

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 28, 2010 (December 30, 2009)

CLEARTRONIC, INC.

(Exact name of registrant as specified in its charter)

333-135585

(Commission File Number)

65-0958798

(IRS Employer Identification No.)

8000 North Federal Highway, Boca Raton, Florida

(principal executive offices)

33487

(Zip Code)

Registrant's telephone number, including area code: **561-939-3300**

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Agreement.

On January 19, 2010, the registrant entered into a subscription agreement with a private investor (the "Investor"). Under the terms of the subscription agreement, the Investor purchased 2,747,253 units, each unit consisting of two shares of the registrant's common stock and a warrant for the purchase of one (1) share of the registrant's common stock, for a purchase price of \$0.0364 per unit and an aggregate purchase price of \$100,000. The warrants are exercisable at \$0.10 per share of common stock and expire on February 15, 2013. A copy of the form of warrant is filed with this report as Exhibits 10.1 and is incorporated by reference herein. The foregoing description of the warrant does not purport to be complete and is qualified in its entirety by reference to the full text of the form of warrant.

On January 19, 2010, the registrant entered into a security agreement with a private investor (the "Holder") in connection with the issuance of a promissory note, which is more fully described in Item 2.03 below. Under the terms of the security agreement, the registrant granted the Holder a security interest in certain of the registrant's assets as security for its obligations under the promissory note more fully described in Item 2.03 below. A copy of the security agreement is filed with this report as Exhibit 10.2 and is incorporated by reference herein. The foregoing description of the security agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the security agreement.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On January 19, 2010, the registrant issued to a private investor (the "Holder") a secured promissory note for the principal amount of \$25,000. The note bears interest at 10% per annum, and interest is payable quarterly beginning on March 31, 2010. The note may be pre-paid at any time without penalty. The outstanding principal amount and any unpaid accrued interest is due by December 31, 2012.

The following are considered events of default under the note:

- the registrant's failure to pay in full the principal amount when due;
- fifteen days after the Holder gives proper notice to the registrant that a required interest payment has not been made and such payment is not made within such fifteen day period; and
- the registrant declaring bankruptcy or becoming insolvent or if any bankruptcy or insolvency proceedings are instituted or made by or against the registrant.

In the case of default, the Holder may declare the entire unpaid principal amount to be immediately due and payable without notice or demand, and the unpaid principal amount will bear interest from the time of such default at the maximum legal rate permissible.

A copy of the note is filed with this report as Exhibit 10.3 and is incorporated by reference herein. The foregoing description of the note does not purport to be complete and is qualified in its entirety by reference to the full text of the note.

Item 3.02 Unregistered Sales of Equity Securities.

Between December 30, 2009 and January 27, 2010, the registrant issued an aggregate of 16,544,416 shares of its common stock, \$.001 par value. As more fully described in Item 1.01 above, 5,494,506 shares were issued to one private investor for cash proceeds of \$100,000. Reference is made to the disclosures set forth in Item 1.01 of this report, which disclosures are incorporated herein by reference. 1,818,832 shares were issued upon conversion of an outstanding promissory note in the principal amount of \$33,103. 6,342,342 were issued to five individuals upon conversion of accounts payable, accrued fees and accrued expenses in the amount of \$113,017. 2,888,736 shares were issued to two officers and directors upon conversion of accrued fees and expenses in the amount of \$52,575. There were no underwriting discounts or commissions.

The registrant claimed exemption from the registration provisions of the Securities Act of 1933 (the "Securities Act") pursuant to Section 4(2) thereof inasmuch as no public offering was involved. The shares were not offered or sold by means of: (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium, or broadcast over television or radio, (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising, or (iii) any other form of general solicitation or advertising and the purchases were made for investment and not with a view to distribution. Each of the purchasers was, at the time of the purchaser's respective purchase, an accredited investor, as that term is defined in Regulation D under the Securities Act, and had access to sufficient information concerning the registrant and the offering.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No.	Description
<u>10.1</u>	Form of Warrant
<u>10.2</u>	Form of Security Agreement
<u>10.3</u>	Form of Secured Promissory Note

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEARTRONIC, INC.

Date: January 28, 2010

By: /s/ Larry Reid

Larry Reid
Chef Executive Officer

EXHIBIT A

THIS WARRANT AS WELL AS THE COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE OFFERED OR SOLD UNLESS REGISTERED UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION UNDER THE ACT IS AVAILABLE.

Void after 5:00 P.M., Boca Raton, Florida Time, on February 15, 2013

**WARRANT TO PURCHASE * _____ * SHARES OF THE COMMON STOCK OF
CLEARTRONIC, INC.**

This is to certify that, FOR VALUE RECEIVED, _____ (the "Holder") is entitled to purchase, subject to the provisions of this Warrant, from **CLEARTRONIC, INC.**, a Florida corporation (the "Company"), * _____ * shares of the common stock of the Company, \$0.001 par value (the "Common Stock"), at an exercise price of **\$.10** per share at any time or from time to time from the date hereof until 5:00 P.M., Boca Raton, Florida Time on **February 15, 2013** ("the Termination Date"). The number of shares to be received upon the exercise of this Warrant and the price to be paid for each such share shall be adjusted from time to time as hereinafter set forth. The shares deliverable upon such exercise, and as adjusted from time to time, are hereinafter as well as any other securities that may be deliverable upon such exercise are sometimes referred to as "Warrant Shares" and the exercise price of this Warrant as in effect at any time as adjusted from time to time is hereinafter sometimes referred to as the "Exercise Price."

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SECTION 1. EXERCISE OF WARRANT.

This Warrant may be exercised by the Holder of this Warrant in whole or in part at any time or from time to time during the period commencing on the date hereof and terminating at 5:00 P.M., Boca Raton, Florida Time, on the Termination Date (the "Exercise Period") provided, however, that if the Termination Date is a day on which banking institutions in the State of Florida are authorized by law to close, then on the next succeeding day which shall not be such a day. This Warrant may be exercised by presentation and surrender hereof to the Company at its principal office, or at the office of its stock transfer agent, if any, with the Purchase Form annexed hereto duly executed and accompanied by payment of the Exercise Price for the number of Warrant Shares specified in such form. Such payment may be made, at the option of the Holder by check or wire transfer. As soon as practicable after each such exercise of the Warrant, but not later than two business days from the date of such exercise, the Company shall issue and deliver to the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, registered in the name of the Holder. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the rights of the Holder thereof to purchase the balance of the Warrant Shares purchasable thereunder. Upon receipt by the Company of this Warrant at its office, or by the stock transfer agent of the Company at its office, in proper form for exercise, the Holder shall be deemed to be the holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares shall not then be physically delivered to the Holder.

SECTION 2. RESERVATION OF SHARES.

The Company shall at all times reserve for issuance and/or delivery upon exercise of this Warrant such number of Warrant Shares as shall be required for issuance and delivery upon exercise of this Warrant.

SECTION 3. FRACTIONAL SHARES.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the value of a full share determined as follows (the "Current Market Value"):

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such exchange or listed for trading on NASDAQ, the Current Market Value shall be the last reported sale price of the Common Stock on such exchange or system on the last business day prior to the date of exercise of this Warrant or if no such sale is made on such day, the average of the closing high bid and low asked prices for such day on such exchange or system; or

(b) If the Common Stock is not so listed or admitted to unlisted trading privileges but bid and asked prices are reported by the OTC Bulletin Board or the National Quotation Bureau, Inc. or any successor thereto, the Current Market Value shall be the average of last reported high bid and low asked prices reported by the OTC Bulletin Board or, if not so reported, then by the National Quotation Bureau, Inc. on the last business day prior to the date of the exercise of this Warrant; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the Current Market Value shall be the book value of a share thereof as at the end of the fiscal quarter of the Company ending immediately prior to the date of the exercise of the Warrant for which financial statements of the Company are then available, determined in accordance with generally accepted accounting principles consistently applied.

SECTION 4. EXCHANGE, TRANSFER, ASSIGNMENT OR LOSS OF WARRANT.

This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company for other Warrants of different denominations entitling the Holder thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. The term "Warrant" as used herein includes any Warrants into which this Warrant may be divided or exchanged. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date.

SECTION 5. RIGHTS AND LIABILITIES OF THE HOLDER.

The Holder shall not, by virtue hereof, be entitled to any rights of a shareholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in the Warrant and are not enforceable against the Company except to the extent set forth herein. No provision of this Warrant, in the absence of affirmative action by the Holder to purchase the Warrant Shares, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the Exercise Price or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

SECTION 6. ADJUSTMENTS, NOTICE PROVISIONS AND RESTRICTIONS ON ISSUANCE OF ADDITIONAL SECURITIES.

SECTION 6.1 Adjustment of Exercise Price. The Exercise Price in effect from time to time shall be subject to adjustment, as follows:

(a) In case the Company shall (i) declare a dividend or make a distribution on the outstanding shares of its capital stock that is payable in shares of its Common Stock, (ii) subdivide, split or reclassify the outstanding shares of its Common Stock into a greater number of shares of the same class, or (iii) combine or reclassify the outstanding shares of its Common Stock into a smaller number of shares of the same class, the Exercise Price in effect immediately after the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price in effect immediately prior thereto by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding immediately before such dividend, distribution, split, subdivision, combination or reclassification, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such dividend, distribution, split, subdivision, combination or reclassification. Any shares of Common Stock issuable in payment of a dividend shall be deemed to have been issued immediately prior to the record date for such dividend for purposes of calculating the number of outstanding shares of Common Stock of the Company under this Section 6. Such adjustment shall be made successively upon the occurrence of each event specified above, but any such adjustment shall be effective only upon the effective date of such dividend, distribution, split, subdivision, combination or reclassification.

(b) In case the Company fixes a record date for the issuance to holders of its Common Stock of rights, options, warrants or convertible or exchangeable securities generally entitling such holders to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price (as such term is defined in Subsection 6.1(e) hereof) per share of Common Stock on such record date, the Exercise Price shall be adjusted immediately thereafter so that it shall equal the price determined by multiplying the Exercise Price in effect immediately prior thereto by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered would purchase at the Current Market Price per share, and of which the denominator shall be the number of shares of Common Stock outstanding on such Record Date plus the number of additional shares of Common Stock offered for subscription or purchase. Such adjustment shall be effective on the effective date of such issue and shall be made successively on each date whenever a record date is fixed.

(c) In case the Company fixes a record date for the making of a distribution to all holders of shares of its Common Stock of (i) of shares of any class of capital stock other than its Common Stock or (ii) of evidences of its indebtedness or (iii) of assets (other than dividends or distributions referred to in Subsection 6.1(a) hereof) or (iv) of rights, options, warrants or convertible or exchangeable securities (excluding those rights, options, warrants or convertible or exchangeable securities referred to in Subsection 6.1(b) hereof), then in each such case the Exercise Price in effect immediately thereafter shall be determined by multiplying the Exercise Price in effect immediately prior thereto by a fraction, of which the numerator shall be the total number of shares of Common Stock outstanding on such record date multiplied by the Current Market Price (as such term is defined in Subsection 6.1(e) hereof) per share on such record date, less the aggregate fair value as determined in good faith by the Board of Directors of the Company of said shares or evidences of indebtedness or assets or rights, options, warrants or convertible or exchangeable securities so distributed, and of which the denominator shall be the total number of shares of Common Stock outstanding on such record date multiplied by such Current Market Price per share. Such adjustment shall be effective on the date of such distribution and shall be made successively each time such a record date is fixed. In the event that such distribution is not so made, the Exercise Price then in effect shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed.

(d) In the event of any merger, consolidation or sale of substantially all the assets of the Company resulting in any distribution to the Company's stockholders on or before the Termination Date, shall have the right to exercise this Warrant commencing at such time through the Termination Date which shall entitle the Holder to receive, in lieu of Warrant Shares, the kind and amount of securities and property (including cash) receivable by a holder of the number of shares of Warrant Shares into which this Warrant might have been exercisable immediately prior thereto.

(e) For the purpose of any computation under Subsection 6.1(b) or 6.1(c) hereof, the “Current Market Price” per share at any date (the “Computation Date”) shall be deemed to be the average of the daily Current Market Value over 20 consecutive trading days ending the trading day before such date.

(f) All calculations under this Section 6.1 shall be made to the nearest cent.

SECTION 6.2 Adjustment of Number of Shares. Upon each adjustment of the Exercise Price pursuant to Section 6.1 other than pursuant to Subsection 6.1(d) hereof, this Warrant shall thereupon evidence the right to purchase, in addition to any other securities to which the Holder is entitled to purchase, that number of Warrant Shares (calculated to the nearest one-hundred thousandth of a share) obtained by multiplying the number of shares of Common Stock purchasable upon exercise of the Warrant immediately prior to such adjustment by the Exercise Price in effect immediately prior to such adjustment and dividing the product so obtained by the Exercise Price in effect immediately after such adjustment.

SECTION 6.3 Verification of Computations. The Company may select a firm of independent public accountants, which may be the Company’s independent auditors, and which selection may be changed from time to time, to verify the computations made in accordance with this Section 6. The certificate, report or other written statement of any such firm shall be conclusive evidence of the correctness of any computation made under this Section 6. Promptly upon its receipt of such certificate, report or statement from such firm of independent public accountants, the Company shall deliver a copy thereof to the Holder.

SECTION 6.4 Warrant Certificate Amendments. Irrespective of any adjustments pursuant to this Section 6, Warrant Certificates theretofore or thereafter issued need not be amended or replaced, but Warrant Certificates thereafter issued shall bear an appropriate legend or other notice of any adjustments and which legend and/or notice has been provided by the Company to the Holder.

SECTION 7. NOTICES TO THE HOLDER

So long as this Warrant shall be outstanding, (i) if the Company proposes to pay any dividend or make any distribution upon the Common Stock, (ii) if the Company shall offer to holders of its Common Stock rights to subscribe for, purchase, or exchange property for any shares of any class of stock, or any other rights or Warrants or (iii) if any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the class issuable upon exercise of this Warrant), sale, lease or transfer of all or substantially all of the property and assets of the Company to another corporation, or voluntary or involuntary dissolution, liquidation or winding up of the Company shall be effected, then in any such case, the Company shall cause to be sent by overnight mail or courier service to the Holder, at least five days prior to the date specified in (x) or (y) below, as the case may be, a notice containing a brief description of the proposed action and stating the date on which (x) a record is to be taken for the purpose of such dividend, distribution or subscription rights, or (y) such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation or winding up is to take place and the date, if any is to be fixed, as of which holders of Common Stock or other securities shall receive cash or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up.

SECTION 8. RECLASSIFICATION, REORGANIZATION OR MERGER.

In case of any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the Company, or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the class issuable upon exercise of this Warrant) or in case of any sale, lease or conveyance to another corporation of the property of the Company as an entirety (collectively such actions being hereinafter referred to as "Reorganizations"), the Company shall, as a condition precedent to such Reorganization transaction, cause effective provisions to be made so that the Holder shall have the right thereafter by exercising this Warrant at any time prior to the expiration of the Warrant, to receive in lieu of the amount of securities otherwise deliverable, the kind and amount of shares of stock and other securities and property receivable upon such Reorganization by a holder of the number of shares of Common Stock which might have been purchased upon exercise of this Warrant and the Warrants included in the Shares immediately prior to such Reorganization. Any such provision shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Warrant. The foregoing provisions of this Section 9 shall similarly apply to successive Reorganizations.

SECTION 9. ISSUE TAX.

The issuance of certificates representing the Warrant Shares upon the exercise of this Warrant as well as securities underlying the Share Warrants shall be made without charge to the Holder for any original issuance tax in respect thereof.

SECTION 10. GOVERNING LAW, JURISDICTION AND VENUE.

This Warrant shall be governed by and construed and enforced in accordance with the laws of the State of Florida. The Company and by acceptance hereof, the Holder, hereby consent to the exclusive jurisdiction and venue of the courts of the State of Florida located in Palm Beach County, Florida or the United States Federal District Court for the Southern District of Florida with respect to any matter relating to this Warrant and the performance of the Company's or the Holder's obligations hereunder and the Company and the Holder hereby further consent to the personal jurisdiction of such courts. Any action suit or proceeding brought by or on behalf of the Company or the Holder relating to such matters shall be commenced, pursued, defended and resolved only in such courts and any appropriate appellate court having jurisdiction to hear an appeal from any judgment entered in such courts.

[Signature Page Follows]

CLEARTRONIC, INC.

By:

Dated: *_____*

Attest:

Secretary

PURCHASE FORM

Dated _____, _____

The undersigned hereby irrevocably elects to exercise the within Warrant to the extent of purchasing _____ Warrant Shares and hereby makes payment of _____ in payment of the actual exercise price thereof.

INSTRUCTIONS FOR REGISTRATION OF STOCK

(Please typewrite or print in block letters)

Name

Address

Signature

Exhibit 10.2

SECURITY AGREEMENT

SECURITY AGREEMENT, (this “Agreement”) made this ____ day of _____ 2010, by and between **Cleartronic, Inc.**, a Florida Corporation, (“**CLRI**”) in favor of _____ (the “Lender”) who in connection with a secured promissory note issued or to be issued to the Lender by CLRI on the date hereof (the “Note”).

WITNESSETH:

WHEREAS, CLRI has agreed to grant the rights hereinbelow described to the Lender as an inducement to make the loan evidenced by the Note (the “Loan”); and

WHEREAS, the execution of this Agreement is a condition to the making of the Loan;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. Security Interest.

- (a) As security for the due and punctual payment of the Obligations (as hereinafter defined), CLRI hereby grants to the Lender a security interest in the assets of CLRI described in Exhibit A hereto (collectively, the “Collateral”).
- (b) This Agreement secures the payment and performance of all obligations of CLRI to the Lender pursuant to the Note, including interest thereon, and related documents whenever and however arising, whether direct or indirect, absolute or contingent, and whether the same may now be or hereafter become due from CLRI or the executors, administrators, successors or assigns of CLRI, including the cost of protest and collection, including reasonable attorney’s fees (all of the foregoing being collectively referred to as the “Obligations”). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute all or part of the Obligations and would be owed by CLRI to the Lender but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving CLRI.

Section 2. Representations and Warranties of CLRI.

CLRI hereby represents and warrants, as of the date hereof and for so long as there exists any outstanding Obligations that:

- (a) CLRI is the legal and equitable owner of the Collateral free and clear of all liens of every kind and nature ;

- (b) CLRI has good right and lawful authority to grant a security interest in the Collateral in the manner hereby done or contemplated;
- (c) there are no actions or proceedings, pending or to the knowledge of CLRI, threatened, against or affecting CLRI before any governmental authority or arbitrator which if determined adversely to CLRI would have a material adverse effect on CLRI's interest in the Collateral;
- (d) no consent or approval of any person, entity, governmental body or regulatory authority, or of any securities exchange, is necessary to the validity of the rights of the Lender created hereunder;
- (e) the execution and delivery by CLRI of, and performance of its obligations under, this Agreement does not contravene any applicable law or any contractual restriction binding upon CLRI, will not result in CLRI being in default under any provision of any of the agreements to which CLRI or to which the Collateral is subject, and does not result in or require the creation of any lien upon any of the Collateral;
- (f) this Agreement constitutes the legal, valid and binding obligation of CLRI and is enforceable against CLRI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditor's rights generally;
- (g) CLRI has been duly formed and is validly existing under the laws of the State of Florida;
- (h) CLRI has not assigned, pledged or granted a security interest in, or otherwise encumbered, any of its right, title or interest in, the Collateral in favor of any person or entity other than CLRI or the Lender, and no person has asserted any claim, colorable or otherwise, to any ownership, equitable or beneficial, therein;
- (i) CLRI shall warrant, preserve, maintain and defend, at its sole expense, the right, title and security interest of the Lender in and to the Collateral against the claims and demands of all persons whomsoever;
- (j) the rights and interests in the Collateral being granted and assigned hereunder constitute valid and subsisting rights and interests therein;
- (k) CLRI has received no notice that it is in default of any material contractual or other obligations; and
- (l) CLRI is not the subject of any proceeding that would result in its dissolution, by operation of law or otherwise, and there are no facts or circumstances that exist which, with the passage of time or giving of notice, would result in the dissolution of CLRI;

- (m) CLRI has not agreed, whether in writing or otherwise, to sell, convey, transfer, alienate, assign, pledge, hypothecate, grant a security interest in or encumber its interest in the Collateral, other than the Permitted Liens;

Section 3. Covenants of CLRI.

CLRI covenants and agrees as follows:

- (a) CLRI will execute financing statements provided by the Lender and take such further actions as may be necessary or convenient to perfect the Lender's security interest in the Collateral, all as the Lender shall reasonably request;
- (b) CLRI will keep the Collateral free of liens, security interests and encumbrances, other than the Permitted Liens;
- (c) CLRI will promptly pay and discharge any and all taxes, levies and other impositions on or with respect to the Collateral, except those being contested in good faith, and shall do all acts necessary to preserve and maintain the value thereof; and
- (d) CLRI will promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the use or ownership of the Collateral.

Section 4. Preservation of Collateral.

CLRI or the Lender may, from time to time, at its option, perform any obligation to be performed by the CLRI hereunder that CLRI shall fail to perform and take any other action that the CLRI or Lender may deem necessary for the maintenance or preservation of any of the Collateral or its security interest in the Collateral or any other interest therein. All moneys advanced by CLRI or Lender in connection with the foregoing, together with interest at a rate of ten percent (10%) per annum, shall be repaid by CLRI thereto upon the demand, and shall be secured hereby prior to any other indebtedness or obligation secured hereby; but the making of such advance by CLRI or Lender shall not relieve CLRI of any default hereunder until the full amount of the Obligations is repaid to the Lender and such default is otherwise cured. The rights granted under this Section 4 shall be in addition to any other rights or remedies to which Lender may be entitled on account of default.

Section 5. Events of Default.

CLRI shall be in default under this Agreement upon:

- (a) the occurrence of any event of default under the Note or this Agreement;

- (b) the filing of any document, pleading or instrument reasonably indicating the inability of CLRI to pay its debts when due, including, without limitation, the filing of a voluntary or involuntary petition in bankruptcy;
- (a) the dissolution, liquidation or other termination of CLRI's existence; or
- (b) the commencement of foreclosure, whether by judicial proceeding, self-help, repossession, or any other method by any creditor of CLRI against any of the Collateral; provided, however, such proceedings shall not be an event of default if CLRI promptly disputes such proceedings in good faith and provides adequate reserve for the eventuality of any loss of Collateral.

Section 6. Remedies.

From and after that date which is ten calendar days after written notice from the Lender to CLRI that CLRI is in default under the terms of this Agreement or CLRI is in default under the Note or any other agreement relating thereto and such default is continuing after the expiration of such ten day period, in addition to any other rights which may be available to the Lender at law or in equity, the Lender may, at its option:

- (a) declare the Note immediately due and payable without demand or notice;
- (b) to the extent permitted by applicable law, sell, transfer or otherwise deal with or dispose of the Collateral in its own name or in that of CLRI including, without limitation, sale of the Collateral at public auction or by private sale; or
- (c) exercise any and all rights or remedies granted to secured creditors under the provisions of the Uniform Commercial Code.

Section 8. Termination of Security.

This Agreement shall terminate upon satisfaction in full of the Obligations. Within ten days subsequent to such satisfaction, the Lender shall deliver to CLRI any Collateral or proceeds thereof then in the possession of the Lender and the Lender shall file termination statements or take such other actions as may be reasonably requested by CLRI to evidence the release of its lien and security interest in the Collateral.

Section 9. Miscellaneous.

- (a) Each right, power and remedy herein specifically given to the Lender or CLRI or otherwise existing shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity, or otherwise; and each right, power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time as often and in such order as may be deemed expedient by the Lender or CLRI, and the exercise of any right, power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by CLRI or the Lender in the exercise of any right or power, or in the pursuance of any remedy, shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of CLRI or to be an acquiescence therein. No waiver by CLRI or the Lender of any breach or default by CLRI under this Agreement shall be deemed a waiver of any other previous breach or default or any other previous breach or default or any thereafter occurring.

- (b) This Agreement shall be binding upon and inure to the benefit of CLRI and the Lender, and their respective successors and assigns, except that CLRI may not assign or transfer its rights hereunder without the prior written consent of the Lender.
- (c) Upon the occurrence of a default under this Agreement, CLRI does hereby constitute the Lender, its successors and assigns, as CLRI's true and lawful attorney, irrevocably, with full power (in the name of CLRI or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for money due and to become due under to arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings that CLRI or the Lender may deem to be necessary or advisable.
- (d) Any notice required or permitted to be given hereunder shall be given in writing and shall be deemed effective upon delivery thereof addressed as follows:

If to CLRI:

Cleartronic, Inc.
7999 North Federal Highway
Suite 401
Boca Raton, Florida 33487
(Attention: Chief Executive Officer)

If to Lender:

or to such other address of which notice is duly given to the other parties.

- (e) CLRI waives any right that it may have to require the Lender to proceed against any other entity or individual, or proceed against or exhaust any other security, or pursue any other remedy the Lender may have.
- (f) If any provision of this Agreement, shall be adjudged by a court to be invalid or unenforceable, CLRI acknowledges and agrees that all other provisions of this Agreement shall remain valid and enforceable in all respects against CLRI.
- (g) No default shall be waived by the Lender except in writing, and the waiver of any one right under this Agreement shall not operate as a waiver of any other right.
- (h) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida without giving effect to its conflicts of laws, rules or principles. Any suit, action or proceeding with respect to this Agreement shall be brought in the courts in Palm Beach County in the State of Florida or in the United States District Court for the Southern District of Florida. The parties hereto hereby accept the exclusive jurisdiction of those courts for the purpose of any such suit, action or proceeding. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any judgment entered by any such court in respect thereof and hereby further irrevocably waive any claim that any suit, action or proceeding brought therein has been brought in an inconvenient forum.
- (i) This Agreement contains the entire understanding between the parties hereto and supersedes any other agreements or understandings between the parties hereto with respect to the transactions contemplated herein. This Agreement may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought.
- (j) this Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Cleartronic, Inc.

By:

Lender

EXHIBIT A

DESCRIPTION OF THE COLLATERAL

All intellectual property of CLRI including patents pending.

Exhibit 10.3

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND MAY NOT BE OFFERED OR SOLD UNLESS REGISTERED UNDER THAT ACT OR AN EXEMPTION FROM REGISTRATION UNDER THAT ACT IS AVAILABLE.

SECURED PROMISSORY NOTE

\$ 25,000.00
Raton, Florida

Boca

January

____, 2010

FOR VALUE RECEIVED, the undersigned, **Cleartronic, Inc.**, a Florida corporation (the "Obligor"), promises to pay to the order of _____ (said party and any subsequent holders hereinafter being collectively called the "Holder") at 8000 North Federal Highway, Suite 100, Boca Raton, Florida (or at such other place in the Palm Beach County, Florida as the Holder may designate) the sum of \$25,000.00 (Twenty five thousand dollars) (the "Principal Amount").

The Principal Amount and any then accrued and unpaid interest shall be due (the "Due Date") on December 31, 2012.

This promissory note is secured pursuant to a Security Agreement between the named payee and the Obligor of even date.

This Promissory Note shall bear interest at the rate of 10 % per annum on the unpaid Principal Amount and such interest shall be payable quarterly commencing on March 31, 2010.

This Promissory Note may be prepaid without penalty at any time.

1. **Default.** The happening of any of the following events shall constitute a default hereunder:
 - (a) Failure of Obligor to pay in full the Principal Amount when it becomes due
 - (b) Fifteen days after the Holder correctly gives notice to the Obligor to the effect that any interest payment required to be made under this Promissory Note has not been paid in full and such payment is not thereafter made within such fifteen day period.
 - (c) The Obligor becomes bankrupt, insolvent or if any bankruptcy (voluntary or involuntary) or insolvency proceedings (as said terms "insolvent" and "insolvency proceedings" are defined in the Uniform Commercial Code of Florida) are instituted or made by or against Obligor, or if application is made for the appointment for a receiver for the Obligor or for any of the assets of any Obligor, or an assignment is made for the benefit of the Obligor's creditors.

Upon the happening of any event of default as defined herein, the Holder, at his, her or its option, may declare the entire unpaid Principal Amount to be immediately due and payable without notice or demand. In the event of default, the then unpaid Principal Amount shall bear interest from the time of such default at the maximum legal rate permissible.

In addition to payment of the Principal Amount, if there is a default in this Promissory Note, the Holder shall be entitled to recover from the Obligor all the Holder's costs of collection, including the Holder's attorneys' fees, paralegals' fees and legal assistants' fees (whether incurred in connection with any judicial, bankruptcy, reorganization, administrative, appeals or other proceedings and whether such fees or expenses arise before proceedings are commenced or after entry of any judgment), and all other costs or expenses incurred in connection therewith.

2. **Waiver.** With respect to the payment hereof, the Obligor waives the following:
 - (a) All rights of exemption of property from levy or sale under execution or the process for the collection of debts under the Constitution or laws of the United States or of any state thereof;
 - (b) Demand, presentment, protest, notice of dishonor, suit against any party, and all other requirements necessary to charge or hold any Obligor liable hereunder; and
 - (c) All statutory provisions and requirements for the benefit of Obligor now or hereafter in force (to the extent that same may be waived).
3. **Fees and Costs.** The Obligor agrees to pay all filing fees and taxes, and all costs of collection or securing or attempting to collect or secure the payment thereof, including attorneys' fees, whether or not involving litigation and/or appellate proceedings.
4. **Remedies.** The Holder shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid, unless in writing and signed by the Holder. All rights and remedies of the Holder shall be cumulative. Furthermore, the Holder shall be entitled to all the rights of a holder in due course of a negotiable instrument.
5. **Governing Law.** This Promissory Note shall be governed by and construed in accordance with the laws of Florida.
6. **Enforceability.** Any provision of this Promissory Note that may be unenforceable or invalid under any law shall be ineffective to the extent of such unenforceability or invalidity without affecting the enforceability or validity of any other provision hereof.

7. **Notice.** Any notice required to be given to any person shall be deemed sufficient if mailed, postage prepaid, to such person's address as set forth in this Promissory Note.
8. **Successors and Assigns.** The provisions of this Promissory Note are binding on the assigns and successors of Obligor and shall inure to the benefit of the Holder and the Holder's successors and assigns. This Promissory Note is executed under the seal of the Obligor.
9. **Collection.** If this Promissory Note is not paid upon demand or according to the tenor hereof and strictly as above provided, it may be placed in the hands of an attorney at law for collection. In such event, each party liable for payment thereof, as obligor, maker, endorser, guarantor or otherwise, hereby agrees to pay the holder hereof, in addition to the sums above stated, a reasonable attorneys' fee, whether or not suit be initiated, which fee shall include attorneys' fees at the trial level and on appeal, together with all costs incurred.

Notwithstanding anything to the contrary, in no event, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid balance hereof, or otherwise, shall the amount taken, reserved or paid, charged or agreed to be paid, for the use, forbearance or detention of money advanced pursuant hereto or pursuant to any other document executed in connection herewith, exceed the maximum rate allowed by Florida law. If, for any circumstances whatsoever, fulfillment of any obligation hereunder shall cause the effective rate of interest to exceed the maximum lawful rate allowed under Florida law, then, ipso facto, the obligation shall be reduced to the limit of such validity, and any amounts received by the Holder as interest that would exceed the maximum lawful rate allowed under Florida law shall be applied to the reduction of the unpaid principal balance and not the payment of interest. If such excessive interest exceeds the unpaid principal balance, the excess shall be refunded. In determining whether or not the interest paid or payable hereunder exceeds the maximum lawful rate, the Holder may utilize any law, rule or regulation in effect from time to time and available to the Holder. This provision shall control every other provision of all agreements between the undersigned and Holder.

THE PROPER DOCUMENTARY STAMP TAX, IF REQUIRED, HAS BEEN PAID ON THIS PROMISSORY NOTE BY OBLIGOR.

CLEARTRONIC, INC.

By: /s/ Larry M. Reid, President