluded Assets, as hereafter defined), including without limitation cash, accounts receivable, books and records, franchises, goodwill, trade name and trading style, telephone numbers and lines, customer lists, prospect lists, governmental or regulatory licenses, permits and other authorizations and approvals held by Seller which are used or useful in connection with the operation of the Business (to the extent assignable) and other assignable contract rights used in the Business (the "Intangible Personal Property"). Seller agrees to cooperate with Buyer in effecting the transfer to Buyer's name of all Intangible Personal Property.

**1.2 Excluded Assets.** The Excluded Assets are:

- (a) The Facility;
- (b) Any other tangible assets not specified herein as being purchased by Buyer; and
- (c) Rights under any license agreements with artists not selected by Buyer.

**1.3 Purchase Price of the Assets; Assumption of Liabilities.** The purchase price for the Assets shall be the Buyer's assumption of certain liabilities of Seller. Buyer agrees to assume the obligations identified on Exhibit B (the "Assumed Obligations"). Obligations which are not listed on Exhibit B shall not be the responsibility of Buyer, and Seller agrees to indemnify Buyer against any and all claims, liabilities, costs and expenses relating thereto.

**1.4 Prorations; Expenses.** All amounts paid or payable under the Assumed Obligations shall be prorated as of 11:59 p.m. on the Closing Date. All expenses of every nature incurred by or on behalf of Seller through the Closing Date related to the ownership or operation of the Assets shall be the sole responsibility of Seller. Buyer shall be responsible for all such expenses thereafter.

**1.5 Closing Costs.** Brokerage fees, if any, shall be paid by Seller. All other fees and charges shall be payable by the party incurring them.

## ARTICLE 2

### FACILITY

**2.1 Lease of Facility.** Seller shall lease the Facility from Landlord in accordance with the terms and conditions of the lease agreement attached hereto as Exhibit C.

## ARTICLE 3

### NON-COMPETE AGREEMENT

**Non-Compete Agreement.** Buyer, Seller, and Lynn Conway shall enter into the agreements not to compete substantially in the form attached hereto as Exhibit D (the "Non-Compete Agreements").

## ARTICLE 4

### EMPLOYEES; LIABILITIES

#### **4.1 Employees:**

(a) All current employees of the Business are leased by Seller through an arrangement with an employee leasing company. Buyer shall assume the obligations as lessee of the employees effective on the Closing Date.

(b) Seller shall remain responsible for all liabilities relating to the employees through the Closing Date, except that Buyer shall assume obligations for accrued vacation time and pay. Seller agrees to hold Buyer harmless against all other claims (and any associated expenses) asserted by employees or their representatives, including without limitation, bonuses, fixed term employment contracts, promises of salary increases, and all employee benefit plans and agreements.

4.2 **Liabilities.** Buyer shall not assume any liabilities of the Business except the Assumed Obligations and the current obligor thereof shall retain all other known and unknown liabilities of the Business, including without limitation liabilities for taxes, personal injury and property damage claims and workers compensation claims. Seller agrees to hold Buyer harmless against any claims and associated expenses asserted by or on behalf of creditors of the Business, other than with respect to the Assumed Liabilities.

## ARTICLE 5

### **BUYER'S INVESTIGATION**

5.1 **Review of Operations; Access and Information.** During the ten (10) day period following the date hereof (the "Inspection Period"):

(a) Buyer and Buyer's representatives shall have full access during normal business hours to all the properties, books and records (including contracts and commitments) of the Business in order to provide Buyer with a full opportunity to make such investigations of the Business as it shall reasonably request, including without limitation all available files and records containing correspondence, notices, applications and other documentation relating to all federal, state, local and foreign governmental, regulatory agency and other licenses, approvals, clearances, safety standards, investigations and recalls affecting or relating to the Business.

(b) Seller shall furnish Buyer all information concerning the Business for inclusion in any application, statement or notice by Buyer and/or by Seller or jointly by Buyer and Seller that is required to be filed with any supplier, governmental authority or other third party in connection with this Agreement.

(c) If Buyer is not satisfied for any reason with the results of its inspections and inquiries, Buyer may at any time during the Inspection Period cancel this Agreement by written notice to Seller, whereupon the parties shall be released from any further obligations hereunder.

## ARTICLE 6

### **REPRESENTATIONS AND WARRANTIES OF SELLER**

As a material inducement to Buyer to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby (subject to the conditions contained herein), Seller and Stockholders represent and warrant to and covenant and agree with Buyer (in addition to any other representations, warranties, covenants and agreements contained in any other part of this Agreement or any Exhibit hereto) as follows:

6.1 **Organization, Standing and Power.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has the requisite power and authority and all governmental licenses, authorizations, permits, consents and

approvals required to own the Assets owned by it and to carry on the Business. Seller has no subsidiaries that are or have been engaged in the Business.

**6.2 Authorization; No Breach.** The execution, delivery and performance of this Agreement and all other agreements contemplated hereby and the consummation of the transactions contemplated hereby have been duly authorized by Seller, and, where required, by the stockholders of Seller. Each of this Agreement and the other agreements contemplated hereby shall constitute, when executed and delivered in accordance with the terms hereof, the valid and binding obligations of Seller, enforceable in accordance with their terms except as the enforceability hereof may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, or by court applied equitable remedies. The execution, delivery and performance of this Agreement and of all other agreements contemplated hereby by Seller and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in any breach of any of the provisions of, constitute a default under, result in a violation of, result in the creation of any lien, security interest, charge or encumbrance upon the Assets, give any third party the right to accelerate any obligation which is being assumed by Buyer, or require any authorization, consent, approval, exemption or other action by any court or other governmental body or other third party under the provisions of the Articles of Incorporation or By-laws of the Seller or any indenture, mortgage, lease, loan agreement or other agreement or instrument by which the Seller is are bound or to which its properties are subject or any law, statute, rule, regulation, judgment or, decree to which the Seller is subject.

**6.3 Licenses and Authorizations.** Seller has the lawful authority and all necessary state, federal, special, and local governmental certifications, authorizations, approvals, registrations, consents, licenses, and permits and contracts (collectively, the "Licenses") required, necessary or desirable to conduct the Business as it is presently being conducted. All of the Licenses are valid and in full force and effect. There are no pending or threatened actions, notices, or proceedings by any state, federal, special or local government or any subdivision thereof or any public or private group which might have a material adverse effect upon the Assets of the Business.

**6.4 Financial Information.** The sales information most recently furnished to Buyer and dated as of July 31, 2002 (the "Financial Information") (i) is true, correct and complete in all material respects; (ii) is in accordance with the books and records of the Seller, and (iii) is in accordance with accounting conventions consistently employed by Seller for past accounting periods.

**6.5 Litigation; Decrees.** There is no suit, claim, action, investigation, inquiry or proceeding pending against or affecting Seller relating to the Assets. To the best knowledge of Seller, there is no suit, claim, action, investigation, inquiry or proceeding threatened against Seller relating to the Assets which if adversely determined would have a material adverse effect upon the Assets of the Business. Seller is not in default under any judgment, order, injunction, rule or decree of any governmental entity or arbitrator relating to the Assets.

**6.6 Title to Assets.** On the Closing Date, Seller will have, and upon conveyance at Closing, Buyer will acquire and hold, good, valid and marketable title to all the Assets free and

clear of all mortgages, claims, charges, liens, security interests, easements, rights of way, pledges, rights of first refusal, restrictions, imperfections of title or other encumbrances of any nature, except liens securing the repayment of Assumed Obligations ("Permitted Liens"). The Assets are in good operating condition and repair, ordinary wear and tear excepted, and are usable in the ordinary course of the Business.

**6.7 No Material Adverse Changes.** Since July 31, 2002, there have been no (i) adverse changes in the business, financial condition, operating results, assets, employees, or customer or supplier or licensing agency relations of Seller or the Business, (ii) damage, destruction or loss to the Assets, (iii) liability or obligation incurred, (iv) write down of the value of any Asset, or (v) capital expenditure or commitment, other than items occurring in the ordinary course of business, which items in the ordinary course of business, in the aggregate, have not had a material adverse effect on the Assets of the Business.

**6.8 Insurance.** All of the properties and businesses constituting any part of the Assets or the Business are insured for Seller's benefit and will be so insured through the Closing, and such insurance is in full force and effect with coverage levels adequate to insure the Assets against loss or damage in amounts generally customary in Seller's industry. Seller is not in default and has not received any written or oral notice of default with respect to its obligations under any such insurance.

**6.9 Tax Matters.** (i) Seller has filed all federal, foreign, state, county and local income, excise, property, payroll, sales, use and other tax returns which are required to be filed by Seller; (ii) all such returns are true and correct; (iii) all taxes owed by Seller have been paid or adequate provision has been made which is sufficient for all accrued and unpaid taxes; and (iv) Seller has paid or made adequate provision for all taxes owed by it or which it is obligated to withhold from amounts owing to any employee, creditor or third party. No tax deficiencies have been asserted against Seller as a result of any examination by the Internal Revenue Service or any other taxing authority. There are no pending claims asserted for taxes of Seller or outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return of Seller for any period. Seller has not been a member of an affiliated group of corporations filing a consolidated federal income tax return.

**6.10 Proprietary Rights.** Seller owns or has an interest in all patents, patent applications, trademarks, service marks, trade names, corporate names, copyrights, trade secrets or other proprietary rights necessary to own the Assets and operate the Business. The consummation of the transactions contemplated by this Agreement will not alter or impair any of the proprietary rights, and to Seller's knowledge, no claims are pending against Seller by any person with respect to the use of such proprietary rights or challenging or questioning the validity or effectiveness of any license or agreement relating to the same, and the current use by Seller of the proprietary rights does not infringe on the rights of any third party.

**6.11 Labor Relations.** Seller is not a party to or subject to any collective bargaining agreements with respect to its employees. No labor union or other collective bargaining unit represents or, to the best knowledge of Seller, has been recognized as a representative or claims to represent any of the employees of Seller. To the best knowledge of Seller, there is no union

campaign being conducted to solicit cards from employees to authorize a union to request a National Labor Relations Board certification election with respect to any of Seller's employees.

**6.12 Compliance with Laws.** Seller has complied with all federal, state and local laws, rules, regulations and ordinances which are applicable to Seller and the Assets, the failure of which to comply would have a material adverse effect on the Seller or the Assets. Seller has not been notified in writing to the effect that the ownership or use of its properties or assets or the conduct of the business or operations of Seller as currently conducted conflicts in any material way with the rights of any other person or entity.

**6.13 Nonsolicitation.** From and after the date of this Agreement to the earlier of its termination by either party or the Closing, neither Seller, its stockholders, nor any of their officers, directors, representatives or agents will solicit or encourage any inquiries or proposals with respect to any acquisition, business combination or purchase of all or a material portion of the Assets, the Business or an equity interest in Seller. During the time period set forth above, neither Seller, its stockholders, nor any of their directors, officers, employees, representatives or agents shall, directly or indirectly, solicit or initiate inquiries or proposals from or provide any confidential information to or participate in any discussions or negotiations with any person or entity (other than Buyer and its representatives) concerning (i) any merger, acquisition, or business combination of Seller; (ii) any purchase or other acquisition by any person or entity of any equity position in Seller; (iii) any sale of authorized but unissued shares of stock of Seller to any party other than Buyer; or (iv) any sale or transfer of the Assets.

**6.14 All Material Assets.** Except for the Excluded Assets, the Assets constitute substantially all of the assets that in any manner are necessary or utilized for the business operations of the Business as conducted on the date hereof. Seller owns no assets or properties other than the Assets that are used in the operation of the Business, except for the Excluded Assets.

**6.15 Assumed Obligations.** All of the Assumed Obligations are valid and are in full force and effect, there are no existing defaults by the Seller, or to the Seller's knowledge by any other party under the Assumed Obligations, and no event has occurred which, whether with notice, lapse of time or both, would constitute a default by any party to any such Assumed Obligations. Seller has physical possession of all equipment and other assets which are subject to any leases constituting Assumed Obligations. Seller has not received from any party any notice of default or any notice of intent to terminate or modify any of the Assumed Obligations.

**6.16 Environmental Matters.** Seller has received no notice (oral or written) of the existence of any areas of the Facility where "hazardous substances or waste" (as hereinafter defined) have been disposed of, released, or found, and Seller has no actual knowledge of the existence of any such areas at the Facility, or of the storage or disposal of any hazardous substances or waste at the Facility. For purposes of this Agreement, the term "hazardous substances or waste" shall mean petroleum (including crude oil or any fraction thereof) and any substance identified in Section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), and shall include petroleum, its by-products or fractions, asbestos and asbestos containing materials,

polychlorinated biphenyls and radioactive materials.

## ARTICLE 7

### REPRESENTATIONS AND WARRANTIES OF BUYER

**7.1 Corporate Organization and Power of Buyer.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with full corporate power and authority to carry on its business as currently conducted and to execute, deliver and perform this Agreement and the other agreements contemplated hereby.

**7.2 Authorization.** *The execution, delivery and performance by Buyer of this Agreement and the other agreements contemplated hereby and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action, and no other corporate proceedings are necessary to authorize the execution, delivery or performance of this Agreement and the other agreements contemplated hereby. Each of this Agreement and the other agreements contemplated hereby, when executed and delivered in accordance with the terms hereof, shall constitute a valid and binding obligation of Buyer, enforceable in accordance with its terms, except the enforceability hereof or thereof may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, or by court applied equitable remedies.*

**7.3 No Violation.** The execution, delivery, and performance of this Agreement and all other agreements contemplated hereby by Buyer and the consummation of the transactions contemplated hereby do not and will not conflict with or result in any breach of, constitute a default under, result in a violation of, or give any third party the right to accelerate any obligation or require any authorization, consent, approval, exemption or other action by any court, governmental body or other third party under the provisions of Buyer's certificate of incorporation or by-laws, or any indenture, mortgage, lease, loan agreement or other agreement or instrument to which Buyer is bound or affected, or any law, statute, rule, regulation, judgment or decree to which Buyer is subject.

**7.4 Litigation.** There are no actions, suits, proceedings, orders or investigations pending or threatened against or affecting Buyer at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which might adversely affect Buyer's performance under this Agreement or the consummation of the transactions contemplated hereby.

## ARTICLE 8

### COVENANTS

**8.1 Preservation of Business.** Through the Closing Date, Seller shall preserve the operations of the Business intact, and preserve for Buyer the goodwill of the Business, its suppliers, customers and others having business relations with the Business. Seller shall also maintain all of the Assets in customary repair, order and condition, as is, where is, and shall not



suffer or permit any transaction or sell or purchase any goods which are the subject matter of this Agreement except in the usual and ordinary course of Sellers' business from the time of signing this Agreement to the Closing Date.

**8.2 Consents.** The Buyer and the Seller shall both proceed with due diligence towards, and use their best efforts in, obtaining approvals or consents, if any, required in order to permit Buyer's assumption of the Assumed Liabilities.

**8.3 Assignments.** Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Asset or any claim or right or any benefit arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party, would constitute a breach or other contravention thereof, would be ineffective with respect to any party thereto or would in any way adversely affect the rights of Seller or, upon transfer, Buyer thereunder.

**8.4 Good Faith Efforts.** Each part shall otherwise use its good faith efforts to use its best efforts to timely perform its agreement hereunder and to consummate the transactions contemplated hereby.

**8.5 Access.** Seller shall afford to Buyer and its officers, directors, principals, attorneys, accountants, employees and other representatives reasonable access during normal business hours during the period prior to the Closing to the properties, books, contracts, commitments, records and other documents and information related to the Business and the Assets.

## ARTICLE 9

### CONDITIONS PRECEDENT TO CLOSING

**9.1 Conditions to Each Party's Obligation.** The obligation of Buyer to purchase the Assets and to consummate the transactions contemplated hereby, and the obligation of Seller to sell, assign, transfer, convey and deliver the Assets to Buyer and to consummate the transactions contemplated hereby, shall be subject to the satisfaction prior to the Closing of the following conditions:

(a) **Governmental Approvals.** All authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any governmental entity necessary for the consummation of the transactions contemplated by this Agreement shall have been obtained or filed or shall have occurred.

(b) **No Injunctions or Restraints.** No temporary restraining order, preliminary or permanent injunction or other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement shall be in effect.

(c) **No Material Change.** No change on or after the date of this Agreement shall have occurred which, individually or in the aggregate, would have, or would be reasonably

likely to have, a materially adverse change in, or materially adverse effect on, the Assets, the operations, affairs, business, financial condition, results of operations, assets or liabilities of the Business.

**9.2 Conditions to Buyer's Obligations.** The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing Date:

(a) The representations and warranties of Seller set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date.

(b) Seller shall have performed or complied with all obligations, conditions and covenants required to be performed or complied with by it under this Agreement at or prior to the Closing;

(c) No action or proceeding before any court or government body will be pending or threatened wherein a judgment, decree or order would prevent any of the transactions contemplated hereby or cause such transactions to be declared unlawful or rescinded or which might adversely affect the right of Buyer to own, operate, or control the Assets and the Business or to enjoy the value, benefit, or use of the Assets and the Business;

(d) All corporate action necessary to authorize (i) the execution, delivery, and performance by Seller of this Agreement and (ii) the consummation of the transactions contemplated hereby shall have been duly and validly taken by Seller and its stockholders, and Buyer shall have been furnished with copies of all applicable resolutions adopted by the Board of Directors and shareholders of Seller certified by the Secretary of Seller;

(e) On the Closing Date, Seller will have delivered to Buyer the following:

(i) Such certificates of title and instruments of sale, transfer, assignment, conveyance, and delivery, in form satisfactory to counsel for Seller and Buyer, as are required in order to sell, assign, convey and transfer to Buyer all right, title and interest in and to the Assets, free and clear of all liens except Permitted Liens; and

(ii) Such other documents as Buyer may reasonably request in connection with the transactions contemplated hereby.

**9.3 Conditions to Seller's Obligations.** The obligations of Seller and the Stockholder to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing Date:

(a) The representations and warranties of Buyer set forth herein will be true and correct at and as of the Closing Date as though then made and as though the Closing Date were substituted for the date of this Agreement throughout such warranties;

(b) Buyer will have performed all of the covenants and agreements required to

be performed by it under this Agreement at or prior to the Closing;

(c) No action or proceeding before any court or government body will be pending or threatened wherein a judgment, decree or order would prevent any of the transactions contemplated hereby or cause such transactions to be rescinded; and

(d) All corporate action necessary to authorize (i) the execution, delivery, and performance by Buyer of this Agreement and (ii) the consummation of the transactions contemplated hereby shall have been duly and validly taken by Buyer;

**9.4 Documents.** At Closing, the parties, as appropriate, shall execute and deliver (or cause to be executed and delivered):

(a) A Bill of Sale transferring title to the Assets.

(b) The Non-Compete Agreements.

(c) Assignments of business license, permits, franchise documents, and all other licenses as may be lawfully assigned, including but not limited to license agreements with artists that Buyer selects.

(d) Assignments of any warranties or guarantees covering items of equipment purchased by Buyer.

(e) Assignment by Seller and assumption by Buyer of the Assumed Obligations.

(f) The Lease.

(g) All original documents, titles, statements, keys, and other miscellaneous property relating to the Assets.

## ARTICLE 10

### TERMINATION AND DEFAULT

**10.1 Termination.** This Agreement may be terminated at any time prior to or at the Closing:

(a) by mutual consent of both Seller and Buyer; or

(b) by either Seller or Buyer if all conditions precedent to the terminating party's obligations to consummate the transactions contemplated hereby have not been satisfied by September 30, 2002; *provided, however*, that if a party's breach of this Agreement has prevented the consummation of the transactions contemplated hereby, that party shall not be entitled to terminate the Agreement pursuant to this subsection.

**10.2 Notice of Termination.** Notice of termination of this Agreement shall be given by the party so terminating to the other party hereto in accordance with the provisions of Section 13.3 of this Agreement.

**10.3 Effect of Termination.** In the event this Agreement is terminated pursuant to Section 10.1, this Agreement shall be void and have no further force and effect, without any liability on the part of any of the parties hereto (or their respective stockholders, directors or officers).

**10.4 Default by Seller.** If Seller fails or refuses to close the transaction contemplated by this Agreement in accordance with its terms, Buyer and Seller agree that money damages will be an inadequate remedy and that Buyer at its election may (i) seek the remedy of specific performance for the conveyance of title to the Assets and the consummation of all other transactions contemplated hereby, (ii) terminate this Agreement, or (iii) pursue any and all other legal and equitable remedies available to Buyer.

**10.5 Default by Buyer.** If Buyer fails or refuses to close the transactions contemplated by this Agreement after all conditions precedent to its obligations have been satisfied, and if Seller is not in default under this Agreement, Seller may pursue any legal and equitable remedies available to Seller.

## ARTICLE 11

### INDEMNITY OBLIGATIONS

**11.1 Indemnity by Seller and Stockholder.** Except as otherwise expressly provided in this Section 11.1, Seller and Stockholder shall defend, indemnify and hold harmless Buyer from:

(a) all obligations of Seller, other than the Assumed Obligations accruing subsequent to Closing;

(b) any inaccuracy in or breach of any representation or warranty or nonfulfillment of any covenant, agreement or other obligation of Seller contained in this Agreement, or any schedule or exhibit hereto, or any certificate or any other document delivered to Buyer, except as expressly waived in writing by Buyer;

(c) any claim, cause of action, liability or obligation (actual or alleged), of any nature whatsoever arising out of, or relating to, the ownership, use or operation of the Assets or the Business prior to the Closing Date; or

(d) any claim, cause of action, liability or obligation (actual or alleged), of any nature whatsoever of Seller arising out of or relating to any act or omission of Seller or any of their agents, employees, or officers, occurring prior to the Closing Date.

Whether or not Buyer is entitled to indemnification under this Section, it is the intent of the parties that Buyer shall not assume any of Seller's liabilities except the Assumed Obligations.

**11.2 Indemnity By Buyer.** Except as otherwise provided in this Section 11.2, Buyer shall defend, indemnify and hold Seller harmless from:

(a) any and all debts, obligations or liabilities of Seller that are expressly assumed by Buyer pursuant to the terms of this Agreement;

(b) any inaccuracy in or breach of any representation or warranty or nonfulfillment of any covenant, agreement or other obligation of Buyer contained in this Agreement, or any schedule or exhibit hereto, or any certificate or any other document delivered to Seller, except as expressly waived in writing by Seller;

(c) any claim, cause of action, liability or obligation (actual or alleged), of any nature whatsoever arising out of, or relating to, the ownership, use or operation of the Assets or the Business after the Closing Date; or

(d) any claim, cause of action, liability or obligation (actual or alleged), of any nature whatsoever of Buyer arising out of or relating to any act or omission of Buyer or any of their agents, employees, or officers, occurring after the Closing Date.

**11.3 Indemnification Procedure.** In the event that any party hereunder shall receive any written notice of any claim or proceeding against said party relating to a matter indemnified by any party hereto (the "Indemnitee"), the Indemnitee shall give the party upon whom a claim could be made under this Article (the "Indemnitor") written notice of any such loss, liability, claim, damage or expense, and the Indemnitor shall have the right to contest and defend any action brought against the Indemnitee based thereon, and shall have the right to contest and defend any such action in the name of the Indemnitee at the Indemnitor's own expense; provided, however, that if the Indemnitor shall fail to notify the Indemnitee of the assumption of the defense of any such action *within ten (10) days of the giving of such notice by the Indemnitee*, then the Indemnitee shall have the right to take any such action as it deems reasonable to defend, contest, settle or compromise any such action or assessment and claim indemnification provided herein. Counsel selected for defense by Indemnitor shall be reasonably satisfactory to the Indemnitee. If the Indemnitor defends any action for which indemnification is claimed, the Indemnitee shall be entitled to participate at its own expense in the defense of such action; *provided, however*, that the Indemnitor shall bear the fees and expenses of the Indemnitee's counsel if (i) the employment of such counsel is specifically authorized in writing by the Indemnitor or (ii) the named parties to such action include both the Indemnitor and the Indemnitee, and there exists a conflict of interest between such parties which renders it inappropriate for counsel selected by the Indemnitor to represent both of such parties. The Indemnitor shall not be liable for any settlement of any claim, action or proceeding affected without its written consent, except as expressly provided in the first sentence of this Section 11.3. Failure of the Indemnitee to notify the Indemnitor of such claim for which it is entitled to indemnity hereunder shall not impair, limit or affect the indemnification provided herein so long as the ability of the Indemnitor to contest, defend or dispute such claim has not been materially

and adversely affected.

**11.4 Survival of Indemnity Obligations.** The obligations to indemnify and hold harmless pursuant to this Article 11 shall survive the consummation of the transactions contemplated by this Agreement.

## ARTICLE 12

### TAX MATTERS

**12.1 Transfer Taxes.** All liability for any transfer taxes shall be the responsibility of Seller. Seller and Buyer shall cooperate in timely making and filing all filings, tax returns, resale certifications, reports and forms as may be required to comply with the provisions of any transfer tax laws.

**12.2 Preparation of W-2 Forms, Etc.** Seller acknowledges that it will be responsible for the furnishing of a Form W-2 to each employee of the Business who has been employed by them, such Form W-2 to disclose all wages and other compensation paid for the period ending on the Closing Date, and taxes withheld thereon. Buyer acknowledges that it will be responsible for the furnishing of a Form W-2 to each of Seller's former employees, if any, disclosing all wages and other compensation paid for the period beginning on the day following the Closing Date.

## ARTICLE 13

### MISCELLANEOUS

**13.1 Extension and Waiver.** Prior to the Closing Date, any party which is entitled to the benefit of any term or provision hereof may (i) extend the time for the performance of any of the obligations or other acts of the other party or parties, (ii) waive any inaccuracies in the representations and warranties contained or provided for herein or in any certificate, instrument or other document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions contained herein (except approval of the transaction contemplated by this Agreement); provided, however, that failure by any party to insist upon the strict performance of any of the covenants and agreements contained in this Agreement or to exercise any rights or remedies upon default shall not be considered a waiver or relinquishment of the right to insist upon and to enforce strict compliance by the defaulting party by any appropriate legal remedy, or of the right to exercise any such rights or remedies if such default is continued or repeated; nor shall the election of any party to proceed with the Closing be construed as a waiver of any rights hereunder.

**13.2 Brokers.** Each party represents to the other that each has not employed any investment banker, broker, finder or intermediary in connection with this Agreement who might be entitled to a fee or any commission with respect to the transactions contemplated hereby, except Merrimac Capital Corporation.

**13.3 Risk of Loss.** Until Closing, Seller shall bear the risk of loss of any of the assets

to be acquired by Buyer hereunder.

**13.4 Notices.** All notices, requests, demands and other communications required or permitted to be given or made under this Agreement or in an Exhibit hereto shall be in writing and will be deemed to have been given: (a) on the date of personal delivery; or (b) (i) on the date of deposit in the United States Mail, postage prepaid, by registered or certified mail, return receipt requested, (ii) on the date of transmission by telegram, cable, telex or telephonic facsimile transmission, or (iii) on the date of delivery to a nationally recognized overnight courier service – in each case addressed as follows, or to such other person or entity as the parties may designate by notice to each party in accordance herewith:

To Buyer: Silver Coast Creations, Inc.  
2100 N.E. 18<sup>th</sup> Place  
Ocala, Florida 34470

To Seller: CRG Enterprises, Inc.  
1377 U.S. Highway 67  
Monmouth, IL 61462

**13.5 Further Assurances and Assistance.** Seller agrees, at any time and from time to time after the Closing Date, upon the written request of Buyer, to execute and deliver to Buyer as promptly as practicable any additional instruments acts, deeds, assignments, transfers, conveyances and assurances and to take such further action reasonably considered necessary by Buyer to effectuate, record or perfect any transactions contemplated by this Agreement, or to enable it to deal with and dispose of any of the Assets, and to assist Buyer in any reasonable way in enforcing its right under this Agreement against third parties.

**13.6 Cooperation.**

(a) In the event Seller is required to defend against any action, suit or proceeding arising out of a claim pertaining to the business or operations of the Business prior to the Closing Date or otherwise retained by Seller, Buyer shall provide such assistance and cooperation, including, without limitation, witnesses and documentary or other evidence as may reasonably be requested by Seller in connection with its defense. Seller shall reimburse Buyer for its reasonable out-of-pocket expenses in providing such assistance and cooperation.

(b) In the event Buyer is required to defend against any action, suit or proceeding arising out of a claims pertaining to the Business prior to the Closing Date, Seller shall provide such assistance and cooperation, including, without limitation, witnesses and documentary or other evidence, as may reasonably be requested by Buyer in connection with the defense, and Seller shall reimburse Buyer for its related out-of-pocket expenses.

**13.7 Representations and Warranties; Survival of Representations and Warranties.**

(a) All statements contained in any certificate, instrument or other document

delivered by any party pursuant to the provisions hereof shall be deemed representations and warranties by such party as though made herein.

(b) Seller shall promptly deliver to Buyer any supplemental information concerning events subsequent to the date of this Agreement which is necessary to ensure the representations and warranties herein and the information furnished pursuant hereto remain true and correct in all material respects as of the Closing Date and do not contain any material misstatement or omission.

(c) None of the warranties, representations, covenants, terms and conditions set forth in this Agreement shall be merged into the documents and executed and delivered at Closing. Instead, all representations, covenants, terms conditions and warranties contained herein shall survive the Closing. The parties hereby respectively agree to indemnify and hold and save harmless one another against any loss, liability, cost (including limitation reasonable attorney fees actually incurred), expense, claim, deficiency or judgment arising as a result of breach by such indemnifying party of any representation or warranty herein, or nonperformance by such indemnifying party of any covenants contained herein.

**13.8 Confidentiality.** All information received by the Buyer in connection with this Agreement shall be held in confidence, and shall not be used, directly or indirectly, for any purposes other than to enable the Buyer to investigate the Business prior to the Closing. Such information shall not be divulged or disclosed to any other person or entity except for disclosures: (1) made to the Buyer's legal counsel, accountants, insurance companies and other representatives; (2) made under court order or other mandate of governmental process; (3) made as the result of any communication by the Buyer to any suppliers, regulatory agencies, bureaus, commission, or authorities under requirement of law or as necessary to obtain approval or consent therefor with respect to the transactions contemplated in this Agreement; or (4) made to such other persons or entities as may be mutually agreed upon in writing by the Seller and the Buyer

**13.9 Closing Date.** The Closing of the transactions contemplated by this Agreement (the "Closing") shall take place on September 25, 2002, provided that all other conditions precedent contained in this Agreement have been made (the "Closing date"). Each party shall diligently proceed to satisfy all conditions precedent within their control. This Agreement shall terminate, and the parties shall have no rights or obligations hereunder, if the Closing does not occur on or before September 30, 2002.

**13.10 Binding Effect; Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, successors and assigns.

**13.11 Headings.** The articles and section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

**13.12 Entire Agreement; Amendments.** This Agreement (including all Exhibits, certificates and other documents delivered pursuant hereto or incorporated by reference herein, all of which shall be deemed a part of this Agreement) contains the entire understanding of the



parties with respect to the transactions contemplated hereby and supersedes and cancels all prior written and oral agreements in principle, letters of intent, understandings or other agreements among the parties with respect to the subject matter hereof, and may be amended only by a written instrument executed by each of the parties to this Agreement.

**13.13 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument or document.

**13.14 Enforceability.** If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance of this Agreement of the application of such terms or covenants to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

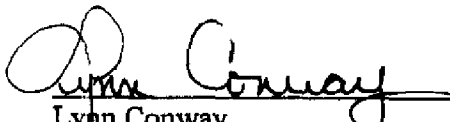
**13.15 Remedies.** All rights, powers and privileged conferred hereunder upon the parties unless otherwise provided shall be cumulative but not restricted to those given by law. No failure of any party to exercise any power given such party hereunder, and not custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of any party's right to demand exact compliance with the terms hereof.

**13.16 Recording.** Neither this instrument nor any type of notice hereof shall be recorded.

**13.17 Governing Law.** This Agreement shall be construed in accordance with an governed by the laws of the State of Florida.


**IN WITNESS WHEREOF,** the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Executed by the parties as of the day and year first above written.

  
Lynn Conway

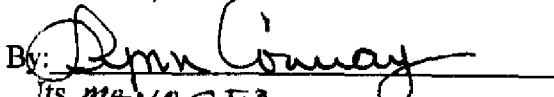
STOCKHOLDER

SILVER COAST CREATIONS, INC.

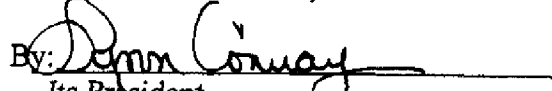
By:   
Its President

BUYER

CONWAY, LLC

By:   
Its MANAGER

CRG ENTERPRISES, INC.

By:   
Its President

SELLER