SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2014

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 333-135585

CLEARTRONIC, INC.

(Exact name of issuer as specified in its charter)

(Exact name of registrant as specified in its charter)

Florida	**65-0958798**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8000 North Federal Highway, Suite 100 **Boca Raton, Florida**	**33487**
(Address of principal executive offices)	(Zip Code)

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

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act: **Common stock, par value $0.00001 per share**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on March 31, 2014 (based on the closing sale price of $0.169 per share of the registrant's common stock, as reported on the OTCQB operated by The OTC Markets Group, Inc. on that date) was approximately $19,180,053. The stock price of $0.169 at March 31, 2014, takes into account a one for 3,000 reverse stock split on December 28, 2012. Common stock held by each officer and director and by each person known to the registrant to own five percent or more of the outstanding common stock has been excluded in that those persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. At December 31, 2014, the registrant had outstanding 2,131,812,230 shares of common stock, par value $0.00001 per share.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In light of the risks and uncertainties inherent in all projected operational matters, the inclusion of forward-looking statements in this Form 10-K, should not be regarded as a representation by us or any other person that any of our objectives or plans will be achieved or that any of our operating expectations will be realized. Our revenues and results of operations are difficult to forecast and could differ materially from those projected in the forward-looking statements contained in this Form 10-K, as a result of certain risks and uncertainties including, but not limited to, our business reliance on third parties to provide us with technology, our ability to integrate and manage acquired technology, assets, companies and personnel, changes in market condition, the volatile and intensely competitive environment in the business sectors in which we operate, rapid technological change, and our dependence on key and scarce employees in a competitive market for skilled personnel. These factors should not be considered exhaustive; we undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

Except for historical information, this report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances taking place after the date of this document.

Item 1. Business.

The Company

We were initially incorporated on November 4, 1999, as Menu Sites, Inc., a Florida corporation. On March 9, 2001, we changed our name to CNE Communications, Inc. On October 1, 2004, we changed our name to CNE Industries, Inc. On March 29, 2005, we changed our name to GlobalTel IP, Inc. On May 9, 2008, we changed our name to Cleartronic, Inc.

All of our operations are conducted through our wholly owned subsidiaries, VoiceInterop, Inc., a Florida corporation, incorporated on November 13, 2007, and ReadyOp Communications, Inc., a Florida corporation, incorporated on September 15, 2014, which facilitate the marketing and sales of *ReadyOp*™ software, discussed below.

Business Overview

We do not currently have sufficient capital to conduct the present or proposed business activities described below. The costs to operate our business are approximately $30,000 per month. In order for us to cover our monthly operating expenses, we must generate revenues of approximately $75,000 per month. Accordingly, in the absence of revenues, we must secure $50,000 in equity or debt capital each month to cover our overhead expenses. In order to remain in business for one year without any revenues, we must secure $360,000 in equity or debt capital. If we are unsuccessful in securing sufficient capital or revenues, we will be unable to continue any business activities. We have not obtained any commitments for additional capital, and we may not be able to obtain any additional capital on terms not unfavorable to us, if at all.

From March 2005 to October 2007, we were primarily engaged in providing telecommunications services to our customers employing Voice over Internet Protocol (VoIP) technology. In October 2007, we sold substantially all of our assets utilized in that business. Prior to 2005, we were a website development company.

We are now a provider of Internet Protocol, or IP, unified group communication solutions. The products used in our solutions include our own proprietary products as well as products from other software and hardware vendors.

We have designed and customized standards based audio and voice collaboration solutions for prospective customers as part of a unified group communication system. We consider all aspects of a potential customer's information technology resources and existing telecommunications network in creating a design best suited for that customer. In 2013, we developed our own proprietary group communication solution and have built and installed two of these solutions as of the filing date of this report. Prior to developing our own solution we used *WAVE* software as the core component. We have designed, built and installed 16 unified group communication solutions as of the filing date of this report, 14 of which utilize *WAVE* software. In November 2013, we discontinued using *WAVE* software as a component in our unified communication solution installations.

Revenues have been generated from the design, construction and installation of the group communication systems. We have also generated revenues from maintenance and support contracts, once a unified group communication solution has been installed and tested. While we no longer sell *WAVE* based systems we will continue to support the installations that we have previously installed. We also sell our proprietary line of Internet Protocol Gateway which we have branded the *AudioMate 360 IP Gateway*, discussed below. These units are currently being sold directly to end-users and by Value Added Resellers ("VARs"). As of the date of this filing, we have approximately 75 active VARs, and we have sold our gateways to more than 1,000 end-users in the United States and 18 foreign countries.

Prior to and subsequent to sales we have made to three airport authorities, we have had discussions with approximately 15 other airport authorities as well as airlines in the United States and abroad to design, build and install voice interoperability solutions. Those discussions have not resulted in any sales.

We have developed an Internet Protocol Gateway which we call the *AudioMate 360 IP Gateway.* The *AudioMate 360 IP Gateway* has been designed to provide an Internet Protocol Gateway to users of unified group communications. The *AudioMate 360 IP Gateway* is available in different configurations which enable it to be used with various types of communications equipment.

Although other devices are available that perform the same or similar functions, we believe that our price for the *AudioMate 360 IP Gateway* is substantially lower than the prices others are presently charging for similar devices. If we are unable to provide the *AudioMate 360 IP Gateway* to our prospective customers at substantially lower prices than others are charging for similar gateways, our business will be materially adversely affected.

We do not have any other products at this time.

Our Agreement with Collabria

On August 15, 2014, we entered into a Software License Agreement with Collabria LLC of Tampa, Florida. The agreement grants us the non-exclusive and non-transferable right to use, reproduce, market, sell license, and support Collabria's emergency notification command and control software, trade-named *ReadyOp*™. *ReadyOp*™ software is designed for fast, efficient access to information and for communication with multiple persons, groups and agencies. We expect *ReadyOp*™ to be an integral component in the communication solutions we intend to offer in the future. The agreement with Collabria will remain in effect for an initial term of five years unless either we or Collabria sooner terminates the agreement upon not less than 30 days prior written notice. Upon expiration of the agreement, our only obligation to Collabria shall be the payment of all outstanding obligations to Collabria as described in the agreement.

Need for Unified Group Communications

Unified group communications and coordination within and between agencies for response actions to incidents and emergencies has been a challenge for many years. The result has been inefficiencies and in some cases the loss of lives, time and money during response activities. Governmental agencies, hospitals and other organizations experience these same interoperability failures.

We believe that Collabria's *ReadyOp*™ software is a new approach to communication, coordination and interoperability that is simple, flexible, low-cost and is already in use by many agencies and enterprises in the governmental and private sectors.

Collabria's *ReadyOp*™ Software

ReadyOp™ is a simple, innovative web-based planning and communications platform for efficiently and effectively planning, managing, communicating, and directing activities within a single organization or in a unified command structure. *ReadyOp*™ is a comprehensive solution with multiple means of communications in a single program, including interoperable communications for radios and other devices. *ReadyOp*™'s flexibility supports daily operations, exercises and response activities including multi-agency and multi-location operations. *ReadyOp*™ is a single platform that provides communications, coordination, collaboration and critical response capabilities for first responders and other organizations.

Communication challenges and coordination failures within and between organizations have been well documented and remain a part of the final report for most every exercise and major incident. This is especially evident when multiple agencies are involved in a response effort. In 2003, Homeland Security Presidential Directive-5 (HSPD-5) created the National Incident Management System (NIMS). NIMS is intended to provide a consistent template for government, private sector, and nongovernment organizations to work together during incidents and emergencies.

NIMS was used to create the Incident Command System (ICS) for first responders. ICS is essentially an organizational chart with assigned roles for responsibilities during incident response. Each role has assigned tasks to be accomplished, the goal being that all persons assuming the various roles complete their assigned tasks. Use of ICS is mandated for all law enforcement, fire and other government agencies at all levels plus seaports, airports, universities and hospitals. *ReadyOp*™ was initially designed based on the structure of ICS, but has evolved into a full response and communications platform.

Patents and Intellectual Property

If we are able to continue our business activities, our business will be dependent on our intellectual property, some of which we have developed for our software and hardware applications. We do not have any trade secret confidentiality agreements. For projects that are in development, we intend to rely on intellectual property rights afforded by trademark and trade secret laws, as well as confidentiality procedures and licensing arrangements, to establish and protect our rights to our technology and other intellectual property. We cannot foretell if these procedures and arrangements will be adequate in protecting our intellectual property.

We have filed a patent application with the United States Patent and Trademark Office in connection with various configurations of our *AudioMate 360 IP Gateway.* We may file similar patent applications in additional countries. The claims in the patent application relate to various aspects of the *AudioMate 360 IP Gateway*. On March 13, 2012, the United States Patent Office notified us that U.S. Patent number 8,135,001 B1 had been granted for the 34 claims of our patent application for Multi Ad Hoc Interoperable Communicating Networks. It may be that one or more of our claims are not meaningful. Furthermore, the validity of issued patents is frequently challenged by others. One or more patent applications may have been filed by others previous to our filing, which encompass the same or similar claims.

A patent application does not in and of itself grant exclusive rights. A patent application must be reviewed by the Patent Office of each relevant country prior to issuing as a patent and granting exclusive rights.

We do not have any trademarks.

Because of our limited resources, we may be unable to protect a patent, either owned or licensed, or to challenge others who may infringe upon a patent. Because many holders of patents in our industry have substantially greater resources than we do and patent litigation is very expensive, we may not have the resources necessary to successfully challenge the validity of patents held by others or withstand claims of infringement or challenges to any patent we may obtain. Even if we prevail, the cost and management distraction of litigation could have a material adverse affect on us.

Because Internet Protocol Gateways and their related manufacturing processes are covered by a large number of patents and patent applications, infringement actions may be instituted against us if we use or are suspected of using technology, processes or other subject matter that is claimed under patents of others. An adverse outcome in any future patent dispute could subject us to significant liabilities to third parties, require disputed rights to be licensed or require us to cease using the infringed technology.

If trade secrets and other means of protection upon which we rely may not adequately protect us, our intellectual property could become available to others. Although we may rely on trade secrets, copyright law, employee and third-party nondisclosure agreements and other protective measures to protect some of our intellectual property, these measures may not provide meaningful protection to us.

The laws of many foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States, if at all.

Rapid Technological Change Could Render Our Products Obsolete

Our markets are characterized by rapid technological changes, frequent new product introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies and the emergence of new industry standards could render our existing products obsolete. Our future success will depend upon our ability to continue to develop and introduce a variety of new products and product enhancements to address the increasingly sophisticated needs of our customers. We may experience delays in releasing new products and product enhancements in the future. Material delays in introducing new products or product enhancements may cause customers to forego purchases of our products and purchase those of our competitors.

Seasonality of Our Business

We do not anticipate that our business will be affected by seasonal factors.

Impact of Inflation

We are affected by inflation along with the rest of the economy. Specifically, our costs to complete our products could rise if specific components needed see a rise in cost.

Manufacturing and Suppliers

We have outsourced the manufacturing of our *AudioMate 360 IP Gateway*. This outsourcing has allowed us to:

- Avoid costly capital expenditures for the establishment of manufacturing operations;
- Focus on the design, development, sales and support of our hardware products; and
- Leverage the scale, expertise and purchasing power of specialized contract manufacturers.

Currently, we have arrangements for the production of our gateways with a contract manufacturer in Florida. Our reliance on contract manufacturers involves a number of potential risks, including the absence of adequate capacity, ownership of certain elements of electronic designs, and reduced control over delivery schedules. Our contract manufacturers can provide us with a range of operational and manufacturing services, including component procurement and performing final testing and assembly of our products. We intend to depend on our contract manufacturers to procure components and to maintain adequate manufacturing capacity.

We have also relied on a small number of suppliers for several key components utilized in the assembly of our *AudioMate 360 IP Gateway*. For example, our contract manufacturer has purchased a key component that is essential to the production of our gateways from a single source supplier. We have not identified any alternative suppliers for that component. Our contract manufacturer has maintained relatively low inventories and acquired components only as needed. As a result, our ability to efficiently respond to customer orders, if any, may be constrained by, among other things, the then-current availability or terms and pricing of necessary components. We may be unable to obtain a sufficient quantity of these components in a timely manner to meet the demands of our customers. In addition, we have no control over the prices of these components. Any delays or any disruption of the supply of these components could also materially and adversely affect our operating results.

Competition

The unified group communications industry is extremely competitive. Over the past year, the number of companies entering our industry has increased dramatically. Competitive pricing pressures can negatively impact profit margins, if any. Competitors include Cisco Systems, Inc., Tyco Electronics Ltd., Catalyst Communications Technologies, Inc., Telex, Inc., Federal Signal Corporation and Mutual-Link, Inc. as well as Motorola and its authorized dealers. These and other potential competitors are generally large and well capitalized and have substantially more experience than we do in our industry. Consequently, in order for Cleartronic to be successful in its intended operations, it must be able to compete effectively against its competitors. If Cleartronic cannot effectively compete for whatever reason, we will not be successful.

Sales and Marketing

We have marketed our unified group communication solutions and *AudioMate 360 IP Gateway* through a commissioned sales person. The majority of our sales leads have come through sales persons, VARs and our website. If we are able to continue our business activities, we intend to expand the use of commissioned sales representatives to market and sell the *ReadyOp*™ software solution along with our *AudioMate 360 IP Gateway* line of Internet Protocol Gateways. We will also continue to use our network of VARs to market our *AudioMate 360 IP Gateway*.

Key Personnel of Cleartronic

Our future financial success depends to a large degree upon the personal efforts of our key personnel. Larry M. Reid, our chairman, president, chief executive officer, chief financial officer, principal accounting officer, secretary, and sole director, and his intended designees will play the major roles in securing the services of those persons deemed capable to develop and execute upon our business strategy. While we intend to employ additional executive, development, and technical personnel in order to minimize the critical dependency upon any one person, we may not be successful in attracting and retaining the persons needed.

At present, Cleartronic has one executive officer, Larry M. Reid. We executed an Employment Agreement with Mr. Reid on October 5, 2012. Pursuant to the agreement, Cleartronic and Mr. Reid agreed that for a one year period beginning on October 5, 2012 the company shall employ the executive. Unless Cleartronic shall have given Mr. Reid written notice at least 180 days prior to the Termination Date, the agreement shall renew and continue in effect for additional one-year periods, provided, however, that we may, at our election at any time after the expiration of the initial term of the agreement, give Mr. Reid notice of Termination. We previously had a Consulting Agreement with Mr. Reid, but the agreement has been cancelled.

Mr. Reid will be paid in addition to a base salary of $5,000 per month, 2,000,000,000 restricted shares of our common stock, all of which are fully paid and non-assessable. The stock compensation in this agreement is in addition to previously issued stock compensation. A copy of the employment agreement with Mr. Reid has been previously filed with the SEC as an exhibit to a Form 8-K. See "Item 13. Certain Relationships and Related Transactions and Director Independence."

Adequacy of Working Capital for Cleartronic

We estimate that we will need at least $360,000 to continue operations over the next 12 months. We will apply great efforts to raise though equity or debt offerings what we feel is sufficient working capital for our intended business plan by various means. If we are not able to raise additional capital, we will not be able to continue operations and our business may fail.

The Financial Results for Cleartronic May Be Affected by Factors Outside of Our Control

Our future operating results may vary significantly from quarter to quarter due to a variety of factors, many of which are outside our control. Our anticipated expense levels are based, in part, on our estimates of future revenues and may vary from projections. We may be unable to adjust spending rapidly enough to compensate for any unexpected revenues shortfall. Accordingly, any significant shortfall in revenues in relation to our planned expenditures would materially and adversely affect our business, operating results, and financial condition. Further, we believe that period-to-period comparisons of our operating results are not necessarily a meaningful indication of future performance.

Employees

As of the date of this report, we have one employee, Larry M. Reid, our chairman, president, chief executive officer, chief financial officer, principal accounting officer, secretary, and sole director. We anticipate adding two additional employees in the next 12 months. We do not feel that we would have any difficulty in locating needed staff.

Transfer Agent

Our transfer agent is ClearTrust, LLC, whose address is 16540 Pointe Village Drive, Suite 206, Lutz, Florida 33558, and telephone number (813) 235-4490.

Company Contact Information

Our principal executive offices are located at 8000 North Federal Highway, Suite 100, Boca Raton, Florida 33487, telephone (561) 939-3300. Our email address is info@cleartronic.com. The Cleartronic Internet website is located at www.cleartronic.com. The information contained in our website shall not constitute part of this report.

Item 1A. Risk Factors.

Not applicable.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease approximately 3,400 square feet for our principal offices in Boca Raton, Florida, from an unaffiliated party at a monthly rental of approximately $6,900. We subleased approximately 1,500 square feet to a third party for approximately $3,000 per month. The current lease expired on November 30, 2014. We negotiated a

new lease for approximately 1,700 square feet with the same unaffiliated party at a monthly rental of approximately $3,200. The new lease expires on November 30, 2018.

Item 3. Legal Proceedings.

Cleartronic is not engaged in any litigation at the present time, and management is unaware of any claims or complaints that could result in future litigation. Management will seek to minimize disputes with our customers but recognizes the inevitability of legal action in today's business environment as an unfortunate price of conducting business.

Item 4. (Removed and Reserved).

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock has been traded on the OTCQB since May 16, 2013, under the symbol "CLRI." Previously, the shares of our common stock were traded on the OTCBB from September 10, 2008, until May 16, 2013.

The following table sets forth, taking into consideration the one for 3,000 reverse split of our common stock which occurred on December 28, 2012, the high and low bid prices for our common stock on the OTCQB as reported by various market makers. The quotations do not reflect adjustments for retail mark-ups, mark-downs, or commissions and may not necessarily reflect actual transactions.

	High	Low
Fiscal 2013 Quarter Ended:		
December 31, 2012	$0.06	$0.05
March 31, 2013	$0.12	$0.06
June 30, 2013	$0.10	$0.05
September 30, 2013	$0.05	$0.04
Fiscal 2014 Quarter Ended:		
December 31, 2013	$0.10	$0.04
March 31, 2014	$0.169	$0.045
June 30, 2014	$0.169	$0.01
September 30, 2014	$0.08	$0.05
Fiscal 2015 Quarter Ended:		
December 31, 2014	$0.08	$0.05

As of December 31, 2014, we were authorized to issue 5,000,000,000 shares of our common stock, of which 2,131,812,230 shares were outstanding. Our shares of common stock are held by approximately 172 stockholders of record. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of our common stock whose shares are held in the names of various securities brokers, dealers, and registered clearing agencies. In addition to our authorized common stock, Cleartronic is authorized to issue 200,000,000 shares of preferred stock, par value $0.00001 per share, of which 2,782,156 shares are issued or outstanding. There is no trading market for the shares of our preferred stock.

Dividends

We have not paid or declared any dividends on our common stock, nor do we anticipate paying any cash dividends or other distributions on our common stock in the foreseeable future. Any future dividends will be declared at the discretion of our board of directors and will depend, among other things, on our earnings, if any, our financial requirements for future operations and growth, and other facts as our board of directors may then deem appropriate. See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for a description of our preferred stock and dividend rights pertaining to the preferred stock.

The Company is obligated to pay dividends on its Series A Convertible Preferred Stock. Each Series A Preferred Holder is entitled to receive cumulative dividends at the rate of 8% of $1.00 per annum for each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis. The Company has accrued dividends payable to preferred shareholders through September 30, 2014. No cash dividends have been paid to date.

Securities Authorized for Issuance under Equity Compensation Plans

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	167 (1)	$90,000	75,000,000 (2)
Equity compensation plans not approved by security holders	-0-	-0-	1,871,301 (3)
Total	167 (1)	$90,000	76,871,301

(1) Includes outstanding options granted pursuant to GlobalTel IP 2005 Incentive Equity Plan, which terminated by its terms on October 17, 2010. The shares have been adjusted for the one for 3,000 reverse split of our common stock which occurred on December 28, 2012.
(2) Includes shares available for future issuance under the Cleartronic 2011 Equity Incentive Plan.
(3) Includes shares remaining for issuance under the 2009 Consultant Stock Plan.

Recent Sales of Unregistered Securities

On the dates specified below, we have issued unregistered securities to various creditors and investors.

- In November 2013, we issued 40,000,000 shares of our common stock to an individual investor for $200,000 in cash.
- In December 2013, we issued 10,000,000 shares of our common stock to an individual investor for $100,000 in cash.
- In February 2014, three of our stockholders converted 75,358 shares of our Series C Preferred Stock into 376,790 shares of our common stock.
- In February 2014, one of our stockholders converted 100,000 shares of our Series A Preferred Stock into 10,000,000 shares of our common stock.
- In April 2014, three of our stockholders converted 110,894 shares of our Series C Preferred Stock into 554,470 shares of our common stock.

- In April 2014, we issued 5,000,000 shares of our common stock to two of our stockholders for $50,000 in cash.
- In June 2014, we issued 900,000 shares of our common stock to two of our stockholders for $9,000 in cash.
- In October 2014, one of our stockholders converted 20,000 shares of our Series A Preferred Stock into 2,000,000 shares of our common stock.
- In October 2014, one of our stockholders converted 20,000 shares of our Series C Preferred Stock into 100,000 shares of our common stock.
- In November 2014, an individual investor purchased 2,500,000 shares of our common stock for $25,000 in cash.
- In November 2014, one of our stockholders converted 10,000 shares of our Series A Preferred Stock into 1,000,000 shares of our common stock.
- In December 2014, one of our stockholders converted 12,500 shares of our Series A Preferred Stock into 1,250,000 shares of our common stock.
- In December 2014, we entered into a Securities Purchase Agreement with a institutional investor in connection with the issuance of an 8% convertible promissory note in the amount of $38,000.

Our unregistered securities were issued in reliance upon an exemption from registration pursuant to Section 4(a)(2) of the Securities Act or Rule 506(c) of Regulation D promulgated under the Securities Act. Each investor took his securities for investment purposes without a view to distribution and had access to information concerning us and our business prospects, as required by the Securities Act. Our securities were sold only to an accredited investor, as defined in the Securities Act, and after a thorough discussion. Finally, our stock transfer agent has been instructed not to transfer any of such securities, unless such securities are registered for resale or there is an exemption with respect to their transfer.

All of the above described investors who received shares of our common stock or preferred stock were provided with access to our filings with the SEC, including the following:

- The information contained in our annual report on Form 10-K under the Exchange Act.
- The information contained in any reports or documents required to be filed by Cleartronic under sections 13(a), 14(a), 14(c), and 15(d) of the Exchange Act since the distribution or filing of the reports specified above.
- A brief description of the securities being offered, and any material changes in our affairs that were not disclosed in the documents furnished.

Purchases of Equity Securities by the Registrant and Affiliated Purchasers

There were no purchases of our equity securities by Cleartronic or any affiliated purchasers during any month within the fiscal year covered by this report.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

THE FOLLOWING DISCUSSION SHOULD BE READ TOGETHER WITH THE INFORMATION CONTAINED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES INCLUDED ELSEWHERE IN THIS ANNUAL REPORT ON FORM 10-K.

The following discussion reflects our plan of operation. This discussion should be read in conjunction with the financial statements which are attached to this report. This discussion contains forward-looking statements, including statements regarding our expected financial position, business and financing plans. These statements involve risks and uncertainties. Our actual results could differ materially from the results described in or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this report, particularly under the headings "Special Note Regarding Forward-Looking Statements."

Unless the context otherwise suggests, "we," "our," "us," and similar terms, as well as references to "Cleartronic," all refer to Cleartronic, Inc. and our subsidiaries as of the date of this report.

Going Concern

On September 30, 2014, we had current assets of $27,255 and current liabilities of $895,988. Our independent certified public accountants have stated in their report on our audited consolidated financial statements for the fiscal year end that there is a substantial doubt about our ability to continue as a going concern. In the absence of significant revenue and profits, we will be completely dependent on additional debt and equity financing. If we are unable to raise needed funds on acceptable terms, we will not be able to execute our business plan, develop or enhance existing services, take advantage of future opportunities, if any, or respond to competitive pressures or unanticipated requirements. If we do not obtain sufficient capital, we will not be able to continue operations.

As of September 30, 2014, Cleartronic had an accumulated deficit of $12,101,150, which included a net loss of $299,899 reported for the year ended September 30, 2014. Also, during the year ended September 30, 2014, we used net cash of $217,683 for operating activities. These factors raise substantial doubt about our ability to continue as a going concern.

While we are attempting to generate revenues, our cash position may not be significant enough to support our daily operations. Management intends to raise additional funds by way of an offering of our debt or equity securities. Management believes that the actions presently being taken to further implement our business plan and generate revenues provide the opportunity for Cleartronic to continue as a going concern. While we believe in the viability of our strategy to generate revenues and in our ability to raise additional funds, we may not be successful. Our ability to continue as a going concern is dependent upon our capability to further implement our business plan and generate revenues.

Results of Operations

Year Ended September 30, 2014, Compared to Year Ended September 30, 2013.

Revenues. Revenues declined 51% to $207,424 in 2014, from $427,286 during 2013. Cleartronic has had difficulty in increasing or maintaining sales of unified communication projects and equipment because of insufficient funds to market our products and services.

Cost of Revenues and Gross Margins. Cost of revenues declined from $248,994 in 2013, to $92,349 in 2014. Gross margins increased to 55% or $115,075 in 2014 compared with 42% or 178,292 in 2013. The primary reason for the increase in gross margin was due to increased sales of proprietary software and hardware which generated higher margins than sales of third party hardware and software.

Operating Expenses. Operating expenses decreased approximately 84% in 2014, to $339,960 compared to $2,109,671 during 2013. Operating expenses include selling expenses, administrative expenses, research and development costs and depreciation. This decrease was primarily due to the recognition of stock compensation issued under a new employment agreement with Larry Reid, our chairman, president, chief executive officer, chief financial officer, principal accounting officer, secretary, and sole director, and recognition of stock compensation used to pay for outside consulting services that were recognized in 2013 and minimal stock compensation recognized in 2014.

Selling Expenses. Selling expenses decreased approximately 64% from $83,832 in 2013, to $30,521 in 2014, primarily due to the decreased use of third party sales consultants and lower consulting and travel expenses due to a decrease in outside sales consultants. Administrative expenses decreased approximately 85% from $2,015,197 in 2013, to $302,789 in 2014, primarily due to decreased management and financial consulting expenses to five financial consultants.

Research and Development Expenses. Research and development expenses decreased 20% to $6,650 in 2014, from $8,300 in 2013, due to minimal development expense related to the expansion our *AudioMate 360 IP Gateway*.

Depreciation Expenses. There were no depreciation expenses incurred in 2014, due to all non-core assets reaching the end of their depreciation period.

Interest and Other Expense. Interest and other expense was $75,014 for 2014, compared with $933,050 for 2013. The main reason for the decrease was due to the loss incurred on the exchange of our Series C Preferred shares for the return and cancellation of shares of our common stock in 2013. The loss in 2013, was partially offset by a gain on a derivative financial instrument, as well as a gain on conversion of debt and a reduction in dividend and interest expenses.

Net Loss. Net losses were $299,899 and $2,864,429 for 2014 and 2013, respectively.

Liquidity and Capital Resources

Cash and cash equivalents decreased by ($8,683) during the fiscal year ended September 30, 2014, to $2,505 during the fiscal year ended September 30, 2013. Net cash used in operating activities for the fiscal year ended September 30, 2014, was $217,683 as compared to $113,787 for the fiscal year ended September 30, 2013, due primarily to a decrease in the issuance of common and preferred stock and warrants for professional services and loss on share exchange which was partially compensated to gain on debt conversion. We funded our operating activities during the most recent fiscal year through financing activities that generated net proceeds of approximately $209,000.

At September 30, 2014, our total liabilities were $898,813, which included $387,575 in accounts payable, $285,950 in accrued expenses, $10,430 in customer deposits, $180,738 in notes payable, stockholders, and $31,295 in deferred revenue.

Based on our initial unified communication installations and the development of our *AudioMate 360 IP Gateway*, we have developed a business plan. The business plan calls for us to continue to market and sell unified communications hardware and software directly to enterprise customers. In addition, we intend to market our *AudioMate 360 IP Gateway* both directly to clients and through VARs. Our VARs have introduced us to customers in the past, and we will continue to rely on them to introduce us to additional customers. We intend to market the *ReadyOp*™ software through commissioned sales representatives. We believe these sales will increase the sales of the *AudioMate 360 IP Gateway*. Our business plan further calls for us to seek additional VARs such as consulting firms, equipment manufacturers and communications companies.

We believe that in order to fund our business plan, we will need approximately $360,000 in new equity or debt capital. In the past, in addition to revenues and deferred revenues, we have obtained funds from the private sale of our debt and equity securities. We have also had discussions with several securities broker-dealers with respect to a private or public offering of our securities. Although none of such discussions has resulted in any funding, we intend to continue to have such discussions in the future. We also intend to continue to seek private financing from certain of our existing stockholders and others.

Our current operating expenses are approximately $3000 per month. In order for us to cover our monthly operating expenses, we must generate approximately $75,000 per month in revenue. Accordingly, in the absence of sufficient revenues, we must raise $30,000 in equity or debt capital each month to cover our overhead expenses. In order to remain in business for one year without any revenues, we must secure $360,000 in equity or debt capital. If we are unsuccessful in securing sufficient capital or revenues, we will be unable to continue our business activities.

Investing Activities

Net cash used in investing activities was $0 for both fiscal years ended September 30, 2014, and 2013.

Financing Activities

- In November 2013, we issued 40,000,000 shares of our common stock to an individual investor for $200,000 in cash.
- In December 2013, we issued 10,000,000 shares of our common stock to an individual investor for $100,000 in cash.
- In April 2014, we issued 5,000,000 shares of our common stock to two individual investors for $50,000 in cash.
- In June 2014, we issued 900,000 shares of our common stock to two investors for $9,000 in cash.
- In November 2014, we issued 2,500,000 shares of our common stock to an individual investor for $25,000 in cash.
- In December 2014, we entered into a Securities Purchase Agreement with an institutional investor in connection with the issuance of an 8% convertible promissory note in the amount of $38,000.

Cash from Financing Activities

Net cash provided by financing activities was $209,000 during fiscal 2014. This included $359,000 from proceeds from the issuance of shares of our common stock and the repayment of a promissory note due to an investor in the amount of $150,000. Net cash provided by financing activities was approximately $86,000 during fiscal year 2013. This included proceeds from the issuance of shares and notes payable and payments of convertible notes payable.

Critical Accounting Policies

Our consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies include revenue recognition and impairment of long-lived assets.

Revenue Recognition and Deferred Revenues. Unified group communication solutions consist of three elements to be provided to customers: software licenses and equipment purchased from third-party vendors, proprietary hardware that is manufactured on contract to required specifications and installation and integration of the hardware and software into the cohesive communication source.

The Company's revenue recognition policies are in accordance with Accounting Standards Codification 605-10 "Revenue Recognition" (ASC 605-10). Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No right of return privileges are granted to customers after shipment. The Company recognizes revenue for the elements separately as the sales of the equipment and software, installation and integration, and support services represent separate earnings processes that are generally specified under separate agreements.

Revenue from the resale of equipment utilized in unified group communication solutions is recognized when shipped. For software licenses, the Company does not provide any services that are considered essential to the functionality of the software, and therefore revenue is recognized upon delivery of the software, provided (1) there is evidence of an arrangement, (2) collection of the fee is considered probable and (3) the fee is fixed and determinable.

The Company also provides support to customers under separate contracts varying from one to five years. The Company's obligations under its service contracts vary by the length of the contract. In all cases the Company is the primary obligor to provide first level support to the client. If the contract has less than one year of service and support remaining on the contract, it is classified as a current liability; if longer, it is classified as a non-current liability.

Installation and integration services are recognized upon completion.

Inventory. Inventory consists of components held for assembly and finished goods held for resale or to be utilized for installation in projects. Inventory is valued at lower of cost or market on a first-in, first-out basis. During the year ended September 30, 2014 the Company eliminated its inventory of individual component parts used in assembly of its circuit boards. The component parts inventory was purchased from the Company by its contract manufacturer which now provides completed circuit boards at a price that includes component parts and assembly charges. The Company only carries finished goods to be shipped along with completed circuit boards and parts necessary for final assembly of finished product. The Company's prior policy was to record a reserve for technological obsolescence of component parts. That policy was discontinued in 2014 as all existing inventory is considered current and usable. The reserve was $0 and $5,000 as of September 30, 2014 and 2013.

Derivative Instruments The Company evaluates its convertible debt, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 of the FASB Accounting Standards Codification and paragraph 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Statement of Operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date. As of September 30, 2014 and 2013 there were no derivative liabilities.

Stock-Based Compensation

Effective January 1, 2006, the Company adopted the fair value recognition provisions of Accounting Standards Codification 718-10 "Compensation" (ASC 718-10) using the modified retrospective transition method. ASC 718-10 (formerly SFAS 123R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods. The Company has estimated the fair value of each award as of the date of grant or assumption using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of the Company's stock price. In March 2005, the SEC issued SAB No. 107, Share-Based Payment ("SAB 107"), which provides guidance regarding the interaction of ASC 718-10 and certain SEC rules and regulations. The Company has applied the provisions of SAB 107 in its adoption of ASC 718-10.

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of section 505-50-30 of the FASB Accounting Standards Codification ("FASB ASC Section 505-50-30"). Pursuant to FASB ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

Recent Accounting Pronouncements

Recent accounting pronouncements issued by FASB, the AICPA and the SEC, did not, or are not believed by management to have a material impact on the Company's present or future financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Subsequent Events

- In October 2014, one of our stockholders converted 20,000 shares of our Series A Preferred Stock into 2,000,000 shares of our common stock.
- In October 2014, one of our stockholders converted 20,000 shares of our Series C Preferred Stock into 100,000 shares of our common stock.
- In November2014, we issued 2,500,000 shares of our common stock to an individual investor for $25,000 in cash.
- In November 2014, one of our stockholders converted 10,000 shares of our Series A Preferred Stock into 1,000,000 shares of our common stock.
- In December 2014, one of our stockholders converted 12,500 shares of our Series A Preferred Stock into 1,250,000 shares of our common stock.
- In December 2014, we entered into a Securities Purchase Agreement with an institutional investor in connection with the issuance of an 8% convertible promissory note in the amount of $38,000.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The financial statements and related notes are included as part of this report as indexed in the appendix on page F-1, *et seq*.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None,

Item 9A. Controls and Procedures.

See Item 9A(T) below.

Item 9A(T). Controls and Procedures.

Evaluation of Disclosure and Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e)). Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the period ended September 30, 2014, our disclosure controls and procedures were not effective (1) to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to us, including our chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

The term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act (15 U.S.C. 78a, *et seq.*) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of inherent limitations in all control systems, internal control over financial reporting may not prevent or detect misstatements, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the registrant have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

The term internal control over financial reporting is defined as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Changes in Internal Control Over Financial Reporting. There have been no changes in the registrant's internal control over financial reporting through the date of this report or during the period ended September 30, 2014, that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Independent Registered Accountant's Internal Control Attestation. This report does not include an attestation report of the registrant's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the registrant's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the registrant to provide only management's report in this report.

Remediation plans for material weaknesses over internal controls. Our plans to mitigate material weaknesses in disclosure controls and procedures for future filings will be dependent on our ability to obtain adequate financing to fund development of our financial reporting infrastructure. At this time it is not cost beneficial for us to utilize capital to focus on mitigating financial reporting weaknesses; however, we expect to implement a plan for remediation of these deficiencies when sufficient funding to implement such a plan is available.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth information concerning the directors and executive officers of Cleartronic as of the date of this report:

Name	Age	Position	Director Since
Larry M. Reid	70	Chairman, Chief Executive Officer, President, Chief Financial Officer, Principal Accounting Officer, Secretary, and Director	1999

The members of our board of directors are subject to change from time to time by the vote of the stockholders at special or annual meetings to elect directors. Our current board of directors consists of one director, who has expertise in the business of Cleartronic. Upon receipt of sufficient funds either from revenues or through receipt of funds from debt or sales of our common stock and preferred stock, we intend to seek directors and officers who would be able to assist in the execution of our business plan.

The foregoing notwithstanding, except as otherwise provided in any resolution or resolutions of the board, directors who are elected at an annual meeting of stockholders, and directors elected in the interim to fill vacancies and newly created directorships, will hold office for the term for which elected and until their successors are elected and qualified or until their earlier death, resignation or removal.

Whenever the holders of any class or classes of stock or any series thereof are entitled to elect one or more directors pursuant to any resolution or resolutions of the board, vacancies and newly created directorships of such class or classes or series thereof may generally be filled by a majority of the directors elected by such class or classes or series then in office, by a sole remaining director so elected or by the unanimous written consent or the affirmative vote of a majority of the outstanding shares of such class or classes or series entitled to elect such director or directors. Officers are elected annually by the directors. There are no family relationships among our directors and officers.

We may employ additional management personnel, as our board of directors deems necessary. Cleartronic has not identified or reached an agreement or understanding with any other individuals to serve in management positions, but does not anticipate any problem in employing qualified staff.

A description of the business experience for the director and executive officer of Cleartronic is set forth below.

Larry M. Reid has been a member of our board of directors since 1999, and our chief financial officer since March 2005. He has served as president since February 2012. Mr. Reid was also our president from September 2006, to July 2011, and from 1999 to March, 2005, at which time he became our executive vice president and chief financial officer. From December 2001, until September 2005, Mr. Reid was the chief financial officer and a director of Connectivity Inc., which was primarily engaged in the manufacture and distribution of emergency call boxes. In April 2003, Connectivity Inc. was acquired by Arrow Resources Development, Inc. at which time Mr. Reid became the executive vice president and a director of that company.

Committees of the Board

We do not currently have an Audit, Executive, Finance, Compensation, or Nominating Committee, or any other committee of the board of directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, our directors and certain of our officers, and persons holding more than 10 percent of our common stock are required to file forms reporting their beneficial ownership of our common stock and subsequent changes in that ownership with the United States Securities and Exchange Commission. Such persons are also required to furnish Cleartronic with copies of all forms so filed.

Based solely upon a review of copies of such forms filed on Forms 3, 4, and 5, and amendments thereto furnished to us, we believe that as of the date of this report, our executive officers, directors and greater than 10 percent beneficial owners have not complied on a timely basis with all Section 16(a) filing requirements.

Communication with Directors

Stockholders and other interested parties may contact any of our directors by writing to them at Cleartronic, Inc., at 8000 North Federal Highway, Suite 100, Boca Raton, Florida 33487, Attention: Corporate Secretary.

Our board has approved a process for handling letters received by us and addressed to any of our directors. Under that process, the Secretary reviews all such correspondence and regularly forwards to the directors a summary of all such correspondence, together with copies of all such correspondence that, in the opinion of the Secretary, deal with functions of the board or committees thereof or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by us that are addressed to members of the board and request copies of such correspondence.

Conflicts of Interest

With respect to transactions involving real or apparent conflicts of interest, we have not adopted any written policies and procedures.

Code of Ethics for Senior Executive Officers and Senior Financial Officers

We have not adopted a Code of Ethics for Senior Executive Officers and Senior Financial Officers.

Item 11. Executive Compensation.

Summary of Cash and Certain Other Compensation

At present, Cleartronic has one executive officer, Larry M. Reid. We executed an Employment Agreement with Mr. Reid on October 5, 2012. The Employment Agreement replace our previously executed Consulting Agreement with Mr. Reid. Pursuant to the Employment Agreement, Cleartronic and Mr. Reid agreed that for a one year period beginning on October 5, 2012, we employed Mr. Reid to perform services for us both on and offsite. The last day of the one year period shall be the "Termination Date" for purposes of the agreement. Termination of the agreement can be made by either party without penalty upon 10 days written notice.

Unless Cleartronic shall have given Mr. Reid written notice at least 180 days prior to the Termination Date, the agreement shall renew and continue in effect for additional one-year periods (and all provisions of this anniversary from such original Termination Date shall thereafter be designated as the "Termination Date" for all purposes under the agreement, provided, however, that we may, at our election at any time after the expiration of the initial term of the agreement, give Mr. Reid notice of Termination, in which event he shall continue to receive, as severance pay, his base salary, if any, and benefits set forth in the agreement for 12 full months following such notice of termination. During such 12-month severance period, the board of directors may modify Mr. Reid's duties. Cleartronic agreed that it will not unreasonably withhold any annual renewals of the agreement.

Under the agreement, Mr. Reid agreed that he shall carry out the strategic plans and policies as established by our business plan. Mr. Reid will advise us from time to time on organization, hiring, mergers, and execution of our business plan.

Mr. Reid is paid in addition to a base salary of $5,000 per month. In addition, Mr. Reid received 2,000,000,000 restricted shares of our common stock, all of which were fully paid and non-assessable. The stock compensation in this agreement is in addition to previously issued stock compensation. A copy of the employment agreement with Mr. Reid has been previously filed with the SEC as an exhibit to a Form 8-K.

We do not have any other compensation arrangements with any other executive officer or director.

It is uncertain when, if ever, we will be in a position to compensate any of our other officers or directors. Before we can expect to provide for additional officer salaries, we will have to obtain revenues form the sales of our products or raise funds through a debt or equity offering of our securities. See "Item 1. Business."

Summary Compensation Table

The following table sets forth, for our named executive officers for the two completed fiscal years ended September 30, 2014, and 2013:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified deferred compensation earnings ($)	All Other Compensation ($)	Total ($)
Larry M. Reid (1)	2013	38,000	-0-	-0-	-0-	-0-	-0-	-0-	38,000
	2014	60,000	-0-	-0-	-0-	-0-	-0-	-0-	60,000

(1) Mr. Reid is our chairman of the board, president, chief financial officer, principal accounting officer, secretary, and sole director.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information for each of our named executive officers as of the end of our last completed fiscal year, September 30, 2014:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Larry M. Reid (1)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) Mr. Reid is our chairman of the board, president, chief financial officer, principal accounting officer, secretary, and sole director.

Employment Agreements

See "Summary of Cash and Certain Other Compensation," above.

Director Compensation

See "Summary of Cash and Certain Other Compensation," above.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table presents information regarding the beneficial ownership of all shares of our common stock and preferred stock as of the date of this report by:

- Each person who owns beneficially more than five percent of the outstanding shares of our common stock;
- Each person who owns beneficially outstanding shares of our preferred stock;
- Each director;
- Each named executive officer; and
- All directors and officers as a group.

	Shares of Common Stock Beneficially Owned (2)		Shares of Preferred Stock Beneficially Owned (2)	
Name of Beneficial Owner (1)	Number	Percent	Number	Percent
Larry M. Reid (3)	2,005,016,325	94.0	77,586	2.7
All directors and officers as a group (one person)	2,005,016,325	94.0	77,586	2.7

(1) Unless otherwise indicated, the address for each of these stockholders is c/o Cleartronic, Inc., at 8000 North Federal Highway, Suite 100, Boca Raton, Florida 33487. Also, unless otherwise indicated, each person named in the table above has the sole voting and investment power with respect to our shares of common stock or preferred stock which he beneficially owns.

(2) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. As of the date of this report, we have 5,000,000,000 authorized shares of common stock, par value $0.00001 per share, of which 2,131,812,230 shares were issued and outstanding. As of the date of this report, we have 200,000,000 authorized shares of preferred stock, par value $0.00001 per share, of which 2,782,156 shares were issued and outstanding. Mr. Reid owns one share of our Series B Preferred Stock and 77,585 shares of our Series C Preferred Stock. See below for a description of our preferred stock and voting rights.

(3) Mr. Reid is our chairman of the board, president, chief financial officer, principal accounting officer, secretary, and sole director.

As a result of the stock ownership by Mr. Reid, he is able to influence all matters requiring stockholder approval including the election of directors, merger or consolidation. This concentration of ownership may delay, deter or prevent acts that would result in a change of control, which in turn could reduce the market price of our common stock.

Other than as stated herein, there are no arrangements or understandings, known to us, including any pledge by any person of our securities:

- The operation of which may at a subsequent date result in a change in control of Cleartronic; or
- With respect to the election of directors or other matters.

Preferred Stock

As of the date of this report, we have 200,000,000,000 authorized shares of preferred stock, par value $0.00001 per share, of which 2,478,156 shares were issued and outstanding. There are currently four series of preferred stock designated as follows:

- 1,250,000 shares have been designated as Series A Preferred Stock, 441,500 of which are issued and outstanding;
- 10 shares have been designated as Series B Preferred Stock, one of which is issued and outstanding;
- 50,000,000 shares have been designated as Series C Preferred Stock, 2,340,655 of which are issued and outstanding; and
- 10,000,000 shares of Series D Preferred Stock, none of which are issued and outstanding.

Pursuant to our Articles of Incorporation establishing our preferred stock:

- A holder of shares of the Series A Preferred Stock is entitled to the number of votes equal to the number of shares of the Series A Preferred Stock held by such holder multiplied by one on all matters submitted to a vote of our stockholders. Each one share of our Series A Preferred Stock shall be convertible into 100 shares of our common stock. Each holder of Series A Preferred Stock is entitled to receive cumulative dividends at the rate of 8% of $1.00 per annum on each outstanding share of Series A Preferred Stock then held by such holder, on a pro rata basis.
- A holder of shares of the Series B Preferred Stock is entitled one vote per share on all matters submitted to a vote of our stockholders. If at least one share of Series B Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series B Preferred Stock at any given time, regardless of their number, shall have voting rights equal to two times the sum of the total number of shares of our common stock which are issued and outstanding at the time of voting, plus the total number of shares of any shares of our preferred stock which are issued and outstanding at the time of voting. A holder of shares of the Series B Preferred Stock shall have no conversion rights or rights to dividends.
- A holder of shares of the Series C Preferred Stock is entitled to the number of votes equal to the number of shares of the Series C Preferred Stock held by such holder multiplied by 10 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series C Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series C Preferred Stock shall be convertible into five of shares of our common stock.
- A holder of shares of the Series D Preferred Stock is entitled to the number of votes equal to the number of shares of the Series D Preferred Stock held by such holder multiplied by 10 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series D Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series D Preferred Stock shall be convertible into five of shares of our common stock.

Item 13. Certain Relationships and Related Transactions and Director Independence.

See “Summary of Cash and Certain Other Compensation,” above.

Item 14. Principal Accounting Fees and Services.

Audit Fees

The aggregate fees billed by Goldstein Schechter Koch P.A. for professional services rendered for the audit of our annual financial statements for the fiscal years ended September 30, 2014 and 2013, were $28,000, respectively.

Audit Related Fees

The aggregate audit-related fees billed by Goldstein Schechter Koch P.A. for professional services rendered for the audit of our annual financial statements for the fiscal years ended September 30, 2014 and 2013, were $26,000 for each year.

Tax Fees

The aggregate tax fees billed by Ribotsky Levine & Company for professional services rendered for tax services for the fiscal years ended September 30, 2014 and 2013, were $0 and $1,500, respectively.

All Other Fees

There were no other fees billed by Ribotsky, Levine & Company or Goldstein Schechter Koch P.A. for professional services rendered during the fiscal years ended September 30, 2014 and 2013, other than as stated under the captions Audit Fees, Audit-Related Fees, and Tax Fees.

Less than 50% of the hours expended on the principal accountant's engagement to audit our consolidated financial statements for the fiscal year ended September 30, 2014, were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) All financial statements are included in Item 8 of this report.

(b) All financial statement schedules required to be filed by Item 8 of this report and the exhibits contained in this report are included in Item 8 of this report.

(c) The following exhibits are attached to this report:

Exhibit No.	Identification of Exhibit
3.1**	Articles of Incorporation, filed as exhibit 3.01 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
3.2**	Articles of Amendment to Articles of Incorporation filed March 12, 2001, filed as exhibit 3.02 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
3.3**	Articles of Amendment to Articles of Incorporation filed October 4, 2004, filed as exhibit 3.03 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
3.4**	Articles of Amendment to Articles of Incorporation filed March 31, 2005, filed as exhibit 3.04 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
3.5**	Articles of Amendment to Articles of Incorporation filed May 9, 2008, filed as exhibit 3.02 to the registrant's registration statement on Form S-1 on May 28, 2008, Commission File Number 333-135585.

3.6**	Articles of Amendment to Articles of Incorporation filed June 28, 2010, filed as exhibit 3.7 to the registrant's Form 10-Q on February 14, 2011, Commission File Number 333-135585.
3.7**	Articles of Amendment to Articles of Incorporation filed May 6, 2011, filed as exhibit 3.1 to the registrant's Form 8-K on May 6, 2011, Commission File Number 333-135585.
3.8**	Articles of Amendment to Articles of Incorporation filed April 19, 2012, filed as exhibit 3.09 to the registrant's Form 10-Q on May 14, 2012, Commission File Number 333-135585.
3.9**	Articles of Amendment to Articles of Incorporation filed September 7, 2012, filed as exhibit 3.1 to the registrant's Form 8-K on September 7, 2012, Commission File Number 333-135585.
3.10**	Articles of Amendment to Articles of Incorporation filed September 19, 2012, filed as exhibit 3.1 to the registrant's Form 8-K on September 19, 2012, Commission File Number 333-135585.
3.11**	Articles of Amendment to Articles of Incorporation filed October 5, 2012, filed as exhibit 3.1 to the registrant's Form 8-K on October 5, 2012, Commission File Number 333-135585.
3.12**	Articles of Amendment to Articles of Incorporation filed December 28, 2013, filed as exhibit 3.12 to the registrant's Form 8-K on January 14, 2014, Commission File Number 333-135585.
3.13**	Bylaws, filed as exhibit 3.05 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
3.14**	Amended and Restated Bylaws, filed as exhibit 3.1 to the registrant's Form 8-K on July 26, 2010, Commission File Number 333-135585.
10.1**	Convertible Promissory Note dated November 15, 2011, in the original principal amount of $60,000 issued to Asher Enterprises, Inc., filed as exhibit 10.1 to the registrant's Form 10-Q on May 14, 2012, Commission File Number 333-135585.
10.2**	Convertible Promissory Note dated January 19, 2012, in the original principal amount of $37,500 issued to Asher Enterprises, Inc., filed as exhibit 10.2 to the registrant's Form 10-Q on May 14, 2012, Commission File Number 333-135585.
10.3**	Promissory Note dated June 26, 2012, in the original principal amount of $10,000 issued to Dominic Albi, filed as exhibit 10.3 to the registrant's Form 10-Q on August 20, 2012, Commission File Number 333-135585.
10.4**	Convertible Promissory Note dated August 22, 2012, in the original principal amount of $37,500 issued to Asher Enterprises, Inc., filed as exhibit 4.12 to the registrant's Form 10-K on January 14, 2013, Commission File Number 333-135585.
10.5**	Amendment to Consulting Services Agreement dated October 1, 2008, between Larry M. Reid and the registrant, filed as exhibit 10.7 to the registrant's Form 10-K on December 30, 2011, Commission File Number 333-135585.
10.6**	Employment Agreement dated October 5, 2012, between Larry M. Reid and the registrant, filed as exhibit 10.1 to the registrant's Form 8-K on October 12, 2012, Commission File Number 333-135585.
10.7**	Software License Agreement dated August 15, 2014, between Collabria LLC and the registrant, filed as exhibit 10.11 to the registrant's Form 8-K on August 20, Commission File Number 333-135585.
10.8*	Securities Purchase Agreement dated December 1, 2014, between the registrant and KBM Worldwide, Inc. in connection with the issuance of an 8% convertible promissory note in the amount of $38,000.
10.9*	Convertible Promissory Note dated December 1, 2014, in the original principal amount of $38,000 issued to KBM Worldwide, Inc.
10.10*	Lease Agreement dated November 30, 2014, between BGNP Associates, LLC and Cleartronic, Inc.
31.1*	Certification of Larry M. Reid, Chief Executive Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.

32.1*	Certification of Larry M. Reid, Chief Executive Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instanace Document
101.SCH*	XBRL Taxonomy Extension Document
101.CAL*	XBRL Taxonomy Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Lable Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.
** Previously filed.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLEARTRONIC, INC.

Date: January 13, 2015.

By: /s/ Larry M. Reid
Larry M. Reid, Chief Executive Officer

By: /s/ Larry M. Reid
Larry M. Reid, Chief Financial Officer and
Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Larry M. Reid LARRY M. REID	Chairman, President Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and Secretary	January 13, 2015

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Cleartronic, Inc. and Subsidiaries,

We have audited the accompanying consolidated balance sheets of Cleartronic, Inc. and Subsidiaries as of September 30, 2014 and 2013 and the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the years in the two year period ended September 30, 2014. Cleartronic, Inc. and Subsidiaries' management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amount and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cleartronic, Inc. and Subsidiaries as of September 30, 2014 and 2013, and the consolidated results of its operations and its consolidated cash flows for each of the years in the two year period ended September 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has had recurring losses from operations and has a net capital deficiency which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Goldstein Schechter Koch P.A.

Hollywood, Florida
January 13, 2015

CLEARTRONIC, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013

ASSETS

	2014	2013
Current assets:		
Cash	$ 2,505	$ 11,188
Accounts receivable, net	-	22,404
Inventory	16,094	22,881
Prepaid expenses and other current assets	8,656	68,657
Total current assets	**27,255**	**125,310**
Property and equipment, net	**-**	**-**
Total assets	**$ 27,255**	**$ 125,310**

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Accounts payable	$ 387,575	$ 442,752
Accrued expenses	285,950	236,680
Deferred revenue, current portion	31,295	36,487
Customer deposits	10,430	8,428
Notes payable - stockholders	180,738	330,738
Total current liabilities	**895,988**	**1,055,085**
Long Term Liabilities		
Deferred revenue, net of current portion	2,825	10,704
Total long term liabilities	**2,825**	**10,704**
Total liabilities	**898,813**	**1,065,789**
Commitments and Contingencies		
Stockholders' deficit:		
Series A preferred stock - $.00001 par value; 1,250,000 shares authorized, 474,000 and 574,000 shares issued and outstanding, respectively	5	6
Series B preferred stock - $.00001 par value; 10 shares authorized, 1 share issued and outstanding	-	-
Series C preferred stock - $.00001 par value; 50,000,000 shares authorized, 2,370,655 and 2,521,907 shares issued and outstanding, respectively	24	25
Series D preferred stock - $.00001 par value; 10,000,000 shares authorized, 0 shares issued and outstanding	-	-
Common stock - $.00001 par value; 5,000,000,000 shares authorized, 2,124,900,908 and 2,058,069,648 shares issued and outstanding, respectively	21,249	20,581
Additional paid-in capital	11,208,314	10,839,980
Accumulated Deficit	(12,101,150)	(11,801,251)
Total stockholders' deficit	**(871,558)**	**(940,659)**
Total liabilities and stockholders' deficit	**$ 27,255**	**$ 125,130**

The accompanying notes are an integral part of these consolidated financial statements

CLEARTRONIC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013

Revenue	**$ 207,424**	**$ 427,286**
Cost of revenue	**92,349**	**248,994**
Gross profit	**115,075**	**178,292**
Operating expenses:		
Selling expenses	30,521	83,832
Administrative expenses	302,789	2,015,197
Research and development	6,650	8,300
Depreciation	-	2,342
Total operating expenses	**339,960**	**2,109,671**
Loss from operations	**(224,885)**	**(1,931,379)**
Other (expenses)		
Gain on derivative financial instrument	-	18,055
Gain on debt conversion, net	-	472,127
Loss on share exchange	-	(1,273,732)
Interest and other expenses	(75,014)	(149,500)
Total other income (expenses)	**(75,014)**	**(933,050)**
Net loss	**$ (299,899)**	**$ (2,864,429)**
Loss per common share - basic and diluted	**$ (0.00014)**	**$ (0.00209)**
Weighted average number of shares outstanding - basic and diluted	**2,110,696,898**	**1,369,700,683**

The accompanying notes are an integral part of these consolidated financial statements

subsidiaries

CLEARTRONIC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Net (Loss)	**$ (299,899)**	**$ (2,864,429)**
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Depreciation	-	2,342
(Gain) on derivative financial instrument	-	(18,055)
Amortization of notes payable discount	-	51,618
Amortization of deferred loan costs	-	1,331
Common stock, prefered stock and warrants issued for services	10,000	1,801,859
(Gain) on debt conversion, net	-	(472,127)
Loss on share exchange	-	1,273,732
(Increase) decrease in assets:		
Accounts receivable	22,404	(19,936)
Inventory	6,787	7,186
Prepaid expenses and other current assets	60,001	-
Increase (decrease) in liabilities:		
Accounts payable	(55,177)	23,624
Accrued expenses	49,270	67,965
Customer deposits	2,002	8,428
Deferred revenue	(13,071)	22,675
Net cash (used in) operating activities	**(217,683)**	**(113,787)**
Cash Flows From Financing Activities		
Proceeds from issuance of preferred stock and common stock	359,000	35,000
Payments of convertible notes payable and related liabiilties	-	(125,000)
Proceeds from notes payable - stockholders	-	196,555
Payments of notes payable - stockholders	(150,000)	(20,000)
Net cash provided by financing activities	**209,000**	**86,555**
Net decrease in cash	**(8,683)**	**(27,232)**
Cash - Beginning of year	**11,188**	**38,420**
Cash - End of year	**$ 2,505**	**$ 11,188**
Supplemental cash flow information:		
Cash paid for interest	$ 5,895	$ 32,806

Non-cash financing transactions:

During the year ended September 30, 2014, the Company issued 35,000 shares of Series C Preferred stock for services valued at

$10,000.

During the year ended September 30, 2013, the Company converted $623,215 in accounts payable and accrued expenses to common stock and Series C preferred stock.

During the year ended September 30, 2013, the Company converted $143,703 in notes payable and accrued interest to stock holders to common stock and Series C preferred stock.

During the year ended September 30, 2013, the Company converted $7,700 in convertible notes payable and $27,363 of derivative liability to common stock.

During the ended September 30, 2013, the Company issued common stock for $668,251 in prepaid consulting services.

The accompanying notes are an integral part of these consolidated financial statements

CLEARTRONIC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	capital	deficit	Total
BALANCE AT SEPTEMBER 30, 2012	**1,074,000**	**$ 10.74**	**1**	**$ -**	**-**	**$ -**	**136,916**	**$ 1.50**	**$ 7,572,635**	**(8,936,822)**	**$ (1,364,174)**
Shares issued for cash	-	-	-	-	14,000	0.14	-	-	35,000	-	35,000
Shares issued for conversion of notes payables and accured interest	-	-	-	-	57,481	0.57	-	-	41,960	-	41,961
Shares issued for conversion of convertible debt and derivative liability	-	-	-	-	-	-	27,500	0.24	22,221	-	22,221
Shares issued for conversion of accounts payable	-	-	-	-	211,786	2.12	141,666	1.42	265,668	-	265,672
Shares issued for non-employee services	-	-	-	-	24,000	0.24	6,825,000	68.25	670,180	-	670,248
Shares issued for employee services	-	-	-	-	-	-	1,000,000	10.00	908,990	-	909,000
Shares cancelled in exchange for Preferred C	-	-	-	-	2,190,045	21.90	(61,434)	(0.61)	1,265,938	-	1,265,959
Preferred C in exchange for cancellation of options and warrants	-	-	-	-	32,595	0.33	-	-	13,330	-	13,330
Common shares in exchange for conversion of Preferred A	(500,000)	(5.00)	-	-	-	-	50,000,000	500.00	(495)	-	-
Common shares in exchange for conversion of Preferred C	-	-	-	-	(8,000)	-	2,000,000,000	20,000.00	(20,000)	-	-
Removal of derivative liability for payment of conversion of debt	-	-	-	-	-	-	-	-	64,553	-	64,553
Net (loss) for											

the year ended September 30, 2013	-	-	-	-	-	-	-	-	-	(2,864,429)	2,864,429
BALANCE AT SEPTEMBER 30, 2013	**574,000**	**$ 5.74**	**1**	**$ -**	**2,521,907**	**$ 25.30**	**2,058,069,648**	**$ 20,581**	**$ 10,839,980**	**$ (11,801,251)**	**$ (940,659)**
Shares issued for cash	-	-	-	-	-	-	55,900,000	559.00	358,441	-	359,000
Shares issued for non-employee services	-	-	-	-	35,000	0.35	-	-	10,000	-	10,000
Common shares in exchange for conversion of Preferred A	(100,000)	(1.00)	-	-	-	-	10,000,000	100.00	(99)	-	-
Common shares in exchange for conversion of Preferred C	-	-	-	-	(186,252)	(1.86)	931,260	9.00	(8)	-	-
Net (loss) for the year ended September 30, 2014	-	-	-	-	-	-	-	-	-	(299,899)	(299,899)
BALANCE AT SEPTEMBER 30, 2014	**474,000**	**$ 4.74**	**1**	**$ -**	**2,370,655**	**$ 23.79**	**2,124,900,908**	**$ 21,249**	**$ 11,208,314**	**$ (12,101,150)**	**$ (871,558)**

The accompanying notes are an integral part of these consolidated financial statements

CLEARTRONIC, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2014 and 2013

NOTE 1 -ORGANIZATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cleartronic, Inc. (the "Company") was incorporated in the state of Florida on November 15, 1999.

The Company, through its wholly owned subsidiary VoiceInterop, Inc., designs, builds and installs unified group communication solutions, including unique hardware and customized software, for public and private enterprises and markets those services and products under the VoiceInterop brand name. VoiceInterop is the Company's operating subsidiary.

In August 2014, the Company entered into a Licensing Agreement with Collabria LLC of Tampa, Florida ("Collabria"). The Agreement grants the Company the right to market, sell and support Collabria's command and control software, trade-named ReadyOp. ReadyOp software is designed for fast, efficient access to information and for communication with multiple persons, groups and agencies. This agreement will remain in effect for an initial term of five years unless either the Company or Collabria sooner terminates the agreement. Upon expiration of the agreement, the Company's only obligation to Collabria shall be the payment of all outstanding obligations to Collabria. In September 2014, the Company formed ReadyOp Communications, Inc. (a Florida corporation), as a wholly owned subsidiary to facilitate the marketing of ReadyOp software.

On September 13, 2012, the Board of Directors voted to decrease the par value of the Company's authorized and outstanding common and preferred stock to $.00001 per share. On November 28, 2012, the Board of Directors authorized a 3000 to 1 reverse stock split of its common shares. The reverse split was approved by the Financial Industry Regulatory Authority (FINRA) on December 4 and became effective on December 28, 2012. All share and per share amounts included in the consolidated financial statements have been adjusted retroactively to reflect the effects of the par value change and the reverse stock split.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements and accompany notes have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of Cleartronic, Inc. and its subsidiaries, VoiceInterop, Inc. and ReadyOp Communications, Inc. All intercompany transactions and balances have been eliminated.

USE OF ESTIMATES

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and operations for the reporting period. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company did not own any cash equivalents at September 30, 2014 and 2013.

ACCOUNTS RECEIVABLE

The Company provides an allowance for uncollectible accounts based upon a periodic review and analysis of outstanding accounts receivable balances. Uncollectible receivables are charged to the allowance when deemed uncollectible. Recoveries of accounts previously written off are used to credit the allowance account in the periods in which the recoveries are made.

The Company has an Accounts Receivable Purchase and Security Agreement with Bridgeport Capital Resources of Birmingham, AL. Under the terms of the agreement the Company sells certain acceptable accounts receivable to Bridgeport Capital at a discount to the receivable face value. Discounts can range between 2.25 and 6.25 percent depending on the length of time the receivable remains outstanding.

The Company provided an allowance for doubtful accounts for the years ended September 30, 2014 and 2013 of $0 and $3,200, respectively.

CONCENTRATION OF CREDIT RISK

The Company currently maintains cash balances at one FDIC-insured banking institution. Deposits held in noninterest-bearing transaction accounts are insured up to a maximum of $250,000 at all FDIC-insured institutions.

RESEARCH AND DEVELOPMENT COSTS

The Company expenses research and development costs as incurred. For the years ended September 30, 2014 and 2013, the Company had $6,650 and $8,300, respectively, in research and development costs.

COMPREHENSIVE INCOME

The Company had no comprehensive income during the years ended September 30, 2014 and 2013.

REVENUE RECOGNITION AND DEFERRED REVENUES

Unified group communication solutions consist of three elements to be provided to customers: software licenses and equipment purchased from third-party vendors, proprietary hardware that is manufactured on contract to required specifications and installation and integration of the hardware and software into the cohesive communication source.

The Company's revenue recognition policies are in accordance with Accounting Standards Codification 605-10 “Revenue Recognition” (ASC 605-10). Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No right of return privileges are granted to customers after shipment. The Company recognizes revenue for the elements separately as the sales of the equipment and software, installation and integration, and support services represent separate earnings processes that are generally specified under separate agreements.

Revenue from the resale of equipment utilized in unified group communication solutions is recognized when shipped. For software licenses, the Company does not provide any services that are considered essential to the functionality of the software, and therefore revenue is recognized upon delivery of the software, provided (1) there is evidence of an arrangement, (2) collection of the fee is considered probable and (3) the fee is fixed and determinable.

The Company also provides support to customers under separate contracts varying from one to five years. The Company’s obligations under its service contracts vary by the length of the contract. In all cases the Company is the primary obligor to provide first level support to the client. If the contract has less than one year of service and support remaining on the contract, it is classified as a current liability; if longer, it is classified as a non-current liability.

Installation and integration services are recognized upon completion.

EARNINGS PER SHARE

In accordance with accounting guidance now codified as FASB ASC 260 “Earning per Share”, basic income (loss) per common share is calculated using the weighted average number of shares outstanding during the periods reported. Diluted earnings per share include the weighted average effect of all dilutive securities outstanding during the periods presented.

Diluted per share loss is the same as basic per share loss when there is a loss from continuing operations.

As of September 30, 2014 and 2013, we had outstanding options and warrants exercisable for an aggregate of 167 and 6,363 shares of common stock, respectively. As of September 30, 2014 and 2013, we had 474,000 and 574,000 shares of Series A Convertible Preferred stock outstanding convertible into 47,400,000 and 57,400,000 common shares, respectively. As of September 30, 2014 and 2013, we had 2,370,655 and 2,521,907 shares of Series C Convertible Preferred stock outstanding which are convertible into 11,853,275 and 12,609,535 shares of common stock, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company adopted ASC topic 820, "Fair Value Measurements and Disclosures" (ASC 820), formerly SFAS No. 157 "Fair Value Measurements," effective January 1, 2009. ASC 820 defines "fair value" as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There was no impact relating to the adoption of ASC 820 to the Company's consolidated financial statements.

ASC 820 also describes three levels of inputs that may be used to measure fair value:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial instruments consist principally of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and deferred revenue. The carrying amounts of such financial instruments in the accompanying consolidated balance sheet approximate their fair values due to their relatively short-term nature. The fair value of long-term debt is based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying amounts approximate fair value. It is management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.

INVENTORY

Inventory consists of components held for assembly and finished goods held for resale or to be utilized for installation in projects. Inventory is valued at lower of cost or market on a first-in, first-out basis. During the year ended September 30, 2014 the Company eliminated its inventory of individual component parts used in assembly of its circuit boards. The component parts inventory was purchased from the Company by its contract manufacturer which now provides completed circuit boards at a price that includes component parts and assembly charges. The Company only carries finished goods to be shipped along with completed circuit boards and parts necessary for final assembly of finished product. The Company's prior policy was to record a reserve for technological obsolescence of component parts. That policy was discontinued in 2014 as all existing inventory is considered current and usable. The reserve was $0 and $5,000 as of September 30, 2014 and 2013.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. For financial statement purposes depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the asset.

Expenditures for replacements, maintenance and repairs that do not extend the lives of the respective assets are charged to expense as incurred. When assets are retired, sold or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are recognized.

As of September 30, 2014 all property and equipment had been fully depreciated.

INCOME TAXES

The Company accounts for income taxes in accordance with accounting guidance now codified as FASB ASC Topic 740, "Income Taxes," which requires that the Company recognizes income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a tax rate change on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company records valuation allowance to reduce net deferred tax assets to the amount considered more likely than not to be realized. Changes in estimates of future taxable income can materially change the amount of such valuation allowances.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax penalties, and interest as a result of such challenge. The federal and state income tax returns of the Company for the years ended September 30, 2014, 2013 and 2012 are subject to examination by the IRS and state taxing authorities generally for three years after they were filed. There are no tax examinations currently in process.

STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted the fair value recognition provisions of Accounting Standards Codification 718-10 "Compensation" (ASC 718-10) using the modified retrospective transition method. ASC 718-10 (formerly SFAS 123R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods. The Company has estimated the fair value of each award as of the date of grant or assumption using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of the Company's stock price. In March 2005, the SEC issued SAB No. 107, Share-Based Payment ("SAB 107"), which provides guidance regarding the interaction of ASC 718-10 and certain SEC rules and regulations. The Company has applied the provisions of SAB 107 in its adoption of ASC 718-10.

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of section 505-50-30 of the FASB Accounting Standards Codification ("FASB ASC Section 505-50-30"). Pursuant to FASB ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

DERIVATIVE INSTRUMENTS

The Company evaluates its convertible debt, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 of the FASB Accounting Standards Codification and paragraph 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Statement of Operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date
and then that fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date. As of September 30, 2014 and 2013 there were no derivative liabilities.

ADVERTISING COSTS

Advertising costs are expensed as incurred. The Company had advertising costs of $2,121 during the year ended September 30, 2014 and $2,458 during the year ended September 30, 2013.

NOTE 2 -RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements issued by the FASB, the AICPA and the SEC, did not, or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3 -GOING CONCERN

During the years ended September 30, 2014 and 2013, and since inception, the Company has experienced cash flow problems. From time-to-time, the Company has experienced difficulties meeting its obligations as they became due. As reflected in the accompanying consolidated financial statements, the Company incurred net losses from operations of approximately $300,000 for the year ended September 30, 2014 and had working capital deficit of approximately $869,000 for the year ended September 30, 2014. The Company also had an accumulated deficit of approximately $12,101,000 and a stockholders' deficit of approximately $871,000 at September 30, 2014.These matters raise substantial doubt about the Company's ability to continue as a going concern.

The Company believes the agreement with Collabria will allow the Company to generate additional income from the sale of ReadyOp software and will assist in expanding the distribution of the AudioMate AM360 line of IP gateway devices. In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management is currently seeking funding from significant shareholders and outside funding sources sufficient to meet its minimal operating expenses. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 -PROPERTY AND EQUIPMENT

The Company's property and equipment as of September 30, 2014 and 2013 consisted of the following:

	2014	2013	ESTIMATED USEFUL LIFE (IN YEARS)
Software	$ 47,823	$ 47,823	4
Network equipment	32,653	32,653	4
RoIP equipment and software	3,873	3,873	5
Office equipment and furniture	30,226	30,226	5
Testing and R & D equipment	21,550	21,550	5
	136,125	136,125	
Less accumulated depreciation	(136,125)	(136,125)	
Net property and equipment	$ 0	$ 0	

Depreciation expense totaled $0 and $2,342 for the years ended September 30, 2014 and 2013, respectively.

NOTE 5 -DEFERRED INCOME TAXES F-12

The Company calculates its deferred tax assets based upon its consolidated net operating loss (NOL) carryovers available to offset future taxable income, net of other tax credit(s) or tax deferred liabilities, if any. No deferred tax assets for the years ended September 30, 2014 and 2013 have been recorded since any available deferred tax assets are fully offset by increases in its valuation allowances. The Company increased its valuation allowance based on its history of consolidated net losses. At September 30, 2014, the Company has net operating loss carryforwards of approximately $11,584,000 that expire through 2031. Should a cumulative change in the ownership of more than 50% occur within a three-year period, there could be an annual limitation on the use of the net operating loss carryforwards.

Deferred income taxes reflect the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes plus any available consolidated, net deferred tax credits. Significant components of the Company's net deferred income tax assets (liabilities) are:

	2014	2013
Consolidated NOL carryover	$ 11,584,000	$ 11,284,000
Deferred tax asset from NOL carryover arising from current net effective tax rate	$ 4,520,000	$ 4,400,000
Net deferred income tax asset	4,520,000	4,400,000
Less: valuation allowance	(4,520,000)	(4,400,000)
Total deferred income tax assets	$ 0.00	$ 0.00

A reconciliation of the Federal and respective State income tax rate as a percentage of income before taxes is as follows:

	2014	2013
Federal statutory income tax rate	34.0%	34.0%
State taxes, net of federal benefit	5.0%	5.0%
Effective rate for deferred tax asset	39.0%	39.0%
Less: Valuation allowance	(39.0%)	(39.0%)
Effective income tax rate	0.0%	0.0%

Management has determined that it is more likely than not that the Company will not use the NOL carryforward and has 100% against the deferred asset. The reserve is based on historical experience of the Company's operations as it has not recognized net income in its current incarnation and there is no indication of any events or conditions that would show that trend will not continue due to the Company's current expectation of expense requirements.

In May 2007, the FASB issued FASB Staff Position ("FSP") FIN 48-1 "Definition of Settlement in FASB Interpretation No. 48" (FSP FIN 48-1). Now codified FASB ASC 740-10-25-9 provides guidance on how to determine whether a tax position is effectively settled for purpose of recognizing previously unrecognized tax benefits. The implementation of this standard did not have a material impact on our consolidated financial position or results of operation.

NOTE 6 -NOTES PAYABLE – STOCKHOLDERS

In April 2013, the Company entered into a promissory note for $10,000 with a stockholder. The note bears a 10% interest rate, is unsecured and is due on December 31, 2015.

In May 2013, the Company entered into two promissory notes for $14,325 with a stockholder. The notes bear a 10% interest rate, are unsecured and are due on December 31, 2015.

As further discussed in Note 8, during the twelve months ended September 30, 2013, the Company repaid approximately $132,000 in notes payable to stockholders through the issuance of 57,481 shares of Series C Convertible Preferred Stock.

During prior years, the Company entered into 3 promissory notes with one stockholder for a total amount of $110,000. The notes bear a 10% interest rate, are unsecured and are due on December 31, 2015.

In November 2013, the Company repaid a note payable to one stockholder for $150,000.

The Company has other notes payable to stockholders totaling $46,413. These notes range in interest from 10% to 15% which are payable quarterly. All of these notes mature December 31, 2015.

Interest expense on notes payable – stockholders was $27,891 in 2014 and $30,984 in 2013.

NOTE 7 - CONVERTIBLE PROMISSORY NOTE AND EMBEDDEDED DERIVATIVE LIABILITIES

The Company had no convertible promissory notes or derivative liabilities outstanding as of September 30, 2014.

The Company previously entered into securities purchase agreements (the “Purchase Agreement”) with an investor and issued convertible promissory notes in the amount of $60,000, $37,500 and $37,500, respectively (the “Notes”).The Notes bore interest at 8% per annum and mature on August 15, October 23, 2012, and May 24, 2013, respectively. The Notes were convertible into unregistered shares of the Company’s common stock (the “Common Stock”), at the Conversion Price, as defined below, in whole, or in part, at any time beginning 180 days after the issuance of the note. The Conversion Price of the Notes was be equal to 58% multiplied by the Variable Conversion Rate which is equal to the average of the three (3) lowest closing bid prices of the Common Stock during the ten (10) trading day period prior to the date of conversion. In any event of default before the maturity date payment is immediately due in the amount 150% of the outstanding unpaid principal along with interest and any penalties.

During October and November 2012, $7,700 of principal was converted to 27,500 shares of common stock. As a result of the partial conversion of the notes, $22,221 was reclassified from derivative liability to additional paid-in capital and a gain on conversion was recognized of $12,842.

On March 8, 2013 the Company paid all of the outstanding principal, accrued interest and penalties totaling $125,000 on three outstanding convertible promissory notes.

Derivative analysis

The Notes were convertible into common stock of the Company at variable conversion rates that provided a fixed return to the note-holder. Under the terms of the notes, the Company could be required to issue additional shares in the event of a default. Due to these provisions, the conversion feature was subject to derivative liability treatment under Section 815-40-15 of the FASB Accounting Standard Codification (“Section 815-40-15”) (formerly FASB Emerging Issues Task Force (“EITF”) 07-5). The Notes were measured at fair value using a lattice model at each reporting period with gains and losses from the change in fair value of derivative liabilities recognized on the consolidated statement of operations. The conversion feature was recorded as a discount to the notes due to the beneficial conversion feature upon origination.

The repayment of the convertible notes effectively removed the derivative liability and the Company recognized a gain of approximately $123,000 and additional paid-in capital of approximately $65,000. The net gain on the change in fair value of the derivative liability was $18,055 for the year ended September 30, 2013.

NOTE 8 -EQUITY TRANSACTIONS

Preferred Stock

In June 2010, the Board of Directors voted to amend the Company’s Articles of Incorporation in order to authorize the issuance of 200 million shares of Preferred Stock with a par value of $0.001 per share. Concurrently, the Board designated the preferred stock as Series A Convertible Preferred Stock. Among other things, the Certificate of Designation of Series A Convertible Preferred (i) authorizes 1,250,000 shares of the Corporation’s preferred stock to be designated “Series A Convertible Preferred Stock (ii) is convertible into the Company's common stock after two years at a conversion price of $0.01 per share at the holder's option (iii) each holder of Series A Preferred Stock is entitled to receive cumulative dividends, payable quarterly in either cash or equivalent shares of common stock at the rate of 8% of $1.00 per annum on each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis.

In August 2012, the Board of Directors voted to amend the Company’s Articles of Incorporation to designate the Series B Preferred Stock setting forth the rights and preferences of the Series B Preferred Stock. Among other things, the Certificate of Designation (i) authorizes 10 (ten) shares of the Corporations preferred stock to be designated as Series B Preferred Stock; (ii)grants no conversion rights to the holders of the Series B Preferred Stock; (iii) provides the holders of Series B Preferred Stock shall vote with the holders of the Corporation’s common stock and any class or series of capital stock of the Corporation hereafter created; and (iv) provides that if at least on share of Series B Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series B Preferred stock at any given time, regardless of their number, shall have voting rights equal to two (2) times the sum of: i) the total number of shares of Common Stock which are issued and outstanding at the time of voting, plus ii)the total number of shares of any Preferred Stocks which are issued and outstanding at the time of voting.

In October 2012, the Board of Directors voted to amend the Company’s Articles of Incorporation to designate the Series C and Series D Convertible Preferred Stock setting forth the rights and preferences of the Series C and D Convertible Preferred Stock, par value $.00001 per share. Among other things, the Certificate of Designation for the Series C Preferred (i) authorizes fifty million (50,000,000) shares of the Corporation’s preferred stock to be designated as “Series C Convertible Preferred Stock”; (ii) grants conversion rights to the holders of the Series C Preferred Stock; (iii) provides that each share of Series C Preferred Stock shall ten votes for any election or other vote placed before the shareholders of the Corporation; (iv) provides for anti-dilutive rights; (v) provides for liquidation rights; (vi) establishes the initial price at $2.50 per share; (vii) entitles the holder of the Series C Preferred Stock to receive dividends when, as and if declared by the Board of Directors. Among other things, the Certificate of Designation for the Series D Preferred (i) authorizes ten million (10,000,000) shares of the Corporation’s preferred stock to be designated as “Series D Convertible Preferred Stock”; (ii) grants conversion rights to the holders of the Series D Preferred Stock; (iii) provides that each share of Series D Preferred Stock shall ten votes for any election or other vote placed before the shareholders of the Corporation; (iv) provides for anti-dilutive rights; (v) provides for liquidation rights; (vi) establishes the initial price at $5.00 per share; (vii) entitles the holder of the Series D Preferred Stock to receive dividends when, as and if declared by the Board of Directors.

Preferred Share Designations

In December 2013, the Board of Directors voted to amend the Company’s Articles of Incorporation to change the conversion rights of the Series C and Series D Convertible Preferred Stock. Each share of the Series C and Series D Preferred Stock is convertible into five shares of common stock.

In October 2012, the Company issued 14,000 shares of series C Preferred stock for cash proceeds of $35,000.

During the year ended September 30, 2013, the Company entered into exchange agreements with 82 common stockholders to exchange 61,434 shares of common stock into 2,190,045 shares of Series C Convertible Preferred stock. The total fair value of the Series C Convertible Preferred Stock issued as consideration in the exchange was approximately $1,287,000. The total market value of the common stock exchanged was approximately $21,100. The Company recognized a loss for the difference between the consideration given and the market value of the stock of approximately $1,266,000. The Company will cancel all shares of common stock received in the exchange.

Between October and December 2012, three note-holders converted $143,703 in principal and accrued interest into 57,481 shares of Series C Convertible Preferred stock valued at $41,961. The Company recognized a gain on the conversions of

$101,742.

During the year ended September 30, 2013, the Company issued 24,000 shares of Series C Convertible Preferred stock to 2 consultants for services valued at $17,520. The Company also converted $623,215 in accounts payable into 211,786 shares of Series C Convertible Preferred stock valued at $136,883. The Company recognized a gain of $357,543 on the conversion of accounts payable and accrued expenses.

During the year ended September 30, 2013, the Company issued 32,595 shares of Series C Convertible Preferred stock warrant and option holders for the cancellation of 5,162 warrants and 399 options. The Company recognized a loss on the exchange of $7,769.

During the year ended September 30, 2014, the company issued 35,000 shares of Series C Convertible Preferred stock to a consulting firm for services valued at $10,000.

Dividends payable on Series A Convertible Preferred Stock of approximately $124,860 and $84,925 are included in Accrued Expenses as of September 30, 2014 and 2013, respectively.

Common Stock

On September 13, 2012, the Board of Directors voted to increase the Company's authorized shares of common stock to 5,000,000,000 shares and to decrease the par value to $.00001 per share.

Common Stock issued for services

In October 2012, the Company issued 1,000,000 shares of restricted common stock to the Company's CEO under the terms of an employment agreement for services valued at $909,000.

In October 2012, the Company issued 25,000 shares of common stock to a consultant for professional services valued at $22,728.

In March 2013, the Company issued 5,800,000 shares of common stock to nine consultants for services to be rendered valued at a total of $580,000.

In July 2013, the Company issued 1,000,000 shares of common stock to nine consultants for services to be rendered valued at a total of $50,000.

Common stock issued for conversion of accounts payable and accrued expenses

In October 2012, the Company issued 141,666 shares of common stock to five consultants for the conversion of $93,750 of accounts payable. The Company recognized a loss on the conversion of accounts payable of $35,037.

Common Stock issued in lieu of cash dividends

In September 2012, the Company issued 7,117 shares of the Company's common stock in lieu of accrued dividends due to the stockholder in the amount of approximately $106,745.

Common stock issued for conversion of preferred stock

In January 2013, the CEO of the Company exercised the conversion of 8,000 shares of Series C Preferred stock at the stated conversion rate of 250,000 shares of common stock for each share of Series C Preferred stock resulting in the issuance of 2,000,000,000 restricted shares of common stock.

In February 2013, a shareholder converted 250,000 shares of Series A Preferred stock into 25,000,000 shares of common stock.

In March 2013, five shareholders converted a total of 250,000 shares of Series A Preferred Stock into 25,000,000 shares of common stock.

In February 2014, 3 shareholders converted 75,358 shares of Series C Convertible Preferred stock into 376,790 shares of common stock and 1 shareholder converted 100,000 shares of Series A Convertible preferred stock into 10,000,000 shares of common stock.

In April 2014, 3 shareholders converted 110,894 shares of Series C Convertible Preferred stock into 554,470 shares of common stock.

Common Stock issued for conversion of notes payable

During October and November 2012, a noteholder converted $7,700 of a convertible promissory note into 27,501 shares of the Company's common stock.

Common stock issued for cash

In November 2013, the Company issued 40,000,000 shares of common stock to one shareholder for $200,000 in cash.

In December 2013, the Company issued 10,000,000 shares of common stock to one shareholder for $100,000 in cash.

In April 2014, the Company issued 5,000,000 shares of common stock to 2 shareholders for $50,000 in cash.

In June 2014, the Company issued 900,000 shares of common stock to 2 shareholders for $9,000 in cash.

Consultant Stock Plans

During the year ended September 30, 2011, the Company adopted the Cleartronic, Inc. 2011 Consultant Stock Plan to assist the Company in obtaining and retaining the services of persons providing consulting services to the Company. In April 2011, the Company filed a registration statement with the Securities and Exchange Commission registering 6,666 shares of the Company's common stock for issuance under the plan.

During the year ended September 30, 2005, the Company adopted the GlobalTel IP, Inc. 2005 Incentive Equity Plan (the "Plan") allocating up to 1,666 shares of the Company's common stock to offer incentives to key employees, contractors, directors and officers.

The following table summarizes information about stock options outstanding at September 30, 2014:

	Stock Options	
	Options	Wtd. Avg. Exercise Price
Outstanding at September 30, 2012	2,183	$189.00
Granted/Issued	--	--
Exercised	--	--
Expired/Canceled	(399)	$135.00
Outstanding at September 30, 2013	1,784	$196.00
Granted/Issued	--	--
Exercised	--	--
Expired/Canceled	(1,617)	$196.00
Outstanding at September 30, 2014	167	$90.00

The following table summarizes the number of outstanding options with their corresponding contractual life, as well as the exercisable weighted average (WA) outstanding exercise price, and number of vested options with the corresponding exercise price by price range.

	Outstanding			Exercisable	
Range	Outstanding Options	WA Remaining Contractual Life	WA Outstanding Exercise Price	Vested Options	WA Vested Exercise Price
$0.00 to $0.030	167	1.25 yrs	$90.00	167	$90.00

In October 2010, the 2005 Incentive Equity Plan expired. During the year ended September 30, 2014, the Company granted no options, and 1,617 options expired.

No outstanding options were held by officers as of September 30, 2014. Outstanding options held by officers as of September 30, 2013 amounted to 583.

Warrants

During the year ended September 30, 2014 no warrants were issued and 5,496 warrants were cancelled or expired.

During the year ended September 30, 2013 no warrants were issued and 4,579 warrants were cancelled or expired.

The following is a summary of the Company’s warrant activity:

	Warrants	Weighted average exercise price
Outstanding at September 30, 2012	10.075	$ 167.07
Granted	0	$ 0.00
Expired/Cancelled	(5,496)	$ 195.00
Outstanding at September 30, 2013	4,579	$ 167.07
Granted	0	$ 0.00
Expired/Cancelled	(4,579)	$ 167.07
Outstanding at September 30, 2014	0	
Warrants exercisable at September 30, 2014	0	
Warrants outstanding at September 30, 2014	0	

NOTE 9 - COMMITMENTS AND CONTINGENCIES

OBLIGATIONS UNDER OPERATING LEASES

The Company leases approximately 1,700 square feet for its principal offices in Boca Raton, Florida at a monthly rental of approximately $3,200. The lease, which provides for annual increases of base rent of 4%, expires on November 30, 2018.

The Company subleased a portion of its principal offices to a third party on a month to month basis until November 30, 2014 at which time the sublessee negotiated its own lease . For the years ended September 30, 2014 and 2013 the Company’s rent was reduced by approximately $30,000 and $26,000 as a result of the sublease agreement.

Future lease commitments are as follows for the years ended September 30:

2015	$40,640
2016	41,260
2017	41,880
2018	43,560
Total	$166,340

Rental expense incurred during the years ended September 30, 2014 and 2013 was $51,549 and $56,212, respectively.

MAJOR CUSTOMERS

Approximately 44% and 36% of the Company's revenues for the years ended September 30, 2014 and 2013 was derived from 3 customers, respectively.

MAJOR SUPPLIER AND SOLE MANUFACTURING SOURCE

During 2014, the Company developed a proprietary interoperable communications solution. Prior to 2014, the Company’s unified group communication services business relied primarily on one major vendor to supply its software development platform. During the year ended September 30, 2013, purchases from this vendor represented approximately 17% of the total cost of revenue. The Company had no purchases from this vendor in the year ended September 30, 2014. The Company has contracted with a single local manufacturing facility to provide completed circuit boards used in the assembly of its IP gateway devices. Interruption to the manufacturing source presents additional risk to the Company. The Company believes that other commercial facilities exist at competitive rates to match the resources and capabilities of its existing manufacturing source.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 13, 2015, which is the date the consolidated financial statements were issued.

Common stock issued for conversion of preferred stock

In October 2014, a shareholder converted 20,000 shares of Series A Convertible Preferred stock into 2,000,000 shares of common stock.

In October 2014, a shareholder converted 20,000 shares of Series C Convertible Preferred stock into 100,000 shares of common stock.

In November 2014, a shareholder converted 10,000 shares of Series A Convertible Preferred stock into 1,000,000 shares of common stock.

In December 2014, a shareholder converted 12,500 shares of Series A Convertible Preferred stock into 1,250,000 shares of common stock.

Common stock issued for cash

In November 2014, a shareholder purchased 2,500,000 shares of common stock for $25,000 in cash.

Convertible promissory note

In December 2014, the Company entered into a Securities Purchase Agreement with a private investor in connection with the issuance of a 8% convertible promissory note in the amount of $38,000. The note matures on September 3, 2015 and is convertible into shares of the Company's common stock at a variable conversion price (58% multiplied by the market price) that is equal to the average of the three (3) lowest closing bid prices of the Common Stock during the ten (10) trading day period prior to the date of conversion. The Note also contain prepayment option whereby the Company may make payments to the holder based on the length of time the Note have been outstanding, upon three (3) trading days' prior written notice to the holder.

During the first 30 days, the Company may make a payment to the holder equal to 115% of the then outstanding unpaid principal and interest, from days 31 until 60 days, the Company may make a payment to the holder equal to 120% of the then outstanding unpaid principal and interest, from days 61 until 90 days, the Company may make a payment to the holder equal to 125% of the then outstanding unpaid principal and interest, from days 91 until 120 days the Company may make a payment to the holder equal to 130% of the then outstanding unpaid principal and interest, from days 121 until 150 days, the Company may make a payment to the holder equal to 135% of the then outstanding unpaid principal and interest, from days 151 until 180 days, the Company may make a payment to the holder equal to 140% of the then outstanding unpaid principal and interest, after 180 days, the Company has no right of prepay. In the event of default before the maturity dates, the payment is immediately due, in the amount of 22% of the outstanding unpaid principal, along with interest and any penalties.

Exhibit 10.8

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the "Agreement"), dated as of , by and between , a corporation, with headquarters located at , (the "Company"), and **KBM WORLDWIDE, INC.**, a New York corporation, with its address at 80 Cuttermill Road, Suite 410, Great Neck, NY 11021 (the "Buyer").

WHEREAS:

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act");

B. Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement an 8% convertible note of the Company, in the form attached hereto as Exhibit A, in the aggregate principal amount of $ (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the "Note"), convertible into shares of common stock, $ par value per share, of the Company (the "Common Stock"), upon the terms and subject to the limitations and conditions set forth in such Note.

C. The Buyer wishes to purchase, upon the terms and conditions stated in this Agreement, such principal amount of Note as is set forth immediately below its name on the signature pages hereto; and

NOW THEREFORE, the Company and the Buyer severally (and not jointly) hereby agree as follows:

1. Purchase and Sale of Note.

a. Purchase of Note. On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company such principal amount of Note as is set forth immediately below the Buyer's name on the signature pages hereto.

b. Form of Payment. On the Closing Date (as defined below), (i) the Buyer shall pay the purchase price for the Note to be issued and sold to it at the Closing (as defined below) (the "Purchase Price") by wire transfer of immediately available funds to the Company, in accordance with the Company's written wiring instructions, against delivery of the Note in the principal amount equal to the Purchase Price as is set forth immediately below the Buyer's name on the signature pages hereto, and (ii) the Company shall deliver such duly executed Note on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

c. Closing Date. Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 6 and Section 7 below, the date and time of the issuance and sale of the Note pursuant to this Agreement (the "Closing Date") shall be 12:00 noon, Eastern Standard Time on or about , or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the "Closing") shall occur on the Closing Date at such location as may be agreed to by the parties.

2. Buyer's Representations and Warranties. The Buyer represents and warrants to the Company that:

a. Investment Purpose. As of the date hereof, the Buyer is purchasing the Note and the shares of Common Stock issuable upon conversion of or otherwise pursuant to the Note (including, without limitation, such additional shares of Common Stock, if any, as are issuable (i) on account of interest on the Note, (ii) as a result of the events described in Sections 1.3 and 1.4(g) of the Note or (iii) in payment of the Standard Liquidated Damages Amount (as defined in Section 2(f) below) pursuant to this Agreement, such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act; provided, however, that by making the representations herein, the Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor").

c. Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. Information. The Buyer and its advisors, if any, have been, and for so long as the Note remain outstanding will continue to be, furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by the Buyer or its advisors. The Buyer and its advisors, if any, have been, and for so long as the Note remain outstanding will continue to be, afforded the opportunity to ask questions of the Company. Notwithstanding the foregoing, the Company has not disclosed to the Buyer any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Buyer. Neither such inquiries nor any other due diligence investigation conducted by Buyer or any of its advisors or representatives shall modify, amend or affect Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. The Buyer understands that its investment in the Securities involves a significant degree of risk. The Buyer is not aware of any facts that may constitute a breach of any of the Company's representations and warranties made herein.

e. Governmental Review. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

f. Transfer or Re-sale. The Buyer understands that (i) the sale or re-sale of the Securities has not been and is not being registered under the 1933 Act or any applicable state securities laws, and the Securities may not be transferred unless (a) the Securities are sold pursuant to an effective registration statement under the 1933 Act, (b) the Buyer shall have delivered to the Company, at the cost of the Buyer, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in comparable transactions to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration, which opinion shall be accepted by the Company, (c) the Securities are sold or transferred to an "affiliate" (as defined in Rule 144 promulgated under the 1933 Act (or a successor rule) ("Rule 144")) of the Buyer who agrees to sell or otherwise transfer the Securities only in accordance with this Section 2(f) and who is an Accredited Investor, (d) the Securities are sold pursuant to Rule 144, or (e) the Securities are sold pursuant to Regulation S under the 1933 Act (or a successor rule) ("Regulation S"), and the Buyer shall have delivered to the Company, at the cost of the Buyer, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in corporate transactions, which opinion shall be accepted by the Company; (ii) any sale of such Securities made in reliance on Rule 144 may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any re-sale of such Securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register such Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder (in each case). Notwithstanding the foregoing or anything else contained herein to the contrary, the Securities may be pledged as collateral in connection with a bona fide margin account or other lending arrangement.

g. Legends. The Buyer understands that the Note and, until such time as the Conversion Shares have been registered under the 1933 Act may be sold pursuant to Rule 144 or Regulation S without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Conversion Shares may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such Securities):

"NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the

holder of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to Rule 144 or Regulation S without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Buyer agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not accept the opinion of counsel provided by the Buyer with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144 or Regulation S, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

h. Authorization; Enforcement. This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Buyer, and this Agreement constitutes a valid and binding agreement of the Buyer enforceable in accordance with its terms.

i. Residency. The Buyer is a resident of the jurisdiction set forth immediately below the Buyer's name on the signature pages hereto.

3. Representations and Warranties of the Company. The Company represents and warrants to the Buyer that:

a. Organization and Qualification. The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. Schedule 3(a) sets forth a list of all of the Subsidiaries of the Company and the jurisdiction in which each is incorporated. The Company and each of its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. "Material Adverse Effect" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

b. Authorization; Enforcement. (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note and the issuance and reservation for issuance of the Conversion Shares issuable upon conversion or exercise thereof) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note, each of such instruments will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

c. Capitalization. As of the date hereof, the authorized capital stock of the Company consists of: (i) authorized shares of Common Stock, $ par value per share, of which shares are issued and outstanding; and (ii) Series A preferred stock - $.001 par value; 200,000,000 shares authorized; 474,000 shares issued and outstanding; and (iii) Series B preferred stock - $.00001 par value; 10 shares authorized; 1 share issued and outstanding; and (iv) Series C preferred stock - $.00001 par value; 50,000,000 shares authorized; 2,406,191 shares issued and outstanding; (v) Series D preferred stock - $.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding; no shares are reserved for issuance pursuant to the Company's stock option plans, no shares are reserved for issuance pursuant to securities (other than the Note) exercisable for, or convertible into or exchangeable for shares of Common Stock and shares are reserved for issuance upon conversion of the Note. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the shareholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. As of the effective date of this Agreement, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries, (ii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Note or the Conversion Shares. The Company has furnished to the Buyer true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof ("Certificate of Incorporation"), the Company's By-laws, as in effect on the date hereof (the "By-laws"), and the terms of all securities convertible into or exercisable for Common Stock of the Company and the material rights of the holders thereof in respect thereto. The Company shall provide the Buyer with a written update of this representation signed by the Company's Chief Executive on behalf of the Company as of the Closing Date.

d. Issuance of Shares. The Conversion Shares are duly authorized and reserved for issuance and, upon conversion of the Note in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

e. Acknowledgment of Dilution. The Company understands and acknowledges the potentially dilutive effect to the Common Stock upon the issuance of the Conversion Shares upon conversion of the Note. The Company further acknowledges that its obligation to issue Conversion Shares upon conversion of the Note in accordance with this Agreement, the Note is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

f. No Conflicts. The execution, delivery and performance of this Agreement, the Note by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance of the Conversion Shares) will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). Neither the Company nor any of its Subsidiaries is in violation of its Certificate of Incorporation, By-laws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time or both could put the Company or any of its Subsidiaries in default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Buyer owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. Except as specifically contemplated by this Agreement and as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental

agency, regulatory agency, self regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement, the Note in accordance with the terms hereof or thereof or to issue and sell the Note in accordance with the terms hereof and to issue the Conversion Shares upon conversion of the Note. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. If the Company is listed on the OTCBB, the Company is not in violation of the listing requirements of the Over-the-Counter Bulletin Board (the "OTCBB") and does not reasonably anticipate that the Common Stock will be delisted by the OTCBB in the foreseeable future. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

g. SEC Documents; Financial Statements. The Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). Upon written request the Company will deliver to the Buyer true and complete copies of the SEC Documents, except for such exhibits and incorporated documents. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to , and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. The Company is subject to the reporting requirements of the 1934 Act.

h. Absence of Certain Changes. Since , there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

i. Absence of Litigation. There is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. Schedule 3(i) contains a complete list and summary description of any pending or, to the knowledge of the Company, threatened proceeding against or affecting the Company or any of its Subsidiaries, without regard to whether it would have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

j. Patents, Copyrights, etc. The Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, trademarks, trademark applications, service marks, service names, trade names and copyrights ("Intellectual Property") necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future); there is no claim or action by any person pertaining to, or proceeding pending, or to the Company's knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future); to the best of the Company's knowledge, the Company's or its Subsidiaries' current and intended products, services and processes do not infringe on any Intellectual Property or other rights held by any person; and the Company is unaware of any facts or circumstances which might give rise to any of the foregoing. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of their Intellectual Property.

k. No Materially Adverse Contracts, Etc. Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's officers has or is expected to have a Material Adverse Effect.

l. Tax Status. The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is

subject (unless and only to the extent that the Companyand each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. None of the Company's tax returns is presently being audited by any taxing authority.

m. Certain Transactions. Except for arm's length transactions pursuant to which the Company or any of its Subsidiaries makes payments in the ordinary course of business upon terms no less favorable than the Company or any of its Subsidiaries could obtain from third parties and other than the grant of stock options disclosed on Schedule 3(c), none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

n. Disclosure. All information relating to or concerning the Company or any of its Subsidiaries set forth in this Agreement and provided to the Buyer pursuant to Section 2(d) hereof and otherwise in connection with the transactions contemplated hereby is true and correct in all material respects and the Company has not omitted to state any material fact necessary in order to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or exists with respect to the Company or any of its Subsidiaries or its or their business, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed (assuming for this purpose that the Company's reports filed under the 1934 Act are being incorporated into an effective registration statement filed by the Company under the 1933 Act).

o. Acknowledgment Regarding Buyer' Purchase of Securities. The Company acknowledges and agrees that the Buyer is acting solely in the capacity of arm's length purchasers with respect to this

Agreement and the transactions contemplated hereby. The Company further acknowledges that the Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any statement made by the Buyer or any of its respective representatives or agents in connection with this Agreement and the transactions contemplated hereby is not advice or a recommendation and is merely incidental to the Buyer' purchase of the Securities. The Company further represents to the Buyer that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the Company and its representatives.

p. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Buyer. The issuance of the Securities to the Buyer will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

q. No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

r. Permits; Compliance. The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Company Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Since , neither the Company nor any of its Subsidiaries has received any notification with respect to possible conflicts, defaults or violations of applicable laws, except for notices relating to possible conflicts, defaults or violations, which conflicts, defaults or violations would not have a Material Adverse Effect.

s. Environmental Matters.

(i) There are, to the Company's knowledge, with respect to the Company or any of its Subsidiaries or any predecessor of the Company, no past or present violations of Environmental Laws (as defined below), releases of any material into the environment, actions, activities, circumstances, conditions, events, incidents, or contractual obligations which may give rise to any common law environmental liability or any

liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or similar federal, state, local or foreign laws and neither the Company nor any of its Subsidiaries has received any notice with respect to any of the foregoing, nor is any action pending or, to the Company's knowledge, threatened in connection with any of the foregoing. The term "Environmental Laws" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(ii) Other than those that are or were stored, used or disposed of in compliance with applicable law, no Hazardous Materials are contained on or about any real property currently owned, leased or used by the Company or any of its Subsidiaries, and no Hazardous Materials were released on or about any real property previously owned, leased or used by the Company or any of its Subsidiaries during the period the property was owned, leased or used by the Company or any of its Subsidiaries, except in the normal course of the Company's or any of its Subsidiaries' business.

(iii) There are no underground storage tanks on or under any real property owned, leased or used by the Company or any of its Subsidiaries that are not in compliance with applicable law.

t. Title to Property. The Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as are described in Schedule 3(t) or such as would not have a Material Adverse Effect. Any real property and facilities held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not have a Material Adverse Effect.

u. Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect. Upon written request the Company will provide to the Buyer true and correct copies of all policies relating to directors' and officers' liability coverage, errors and omissions coverage, and commercial general liability coverage.

v. Internal Accounting Controls. The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient, in the judgment of the Company's board of directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

w. Foreign Corrupt Practices. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of his actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

x. Solvency. The Company (after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable liabilities on its existing debts as they become absolute and matured) and currently the Company has no information that would lead it to reasonably conclude that the Company would not, after giving effect to the transaction contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. The Company did not receive a qualified opinion from its auditors with respect to its most recent fiscal year end and, after giving effect to the transactions contemplated by this Agreement, does not anticipate or know of any basis upon which its auditors might issue a qualified opinion in respect of its current fiscal year.

y. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an "investment company" required to be registered under the Investment Company Act of 1940 (an "Investment Company"). The Company is not controlled by an Investment Company.

z. Breach of Representations and Warranties by the Company. If the Company breaches any of the representations or warranties set forth in this Section 3, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an Event of default under Section 3.4 of the Note.

4. COVENANTS.

a. Best Efforts. The parties shall use their best efforts to satisfy timely each of the conditions described in Section 6 and 7 of this Agreement.

b. Form D; Blue Sky Laws. The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to the Buyer promptly after such filing. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary to qualify the Securities for sale to the Buyer at the applicable closing pursuant to this Agreement under applicable securities or "blue sky" laws of the states of the United States (or to obtain an exemption from such qualification), and shall provide evidence of any such action so taken to the Buyer on or prior to the Closing Date.

c. Use of Proceeds. The Company shall use the proceeds for general working capital purposes.

d. Right of First Refusal. Unless it shall have first delivered to the Buyer, at least seventy two (72) hours prior to the closing of such Future Offering (as defined herein), written notice describing the proposed Future Offering ("ROFR Notice"), including the terms and conditions thereof, identity of the proposed purchaser and proposed definitive documentation to be entered into in connection therewith, and providing the Buyer an option during the seventy two (72) hour period following delivery of such notice to purchase the securities being offered in the Future Offering on the same terms as contemplated by such Future Offering (the limitations referred to in this sentence and the preceding sentence are collectively referred to as the "Right of First Refusal") (and subject to the exceptions described below), the Company will not conduct any equity (or debt with an equity component) financing in an amount less than $100,000 ("Future Offering(s)") during the period beginning on the Closing Date and ending six (6) months following the Closing Date. Notwithstanding anything contained herein to the contrary, the Company shall not consummate any Future Offering with an investor, or an affiliate of such investor (collectively "Prospective Investor"), identified on an ROFR Notice whereby the Buyer exercised its Right of First Refusal for a period of forty (45) days following such exercise; and any subsequent offer by a Prospective Investor is subject to this Section 4(d) and the Right of First Refusal. In the event the terms and conditions of a proposed Future Offering are amended in any respect after delivery of the notice to the Buyer concerning the proposed Future Offering, the Company shall deliver a new notice to the Buyer describing the amended terms and conditions of the proposed Future Offering and

the Buyer thereafter shall have an option during the seventy two (72) hour period following delivery of such new notice to purchase its pro rata share of the securities being offered on the same terms as contemplated by such proposed Future Offering, as amended. The foregoing sentence shall apply to successive amendments to the terms and conditions of any proposed Future Offering. The Right of First Refusal shall not apply to any transaction involving (i) issuances of securities in a firm commitment underwritten public offering (excluding a continuous offering pursuant to Rule 415 under the 1933 Act) or (ii) issuances of securities as consideration for a merger, consolidation or purchase of assets, or in connection with any strategic partnership or joint venture (the primary purpose of which is not to raise equity capital), or in connection with the disposition or acquisition of a business, product or license by the Company. The Right of First Refusal also shall not apply to the issuance of securities upon exercise or conversion of the Company's options, warrants or other convertible securities outstanding as of the date hereof or to the grant of additional options or warrants, or the issuance of additional securities, under any Company stock option or restricted stock plan approved by the shareholders of the Company.

e. Expenses. At the Closing, the Company shall reimburse Buyer for expenses incurred by them in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the other agreements to be executed in connection herewith ("Documents"), including, without limitation, reasonable attorneys' and consultants' fees and expenses, transfer agent fees, fees for stock quotation services, fees relating to any amendments or modifications of the Documents or any consents or waivers of provisions in the Documents, fees for the preparation of opinions of counsel, escrow fees, and costs of restructuring the transactions contemplated by the Documents. When possible, the Company must pay these fees directly, otherwise the Company must make immediate payment for reimbursement to the Buyer for all fees and expenses immediately upon written notice by the Buyer or the submission of an invoice by the Buyer. The Company's obligation with respect to this transaction is to reimburse Buyer' expenses shall be $.

f. Financial Information. Upon written request the Company agrees to send or make available the following reports to the Buyer until the Buyer transfers, assigns, or sells all of the Securities: (i) within ten (10) days after the filing with the SEC, a copy of its Annual Report on Form 10-K its Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K; (ii) within one (1) day after release, copies of all press releases issued by the Company or any of its Subsidiaries; and (iii) contemporaneously with the making available or giving to the shareholders of the Company, copies of any notices or other information the Company makes available or gives to such shareholders.

g. [INTENTIONALLY DELETED]

h. Listing. The Company shall promptly secure the listing of the Conversion Shares upon each national securities exchange or automated quotation system, if any, upon which shares of Common Stock are

then listed (subject to official notice of issuance) and,so long as the Buyer owns any of the Securities, shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Conversion Shares from time to time issuable upon conversion of the Note. The Company will obtain and, so long as the Buyer owns any of the Securities, maintain the listing and trading of its Common Stock on the OTCBB or any equivalent replacement exchange or electronic quotation system (including but not limited to the Pink Sheets electronic quotation system) and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Financial Industry Regulatory Authority ("FINRA") and such exchanges, as applicable. The Company shall promptly provide to the Buyer copies of any notices it receives from the OTCBB and any other exchanges or electronic quotation systems on which the Common Stock is then traded regarding the continued eligibility of the Common Stock for listing on such exchanges and quotation systems.

i. Corporate Existence. So long as the Buyer beneficially owns any Note, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except in the event of a merger or consolidation or sale of all or substantially all of the Company's assets, where the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the agreements and instruments entered into in connection herewith and (ii) is a publicly traded corporation whose Common Stock is listed for trading on the Pink Sheets, OTCQX, OTCBB, Nasdaq, Nasdaq SmallCap, NYSE or AMEX.

j. No Integration. The Company shall not make any offers or sales of any security (other than the Securities) under circumstances that would require registration of the Securities being offered or sold hereunder under the 1933 Act or cause the offering of the Securities to be integrated with any other offering of securities by the Company for the purpose of any stockholder approval provision applicable to the Company or its securities.

k. Breach of Covenants. If the Company breaches any of the covenants set forth in this Section 4, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an event of default under Section 3.4 of the Note.

l. Failure to Comply with the 1934 Act. So long as the Buyer beneficially owns the Note, the Company shall comply with the reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act.

m. Trading Activities. Neither the Buyer nor its affiliates has an open short position in the common stock of the Company and the Buyer agree that it shall not, and that it will cause its affiliates not to, engage in any short sales of or hedging transactions with respect to the common stock of the Company.

5. Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the Conversion Shares in such amounts as specified from time to time by the Buyer to the Company upon conversion of the Note in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions"). In the event that the Borrower proposes to replace its transfer agent, the Borrower shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to Rule 144 without any restriction as to the number of Securities as of a particular date that can then be immediately sold, all such certificates shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, and stop transfer instructions to give effect to Section 2(f) hereof (in the case of the Conversion Shares, prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to Rule 144 without any restriction as to the number of Securities as of a particular date that can then be immediately sold), will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing)(electronically or in certificated form) any certificate for Conversion Shares to be issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement. Nothing in this Section shall affect in any way the Buyer's obligations and agreement set forth in Section 2(g) hereof to comply with all applicable prospectus delivery requirements, if any, upon re-sale of the Securities. If the Buyer provides the Company, at the cost of the Buyer, with (i) an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act and such sale or transfer is effected or (ii) the Buyer provides reasonable assurances that the Securities can be sold pursuant to Rule 144, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Buyer. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm

to the Buyer, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. Conditions to the Company's Obligation to Sell. The obligation of the Company hereunder to issue and sell the Note to the Buyer at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

a. The Buyer shall have executed this Agreement and delivered the same to the Company.

b. The Buyer shall have delivered the Purchase Price in accordance with Section 1(b) above.

c. The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Date.

d. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

7. Conditions to The Buyer's Obligation to Purchase. The obligation of the Buyer hereunder to purchase the Note at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

a. The Company shall have executed this Agreement and delivered the same to the Buyer.

b. The Company shall have delivered to the Buyer the duly executed Note (in such denominations as the Buyer shall request) in accordance with Section 1(b) above.

c. The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to a majority-in-interest of the Buyer, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent.

d. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Buyer shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer including, but not limited to certificates with respect to the Company's Certificate of Incorporation, By-laws and Board of Directors' resolutions relating to the transactions contemplated hereby.

e. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

f. No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

g. The Conversion Shares shall have been authorized for quotation on the OTCBB and trading in the Common Stock on the OTCBB shall not have been suspended by the SEC or the OTCBB.

h. The Buyer shall have received an officer's certificate described in Section 3(c) above, dated as of the Closing Date.

8. Governing Law; Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of New York or in the federal courts located in the state and county of Nassau. The parties to this

Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Company and Buyer waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

b. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

c. Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the majority in interest of the Buyer.

f. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise

specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Company, to:

Attn:
facsimile: [enter fax number]

With a copy by fax only to (which copy shall not constitute notice):
[enter name of law firm]
Attn: [attorney name]
[enter address line 1]
[enter city, state, zip]
facsimile: [enter fax number]

If to the Buyer:
KBM WORLDWIDE, INC.
80 Cuttermill Road – Suite 410
Great Neck, NY 11021
Attn: Seth Kramer, President
e-mail: info@kwbmlaw.com

With a copy by fax only to (which copy shall not constitute notice):
Naidich Wurman Birnbaum & Maday LLP
Att: Judah A. Eisner, Esq.
Attn: Bernard S. Feldman, Esq.
facsimile: 516-466-3555
e-mail: dyork@nwbmlaw.com

Each party shall provide notice to the other party of any change in address.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, subject to Section 2(f), the Buyer may assign its rights hereunder to any person that purchases Securities in a private transaction from the Buyer or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

j. Publicity. The Company, and the Buyer shall have the right to review a reasonable period of time before issuance of any press releases, SEC, OTCBB or FINRA filings, or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Buyer, to make any press release or SEC, OTCBB (or other applicable trading market) or FINRA filings with respect to such transactions as is required by applicable law and regulations (although the Buyer shall be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof and be given an opportunity to comment thereon).

k. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

l. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

m. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

By:_____

KBM WORLDWIDE, INC.

By:
Name: Seth Kramer
Title: President
80 Cuttermill Road – Suite 410
Great Neck, NY 11021

AGGREGATE SUBSCRIPTION AMOUNT:

Aggregate Principal Amount of Note: $

Aggregate Purchase Price: $

lreid@cleartronic.com

EXHIBIT 10.9

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Principal Amount: $38,000 **Issue Date: December 1, 2014**

Purchase Price: $38,000

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, , a corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of **KBM WORLDWIDE, INC.**, a New York corporation, or registered assigns (the "Holder") the sum of $ together with any interest as set forth herein, on (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof at the rate of eight percent (8%) (the "Interest Rate") per annum from the date hereof (the "Issue Date") until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid ("Default Interest"). Interest shall commence accruing on the date that the Note is fully paid and shall be computed on the basis of a 365-day year and the actual number of days elapsed. All payments due hereunder (to the extent not converted into common stock, $ par value per share (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the

Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date. As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the "Purchase Agreement").

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

ARTICLE I. CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount (as defined in Article III) pursuant to Section 1.6(a) or Article III, each in respect of the remaining outstanding principal amount of this Note to convert all or any part of the outstanding and unpaid principal amount of this Note into fully paid and non- assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price (the "Conversion Price") determined as provided herein (a "Conversion"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise

provided in clause (1) of such proviso, provided, further, however, that the limitations on conversion may be waived by the Holder upon, at the election of the Holder, not less than 61 days' prior notice to the Borrower, and the provisions of the conversion limitation shall continue to apply until such 61st day (or such later date, as determined by the Holder, as may be specified in such notice of waiver). The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"). The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof.

1.2 Conversion Price.

(a) Calculation of Conversion Price. The Conversion Price shall be the greater of: (i) the Variable Conversion Price (as defined herein) and (ii) the Fixed Conversion Price (as defined herein) (subject, in each case, to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events).The "Variable Conversion Price" shall mean % multiplied by the Market Price (as defined herein)(representing a discount rate of %). "Market Price" means the average of the lowest three (3) Trading Prices (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the last complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the Over-the-Counter Bulletin Board, Pink Sheets electronic quotation system or applicable trading market (the "OTC") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the OTC is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets". If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes

being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTC, or on the principal securities exchange or other securities market on which the Common Stock is then being traded. The Fixed Conversion Price shall mean $0.00005.

(b) Conversion Price During Major Announcements. Notwithstanding anything contained in Section 1.2(a) to the contrary, in the event the Borrower (i) makes a public announcement that it intends to consolidate or merge with any other corporation (other than a merger in which the Borrower is the surviving or continuing corporation and its capital stock is unchanged) or sell or transfer all or substantially all of the assets of the Borrower or (ii) any person, group or entity (including the Borrower) publicly announces a tender offer to purchase 50% or more of the Borrower's Common Stock (or any other takeover scheme) (the date of the announcement referred to in clause (i) or (ii) is hereinafter referred to as the "Announcement Date"), then the Conversion Price shall, effective upon the Announcement Date and continuing through the Adjusted Conversion Price Termination Date (as defined below), be equal to the lower of (x) the Conversion Price which would have been applicable for a Conversion occurring on the Announcement Date and (y) the Conversion Price that would otherwise be in effect. From and after the Adjusted Conversion Price Termination Date, the Conversion Price shall be determined as set forth in this Section 1.2(a). For purposes hereof, "Adjusted Conversion Price Termination Date" shall mean, with respect to any proposed transaction or tender offer (or takeover scheme) for which a public announcement as contemplated by this Section 1.2(b) has been made, the date upon which the Borrower (in the case of clause (i) above) or the person, group or entity (in the case of clause (ii) above) consummates or publicly announces the termination or abandonment of the proposed transaction or tender offer (or takeover scheme) which caused this Section 1.2(b) to become operative.

1.3 Authorized Shares. The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved five times the number of shares that is actually issuable upon full conversion of the Note (based on the Conversion Price of the Notes in effect from time to time)(the "Reserved Amount"). The Reserved Amount shall be increased from time to time in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time

make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Notes. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under Section 3.2 of the Note.

1.4 Method of Conversion.

(a) Mechanics of Conversion. Subject to Section 1.1, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 1.4(b), surrendering this Note at the principal office of the Borrower.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion. In the event of any dispute or discrepancy, such records of the Borrower shall, *prima facie,* be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if any portion of this Note is converted as aforesaid, the Holder may not transfer this Note unless the Holder first physically surrenders this Note to the Borrower, whereupon the Borrower will forthwith issue and deliver upon the order of the Holder a new Note of like tenor, registered as the Holder (upon payment by the Holder of any applicable transfer taxes) may request, representing in the aggregate the remaining unpaid principal amount of this Note. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

(c) Payment of Taxes. The Borrower shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock or other securities or property on conversion of this Note in a name other than that of the Holder (or in street name), and the Borrower shall not be required to issue or deliver any such shares or other securities or property unless and until the person or persons (other than the Holder or the custodian in whose street name such shares are to be held for the Holder's account) requesting the issuance thereof shall have paid to the Borrower the amount of any such tax or shall have established to the satisfaction of the Borrower that such tax has been paid.

(d) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement.

(e) Obligation of Borrower to Deliver Common Stock. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations under this Article I, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the

Borrower to the Holder in connection with such conversion. The Conversion Date specified in the Notice of Conversion shall be the Conversion Date so long as the Notice of Conversion is received by the Borrower before 6:00 p.m., New York, New York time, on such date.

(f) Delivery of Common Stock by Electronic Transfer. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions contained in Section 1.1 and in this Section 1.4, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit Withdrawal Agent Commission ("DWAC") system.

(g) Failure to Deliver Common Stock Prior to Deadline. Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline (other than a failure due to the circumstances described in Section 1.3 above, which failure shall be governed by such Section) the Borrower shall pay to the Holder $2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to qualify. Accordingly the parties acknowledge that the liquidated damages provision contained in this Section 1.4(g) are justified.

1.5 Concerning the Shares. The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration or (iii) such shares are sold or transferred pursuant to Rule 144 under the Act (or a successor rule) ("Rule 144") or (iv) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement). Except as otherwise provided in the Purchase Agreement (and subject to the removal provisions set forth below), until such time as the shares of Common Stock issuable upon conversion of this Note have been registered under the Act or otherwise may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold, each certificate for shares of Common Stock issuable upon conversion of this Note that has not been so included in an effective registration statement or that has not been sold pursuant to an effective registration statement or an exemption that permits removal of the legend, shall bear a legend substantially in the following form, as appropriate:

"NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

The legend set forth above shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if (i) the Borrower or its transfer agent shall have received an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the

Company so that the sale or transfer is effected or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act or otherwise may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold. In the event that the Company does not accept the opinion of counsel provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144 or Regulation S, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

1.6 Effect of Certain Events.

(a) Effect of Merger, Consolidation, Etc. At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of the Borrower is disposed of, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall either: (i) be deemed to be an Event of Default (as defined in Article III) pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (as defined in Article III) or (ii) be treated pursuant to Section 1.6(b) hereof. "Person" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

(b) Adjustment Due to Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of the Notes, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, thirty (30) days prior written notice (but in any event at least fifteen (15) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Section 1.6(b). The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

(c) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

(d) Adjustment Due to Dilutive Issuance. If, at any time when any Notes are issued and outstanding, the Borrower issues or sells, or in accordance with this Section 1.6(d) hereof is deemed to have issued or sold, any shares of Common Stock for no consideration or for a consideration per share (before deduction of reasonable expenses or commissions or underwriting discounts or allowances in connection therewith) less than the Conversion Price in effect on the date of such issuance (or deemed issuance) of such shares of Common Stock (a "Dilutive Issuance"), then immediately upon the Dilutive Issuance, the Conversion Price will be reduced to the amount of the consideration per share received by the Borrower in such Dilutive Issuance.

The Borrower shall be deemed to have issued or sold shares of Common Stock if the Borrower in any manner issues or grants any warrants, rights or options (not including employee stock option plans), whether or not immediately exercisable, to subscribe for or to purchase Common Stock or other securities convertible into or exchangeable for Common Stock ("Convertible Securities") (such warrants, rights and options to purchase Common Stock or Convertible Securities are hereinafter referred to as "Options") and the price per share for which Common Stock is issuable upon the exercise of such Options is less than the Conversion Price then in effect, then the Conversion Price shall be equal to such price per share. For purposes of the preceding sentence, the "price per share for which Common Stock is issuable upon the exercise of such Options" is determined by dividing (i) the total amount, if any, received or receivable by the Borrower as consideration for the issuance or granting of all such Options, plus the minimum aggregate amount of additional consideration, if any, payable to the Borrower upon the exercise of all such Options, plus, in the case of Convertible Securities issuable upon the exercise of such Options, the minimum aggregate amount of additional consideration payable upon the conversion or exchange thereof at the time such Convertible Securities first become convertible or exchangeable, by (ii) the maximum total number of shares of Common Stock issuable upon the exercise of all such Options (assuming full conversion of Convertible Securities, if applicable). No further adjustment to the Conversion Price will be made upon the actual issuance of such Common Stock upon the exercise of such Options or upon the conversion or exchange of Convertible Securities issuable upon exercise of such Options.

Additionally, the Borrower shall be deemed to have issued or sold shares of Common Stock if the Borrower in any manner issues or sells any Convertible Securities, whether or not immediately convertible (other than where the same are issuable upon the exercise of Options), and the price per share for which Common Stock is issuable upon such conversion or exchange is less than the Conversion Price then in effect, then the Conversion Price shall be equal to such price per share. For the purposes of the preceding sentence, the "price per share for which Common Stock is issuable upon such conversion or exchange" is determined by dividing (i) the total amount, if any, received or receivable by the Borrower as consideration for the issuance or sale of all such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Borrower upon the conversion or exchange thereof at the time such Convertible Securities first become convertible or exchangeable, by (ii) the maximum total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment to the Conversion Price will be made upon the actual issuance of such Common Stock upon conversion or exchange of such Convertible Securities.

(e) Purchase Rights. If, at any time when any Notes are issued and outstanding, the Borrower issues any convertible securities or rights to purchase stock, warrants, securities or other property (the "Purchase Rights") pro rata to the record holders of any class of Common Stock, then the Holder of this Note will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without regard to any limitations on conversion contained herein) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(f) Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price as a result of the events described in this Section 1.6, the Borrower, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Borrower shall, upon the written request at any time of the Holder, furnish to such Holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of the Note.

1.7 Trading Market Limitations. Unless permitted by the applicable rules and regulations of the principal securities market on which the Common Stock is then listed or traded, in no event shall the Borrower issue upon conversion of or otherwise pursuant to this Note and the other Notes issued pursuant to the Purchase Agreement more than the maximum number of shares of Common Stock that the Borrower can issue pursuant to any rule of the principal United States securities market on which the Common Stock is then traded (the "Maximum Share Amount"), which shall be 4.99% of the total shares outstanding on the Closing Date (as defined in the Purchase Agreement), subject to equitable adjustment from time to time for stock splits, stock dividends, combinations, capital reorganizations and similar events relating to the Common Stock occurring after the date hereof. Once the Maximum Share Amount has been issued, if the Borrower fails to eliminate any prohibitions under applicable law or the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Borrower or any of its securities on the Borrower's ability to issue shares of Common Stock in excess of the Maximum Share Amount, in lieu of any further right to convert this Note, this will be considered an Event of Default under Section 3.3 of the Note.

1.8 Status as Shareholder. Upon submission of a Notice of Conversion by a Holder, (i) the shares covered thereby (other than the shares, if any, which cannot be issued because their issuance would exceed such Holder's allocated portion of the Reserved Amount or Maximum Share Amount) shall be deemed converted into shares of Common Stock and (ii) the Holder's rights as a Holder of such converted portion of this Note shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Borrower to comply with the terms of this Note. Notwithstanding the foregoing, if a Holder has not received certificates for all shares of Common Stock prior to the tenth (10th) business day after the expiration of the Deadline with respect to a conversion of any portion of this Note for any reason, then (unless the Holder otherwise elects to retain its status as a holder of Common Stock by so notifying the Borrower) the Holder shall regain the rights of a Holder of this Note with respect to such unconverted portions of this Note and the Borrower shall, as soon as practicable, return such unconverted Note to the Holder or, if the Note has not been surrendered, adjust its records to reflect that such portion of this Note has not been converted. In all cases, the Holder shall retain all of its rights and remedies (including, without limitation, (i) the right to receive Conversion Default Payments pursuant to Section 1.3 to the extent required thereby for such Conversion Default and any subsequent Conversion Default and (ii) the right to have the Conversion Price with respect to subsequent conversions determined in accordance with Section 1.3) for the Borrower's failure to convert this Note.

1.9 Prepayment. Notwithstanding anything to the contrary contained in this Note, at any time during the periods set forth on the table immediately following this paragraph (the "Prepayment Periods"), the Borrower shall have the right, exercisable on not less than three (3) Trading Days prior written notice to the Holder of the Note to prepay the outstanding Note (principal and accrued interest), in full, in accordance with this Section 1.9. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than three (3) Trading Days from the date of the Optional Prepayment Notice. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to Holder, or upon the order of the Holder as specified by the Holder in writing to the Borrower, at least one (1) business day prior to the Optional Prepayment Date. If the Borrower exercises its right to prepay the Note,

the Borrower shall make payment to the Holder of an amount in cash (the "Optional Prepayment Amount") equal to the percentage ("Prepayment Percentage") as set forth in the table immediately following this paragraph opposite the applicable Prepayment Period, multiplied by the sum of: (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal

amount of this Note to the Optional Prepayment Date plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and (x) plus (z) any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof. If the Borrower delivers an Optional Prepayment Notice and fails to pay the Optional Prepayment Amount due to the Holder of the Note within two (2) business days following the Optional Prepayment Date, the Borrower shall forever forfeit its right to prepay the Note pursuant to this Section 1.9.

Prepayment Period	**Prepayment Percentage**
1. The period beginning on the Issue Date and ending on the date which is thirty (30) days following the Issue Date.	115%
2. The period beginning on the date which is thirty-one (31) days following the Issue Date and ending on the date which is sixty (60) days following the Issue Date	120%
3. The period beginning on the date which is sixty-one (61) days following the Issue Date and ending on the date which is ninety (90) days following the Issue Date	125%
4. The period beginning on the date that is ninety-one (91) day from the Issue Date and ending one hundred twenty (120) days following the Issue Date	130%
5. The period beginning on the date that is one hundred twenty-one (121) day from the Issue Date and ending one hundred fifty (150) days following the Issue Date	135%
6. The period beginning on the date that is one hundred fifty-one (151) day from the Issue Date and ending one hundred eighty (180) days following the Issue Date	140%

After the expiration of one hundred eighty (180) following the date of the Note, the Borrower shall have no right of prepayment.

ARTICLE II. CERTAIN COVENANTS

2.1 Distributions on Capital Stock. So long as the Borrower shall have any obligation under this Note, the Borrower shall not without the Holder's written consent (a) pay, declare or set apart for such payment, any dividend or other distribution (whether in cash, property or other securities) on shares of capital stock other than dividends on shares of Common Stock solely in the form of additional shares of Common Stock or (b) directly or indirectly or through any subsidiary make any other payment or distribution in respect of its capital stock except for distributions pursuant to any shareholders' rights plan which is approved by a majority of the Borrower's disinterested directors.

2.2 Restriction on Stock Repurchases. So long as the Borrower shall have any obligation under this Note, the Borrower shall not without the Holder's written consent redeem, repurchase or otherwise acquire (whether for cash or in exchange for property or other securities or otherwise) in any one transaction or series of related transactions any shares of capital stock of the Borrower or any warrants, rights or options to purchase or acquire any such shares.

2.3 Borrowings. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, create, incur, assume guarantee, endorse, contingently agree to purchase or otherwise become liable upon the obligation of any person, firm, partnership, joint venture or corporation, except by the endorsement of negotiable instruments for deposit or collection, or suffer to exist any liability for borrowed money, except (a) borrowings in existence or committed on the date hereof and of which the Borrower has informed Holder in writing prior to the date hereof, (b) indebtedness to trade creditors or financial institutions incurred in the ordinary course of business or (c) borrowings, the proceeds of which shall be used to repay this Note.

2.4 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

2.5 Advances and Loans. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, lend money, give credit or make advances to any person, firm, joint venture or corporation, including, without limitation, officers, directors, employees, subsidiaries and affiliates of the Borrower, except loans, credits or advances (a) in existence or committed on the date hereof and which the Borrower has informed Holder in writing prior to the date hereof, (b) made in the ordinary course of business or (c) not in excess of $100,000.

ARTICLE III. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

3.1 Failure to Pay Principal or Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise.

3.2 Conversion and the Shares. The Borrower fails to issue shares of Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for shares of Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower's transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty eight (48) hours of a demand from the Holder.

3.3 Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement and such breach continues for a period of ten (10) days after written notice thereof to the Borrower from the Holder.

3.4 Breach of Representations and Warranties. Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.5 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.6 Judgments. Any money judgment, writ or similar process shall be entered or filed against the Borrower or any subsidiary of the Borrower or any of its property or other assets for more than $50,000, and shall remain unvacated, unbonded or unstayed for a period of twenty (20) days unless otherwise consented to by the Holder, which consent will not be unreasonably withheld.

3.7 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.8 Delisting of Common Stock. The Borrower shall fail to maintain the listing of the Common Stock on at least one of the OTC (which specifically includes the Pink Sheets electronic quotation system) or an equivalent replacement exchange, the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange, or the American Stock Exchange.

3.9 Failure to Comply with the Exchange Act. The Borrower shall fail to comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act.

3.10 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.11 Cessation of Operations. Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.12 Maintenance of Assets. The failure by Borrower to maintain any material intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future).

3.13 Financial Statement Restatement. The restatement of any financial statements filed by the Borrower with the SEC for any date or period from two years prior to the Issue Date of this Note and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the unrestated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.14 Reverse Splits. The Borrower effectuates a reverse split of its Common Stock without twenty (20) days prior written notice to the Holder.

3.15 Replacement of Transfer Agent. In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

3.16 Cross-Default. Notwithstanding anything to the contrary contained in this Note or the other related or companion documents, a breach or default by the Borrower of any covenant or other term or condition contained in any of the Other Agreements, after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note and the Other Agreements, in which event the Holder shall be entitled (but in no event required) to apply all rights and remedies of the Holder under the terms of this Note and the Other Agreements by reason of a default under said Other Agreement or hereunder. "Other Agreements" means, collectively, all agreements and instruments between, among or by: (1) the Borrower, and, or for the benefit of, (2) the Holder and any affiliate of the Holder, including, without limitation, promissory notes; provided, however, the term "Other Agreements" shall not include the related or companion documents to this Note. Each of the loan transactions will be cross-defaulted with each other loan transaction and with all other existing and future debt of Borrower to the Holder.

Upon the occurrence and during the continuation of any Event of Default specified in Section 3.1 (solely with

respect to failure to pay the principal hereof or interest thereon when due at the Maturity Date), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the Default Sum (as defined herein). UPON THE OCCURRENCE AND DURING THE CONTINUATION OF ANY EVENT OF DEFAULT SPECIFIED IN SECTION 3.2, THE NOTE SHALL BECOME IMMEDIATELY DUE AND PAYABLE AND THE BORROWER SHALL PAY TO THE HOLDER, IN FULL SATISFACTION OF ITS OBLIGATIONS HEREUNDER, AN AMOUNT EQUAL TO: (Y) THE DEFAULT SUM (AS DEFINED HEREIN); MULTIPLIED BY (Z) TWO (2). Upon the occurrence

and during the continuation of any Event of Default specified in Sections 3.1 (solely with respect to failure to pay the principal hereof or interest thereon when due on this Note upon a Trading Market Prepayment Eventpursuant to Section 1.7 or upon acceleration), 3.3, 3.4, 3.6, 3.8, 3.9, 3.11, 3.12, 3.13, 3.14, and/or 3. 15 exercisable through the delivery of written notice to the Borrower by such Holders (the "Default Notice"), and upon the occurrence of an Event of Default specified the remaining sections of Articles III (other than failure to pay the principal hereof or interest thereon at the Maturity Date specified in Section 3,1 hereof), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the greater of (i) 150% times the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the "Mandatory Prepayment Date") plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) plus (z) any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the "Default Sum") or (ii) the "parity value" of the Default Sum to be prepaid, where parity value means (a) the highest number of shares of Common Stock issuable upon conversion of or otherwise pursuant to such Default Sum in accordance with Article I, treating the Trading Day immediately preceding the Mandatory Prepayment Date as the "Conversion Date" for purposes of determining the lowest applicable Conversion Price, unless the Default Event arises as a result of a breach in respect of a specific Conversion Date in which case such Conversion Date shall be the Conversion Date), multiplied by (b) the highest Closing Price for the Common Stock during the period beginning on the date of first occurrence of the Event of Default and ending one day prior to the Mandatory Prepayment Date (the "Default Amount") and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

If the Borrower fails to pay the Default Amount within five (5) business days of written notice that such amount is due and payable, then the Holder shall have the right at any time, so long as the Borrower remains in default (and so long and to the extent that there are sufficient authorized shares), to require the Borrower, upon written notice, to immediately issue, in lieu of the Default Amount, the number of shares of Common Stock of the Borrower equal to the Default Amount divided by the Conversion Price then in effect.

ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

4.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

Attn:
facsimile:

With a copy by fax only to (which copy shall not constitute notice):
[enter name of law firm]
Attn: [attorney name]
[enter address line 1]
[enter city, state, zip]
facsimile: [enter fax number]

If to the Holder:

KBM WORLDWIDE, INC.
80 Cuttermill Road - Suite 410
Great Neck, NY 11021
Attn: Seth Kramer, President
e-mail: info@kbmworldwide.com

With a copy by fax only to (which copy shall not constitute notice):

Naidich Wurman Birnbaum & Maday, LLP
Att: Judah A. Eisner, Esq.

Attn: Bernard S. Feldman, Esq.
facsimile: 516-466-3555
e-mail: dyork@nwbmlaw.com

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the 1933 Act). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement.

4.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

4.6 Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the state courts of New York or in the federal courts located in the state and county of Nassau. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

4.7 Certain Amounts. Whenever pursuant to this Note the Borrower is required to pay an amount in excess of the outstanding principal amount (or the portion thereof required to be paid at that time) plus accrued and unpaid interest plus Default Interest on such interest, the Borrower and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Note may be difficult to determine and the amount to be so paid by the Borrower represents stipulated damages and not a penalty and is intended to compensate the Holder in part for loss of the opportunity to convert this Note and to earn a return from the sale of shares of Common Stock acquired upon conversion of this Note at a price in excess of the price paid for such shares pursuant to this Note. The Borrower and the Holder hereby agree that such amount of stipulated damages is not plainly disproportionate to the possible loss to the Holder from the receipt of a cash payment without the opportunity to convert this Note into shares of Common Stock.

4.8 Purchase Agreement. By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

4.9 Notice of Corporate Events. Except as otherwise provided below, the Holder of this Note shall have no rights as a Holder of Common Stock unless and only to the extent that it converts this Note into Common Stock. The Borrower shall provide the Holder with prior notification of any meeting of the Borrower's shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Borrower of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation, reclassification or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any proposed sale, lease or conveyance of all or substantially all of the assets of the Borrower or any proposed liquidation, dissolution or winding up of the Borrower, the Borrower shall mail a notice to the Holder, at least twenty (20) days prior to the record date specified therein (or thirty (30) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time. The Borrower shall make a public announcement of any event requiring notification to the Holder hereunder substantially simultaneously with the notification to the Holder in accordance with the terms of this Section 4.9.

4.10 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby.

Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this .

By: _____

EXHIBIT A -- NOTICE OF CONVERSION

The undersigned hereby elects to convert $_____ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note ("Common Stock") as set forth below, of , a corporation (the "Borrower") according to the conditions of the convertible note of the Borrower dated as of (the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

[ ] The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:
Account Number:

[ ] The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

KBM WORLDWIDE, INC.
80 Cuttermill Road – Suite 410
Great Neck, NY 11021
Attention: Certificate Delivery
e-mail: info@kbmworldwide.com

Date of Conversion: _____
Applicable Conversion Price: $_____
Number of Shares of Common Stock to be Issued
Pursuant to Conversion of the Notes: _____
Amount of Principal Balance Due remaining
Under the Note after this conversion: _____

KBM WORLDWIDE, INC.

By:_____
Name: Seth Kramer
Title: President
Date:

Exhbit 10.10

LEASE AGREEMENT

between

BGNP Associates, LLC

and

Cleartronic, Inc.

Dated: December 1, 2014

Suite 100

8000 Building
8000 North Federal Highway
Boca Raton, FL 33487

SUMMARY OF LEASE

THIS DOCUMENT IS MERELY A SUMMARY AND ANY PROVISIONS OF THE LEASE AND OTHER AGREEMENTS BETWEEN LANDLORD AND TENANT SHALL PREVAIL OVER CONFLICTING PROVISIONS CONTAINED HEREIN.

(A) LANDLORD'S MAILING ADDRESS: BGNP Associates, LLC
8000 N Federal Hwy, #200
Boca Raton, FL 33487

(B) TENANT'S NAME: Cleartronic, Inc.

MAILING ADDRESS: 8000 North Federal Highway,
Suite 100
Boca Raton, FL 33487

(C) DEMISED PREMISES: 8000 North Federal Highway,
Suite 100
Boca Raton, FL 33487

(D) TERM: 48 Months

(E) COMMENCEMENT DATE: December 1, 2014

OCCUPANCY DATE: December 1, 2014

EXPIRATION DATE: 48 months from Commencement Date

(F) BASE RENT:

LEASE TERM	ANNUAL BASE RENT	MONTHLY INSTALLMENT
1 through 12 Months	$38,700.00	$ 3,225.00
13 through 24 Months	$40,260.00	$ 3,355.00
25 through 36 Months	$41,880.00	$ 3,490.00
27 through 48 Months	$43,560.00	$ 3,630.00

(G) SECURITY/DAMAGE DEPOSIT: $ 3,630.00

(H) LAST MONTH RENT ON DEPOSIT $ 3,630.00 (currently held from previous lease)

(I) PERMITTED USE.: General Office

(J) ADDENDUMS: A,B, C & D

Please make all checks payable to:BGNP Associates, LLC
8000 N Federal Hwy #200
Boca Raton, Florida 33487

INSURANCE CERTIFICATES SHALL INCLUDE **BGNP Associates, LLC** AS AN ADDITIONAL INSURED ON ALL INSURANCE POLICIES.

LEASE AGREEMENT

THIS LEASE AGREEMENT (herein after referred to as the "Lease" is made and entered into as of the, 2014 by and between BGNP Associates, LLC, a Florida limited partnership (hereinafter referred to as "Landlord") and Sweet Settlements, LLC, a Florida Corporation (herein referred to as "Tenant").

W I T N E S S E T H:

THAT LANDLORD, in consideration of the rents and agreements hereafter promised and agreed by Tenant to be paid and performed, does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the real property described herein, subject to the following terms.

ARTICLE I

DESCRIPTION OF PROPERTY; TERM

Section 1.1 Description of Property. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the following space (hereinafter called the "Demised Premises" or "Premises") as shown

on **Exhibit "A"** attached hereto and made a part of this Lease, in the building known as 8000 Building, located at 8000 North Federal Highway, Suite 100, Boca Raton, Florida 33487, (hereinafter called the "Building"), together with the right to use in common with other tenants of the Building, their invitees, customers and employees, the lobby areas, stairways, elevators, hallways, lavatories and all other common facilities contained in the Building and the general parking area throughout. All of the land and real property underlying the Building or adjacent thereto, with all improvements thereto including the Building, and used in connection with the operation of the Building shall be referred to herein as the "Property".

Section 1.2 Term. Tenant shall have and hold the Premises for a term of forty-eight (48) months (hereinafter referred to as the "Term" or "Lease Term"), commencing on December 1, 2014 (the "Commencement Date") and expiring November 30, 2018, forty-eight (48) months thereafter (the "Expiration Date"). If the Term of this Lease commences on any day of the month other than the first day, rent from such date to the end of such month shall be prorated according to the number of days in such month and paid on a per diem basis, in advance, on or before the Commencement Date. Tenant agrees that it will execute prior to occupancy, an Estoppel Certificate in the form attached hereto as **Exhibit "B"**, as modified by Tenant to make the statements contained herein accurate. Tenant's failure or refusal to execute said Estoppel Certificate shall constitute a default hereunder.

ARTICLE II

BASE RENT

Section 2.1 Base Rent; Late Charge; Sales Tax. Tenant agrees to pay Landlord an aggregate base rent for the first year of the Lease Term in the amount of $ 38,700.00 (the "Base Rent"), payable in twelve (12) equal monthly installments ($3,225.00) for the first year, in the amount of $ 40,260.00 (the "Base Rent"), payable in twelve (12) equal monthly installments ($3,355.00) for the second year, in the amount of $ 41,870.40 (the "Base Rent"), payable in

twelve (12) equal monthly installments ($3,490.00) for the third year, and in the amount of $43,560.00 (the "Base Rent"), payable in twelve (12) equal monthly installments ($3,360.00) forthe fourth year, in advance of the first day of each and every month during the entire Lease Term. The first month's Base Rent, Additional Rent and sales tax security deposit thereon, shall be paid simultaneously with the execution of this Lease. In addition and throughout the term of this lease, the Tenant shall be responsible for the payment of Additional Rent as provided in Article III below (the Base Rent and Additional Rent shall sometimes be collectively referred to as the "Rent". In the event any monthly Rent payment is not paid within ten (10) days after it is due, after each such occurrence in any calendar year, Tenant agrees to pay a late charge of ten (10%) percent of the amount of the payment due. If any payment made by Tenant should be returned by our bank due to non-sufficient funds or stopped payment, Tenant agrees to pay a returned items fee of thirty-five dollars ($50.00), in addition to the aforementioned late fee.

Tenant further agrees that the late charge imposed is fair and reasonable, complies with all the laws, regulations and statutes, and constitutes an agreement between Landlord and Tenant as to the estimated compensation for the costs and administrative expenses incurred by Landlord due to the late payment of Rent to Landlord by Tenant. Tenant further agrees that the late charges assessed pursuant to this Lease is not interest, and the late charge assessed does not constitute a lender or borrower/creditor relationship between Landlord and Tenant, and may be treated by Landlord as Additional Rent owed by Tenant. Tenant shall pay to Landlord all sales or use taxes pertaining to the Rent (currently 6.0%), which shall be remitted by Landlord to the Florida Department of Revenue.

Section 2.2 Base Rental Adjustment. Intentionally left blank.

Section 2.3 Payment Without Notice or Demand. The Rent called for in this Lease shall be paid to Landlord without notice or demand, and without counterclaim, offset, deduction, abatement, suspension, deferment, diminution or reduction. Tenant hereby waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Premises or any part hereof, or to any abatement, suspensions, deferment, diminution or reduction of the Rent on account of any such circumstances or occurrence.

Section 2.4 Place of Payment. All payments of Rent shall be made and paid by Tenant to BGNP Associates, LLC, 8000 N Federal Highway, Suite 200, Boca Raton, Florida 33487 or at such other place as Landlord may, from time to time, designate in writing to Tenant. All Rent shall be payable in current legal tender of the United States, as the same is then by law constituted. Any extension, indulgence, or waiver granted or permitted by Landlord in the time, manner or mode of payment of Rent, upon any one (1) occasion, shall not be construed as a continuing extension, indulgence or waiver, and shall not preclude Landlord from demanding strict compliance herewith.

Section 2.5 Early Termination. Intentionally left blank.

Section 2.6 Option to Renew. Intentionally left blank.

Section 2.7 First Right of Offer. Intentionally left blank.

ARTICLE III

ADDITIONAL RENT

Section 3.1 Additional Rent Intentionally left blank.

ARTICLE IV

SECURITY/DAMAGE DEPOSIT

Section 4.1a Security/Damage Deposit. The parties acknowledge that the Landlord is holding the sum of $3,630.00 to be held by Landlord as a damage deposit and/or as security for the performance by Tenant of all of the terms, covenants and conditions hereof and the payment of Rent or any other sum due Landlord hereunder. As options are exercised, this amount may increase to the current rental rate. Landlord shall have the right to apply all or any part of the security deposit against: (a) unreasonable wear and tear of the Premises; (b) loss or damage to the Premises or other property of the Landlord caused by the negligence of Tenant, Tenant's employees, agents invitee or licensees; (c) the cost of repairing the Premises, except for reasonable wear and tear, to the same condition it was in at the time Tenant began occupancy thereof; and (d) Rent payments which remain due and owing beyond any applicable grace period. Landlord shall not be limited in pursuing Landlord's remedies against Tenant for costs, losses or damages to the Premises or to any other property of Landlord for any such costs, losses or damages which are in excess of the above described security deposit amount. Subject to (a) through (d) above, Landlord shall return Tenant's Security Deposit within twenty (20) days after Lease Termination. Such security deposit shall bear no interest and may be commingled with other security deposits or funds of Landlord.

Section 4.1b Last Month Deposit. The parties acknowledge that the Landlord is holding the sum of $3,630.00, to be held by Landlord as a deposit for the last month's rent and/or as security for the performance by Tenant of all of the terms, covenants and conditions hereof and the payment of Rent or any other sum due Landlord hereunder. As options are exercised, this amount may increase to the current rental rate. This last month deposit will be used for the last month's rent of the original lease, or any successive lease thereafter, so long as all other terms within this lease are met. Last month deposit shall bear no interest and may be commingled with other security deposits or funds of Landlord.

ARTICLE V

USE OF PREMISES

Section 5.1 Use of Premises. Tenant shall have the responsibility to comply with all applicable zoning codes and regulations. Tenant shall use the premises for general office and will not use the premises for any other use without first obtaining written consent of the landlord. Tenant will not use or permit the use of the Premises or any part thereof for any unlawful purpose, or in violation of any and all applicable ordinances, laws, rules or regulations of any governmental body, or the Association, and will not do or permit any act which would constitute a public or private nuisance or waste or which would be a nuisance or annoyance or cause damage to Landlord or Landlord's other tenants which would invalidate any policies of insurance or increase the premiums thereof, now or hereafter written on the Building and/or the Property.

ARTICLE VI

ALTERATIONS, ADDITIONS, IMPROVEMENTS OR RELOCATION

Section 6.1 Leasehold Improvements. The facilities, materials and work to be furnished, installed and performed in the Premises by Landlord, at its expense, are hereinafter referred to as "Landlord's Work". Landlord shall utilize Building standard materials. In all other respects Tenant accepts the premises in their "as is" condition. Such other facilities, materials and work which may be undertaken by or for the account and at the expense of Tenant to equip,

decorate and furnish the Premises for Tenant's occupancy are hereinafter referred to as "Tenant's Work". Landlord's approval of the plans, specification and working drawings for Tenant's work shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities. Recognizing that the building is large and the needs of the tenants as to space may vary from time to time, and in order for the Landlord to accommodate Tenant and prospective tenants, Landlord expressly reserves the right, prior to and during the Term, at the Landlord's sole expense, to move Tenant from the Premises and relocate Tenant in other space of the Landlord's choosing of approximately the same dimensions and size within the Building. During a relocation period, Landlord will use reasonable efforts not to unduly interfere with the Tenant's business activities and to substantially complete the relocation within a reasonable time under all then-existing circumstances. Landlord's obligation for the expenses of relocation will be the actual cost of relocating Tenant and Tenant agrees that Landlord's exercise of its election to relocate Tenant will not release Tenant in whole or

in part from its obligations hereunder for the full Term. No rights granted in this Lease to Tenant, including the right of quiet enjoyment will be deemed breached or interfered with by reason of Landlord's exercise of relocation right reserved herein.

Section 6.2 Completion by Landlord. The Premises shall be deemed ready for occupancy on the date Landlord's Work is substantially. The same shall be deemed substantially completed notwithstanding the fact that minor or insubstantial details of construction, mechanical adjustment or decoration remain to be performed, the non-completion of which does not materially interfere with Tenant's use of the Premises. Landlord shall give Tenant at least ten (10) days notice of the date on which Landlord estimates Landlord's Work will be substantially completed, and Tenant shall occupy the Premises promptly thereafter.

Section 6.3 Delay by Tenant. If substantial completion of Landlord's Work is delayed due to: (a) any act or omission of Tenant or any of its employees, agents or contractors (including, but limited to, (i) any delays due to changes in or additions to Landlord's Work, or (ii) any delays by Tenant in the submission of plans, drawings, specifications, or other information or in approving any working drawings or estimates, or in giving any authorization or approvals); or (b) any additional time needed for the completion of Landlord's Work by the inclusion in Landlord's Work of any special or unusual work, then the Premises shall be deemed ready for occupancy on the date it would have been ready, but for such delay, and Rent shall commence as of such earlier date. Any changes to floor plans after execution of the Lease shall be subject to Landlord's approval, and furthermore, Tenant shall pay for any extra costs that may be incurred by Landlord which are caused by changes so requested by Tenant.

Section 6.4 Acceptance of Premises. Tenant acknowledges that Landlord has not made any representations or warranties with respect to the condition of the Premises. The taking of possession of the Premises by Tenant shall be conclusive evidence that the Premises were in good and satisfactory condition at the time such possession was taken, except for the minor insubstantial details of which Tenant gives Landlord notice within 30 days after the Commencement Date. If Landlord shall give Tenant permission to enter into possession of the Premises prior to the Commencement Date, such possession or occupancy shall be deemed to be upon all terms, covenants, conditions, and provisions of this Lease, including the execution of an Estoppel certificate.

ARTICLE VII

LANDLORD AND TENANT OBLIGATIONS

Section 7.1 Tenant's Repair and Maintenance.

Tenant shall be responsible for all repairs, the need for which arises out of: (a) the performance or existence of Tenant's Work or alteration; (b) the installation, use or operation of Tenant's Property (defined below) in the Premises; (c) the moving of Tenant's Property in and out of the Building; or (d) the act, omission, misuse or neglect of Tenant or any of its subtenants, employees, agents, contractors or invitees, Tenant shall also be responsible for the replacement of all scratched, damaged or broken doors and glass in and about the Premises, the maintenance and replacement of wall and floor coverings in the Premises, and for the repair and maintenance of all sanitary and electrical fixtures therein. All such repairs shall be performed at such times and in such a manner as shall cause the least interference with Tenant's use of the Premises, the operation of the central systems of the Building and the use of the Building by other tenants.

Section 7.2 Landlord's Obligations. Landlord shall be obligated to keep and maintain the common areas of the Building, and the systems and facilities serving the Premises, in good working order and shall make all repairs as and when needed in or about the common areas and the Premises, except for those repairs for which Tenant is responsible pursuant to any of the provisions of this Lease. Landlord shall be responsible for air conditioning, plumbing and electrical services in the Premises, as well as roof leaks, exterior maintenance and repair. Landlord shall not be liable for any damage to Tenant's Property caused by (a) water from bursting or leaking pipes, or waste water about the Property; (b) from an intentional or negligent act of any other tenant or occupant of the Building or the Property; (c) fire, hurricane or other acts of God; (d) riots or vandals; or (e) from any other cause not attributable to the negligent or wrongful act of Landlord, its agents or employees. Landlord shall not be required to furnish any services or facilities to, or to make any repairs to or replacements or alterations of, the Premises where necessitated due to the negligence of Tenant, its agents and employees, or other tenants, their agents or employees.

Section 7.3 Floor Loads; Noise and Vibration.Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot, which such floor was designed to carry or which is allowed by law. Business machines and mechanical equipment belonging to Tenant which cause noise, electrical interference or vibration that may be transmitted to the structure of the Building or to the Premises to such a degree as to be objectionable to Landlord or other tenants in the Building, shall, at Tenant's expense, be placed and maintained by Tenant in settings of cork, rubber, or spring-type vibration eliminators sufficient to eliminate such noise, electrical interference or vibration.

Section 7.4 Electricity . (a) Landlord agrees to furnish to the Premises weekdays, exclusive of legal holidays, from 8:00 a.m. to 6:00 p.m., and Saturdays, from 8:00 a.m. to 12:00 p.m., heat and air conditioning required in Landlord's judgment for the comfortable use and occupation of the Premises and elevator service; water for lavatory and drinking at those points of supply provided for general use of tenants during the times and in the manner that such services are, in Landlord's judgment customarily furnished in comparable office buildings in the immediate market area. Landlord shall be under no obligation to provide additional or after-hours heating or air conditioning, but if Landlord elects to provide such services at Tenant's request, Tenant shall pay Landlord a charge of $22.00 per hour for such services to be billed monthly to Tenant. Landlord in its discretion has the right to reasonably adjust the above referenced charge. Tenant agrees to keep closed all window coverings, if any, when necessary because of the sun's position, and Tenant also agrees at all times to cooperate fully with Landlord and to abide by all the regulations and requirements which Landlord may prescribe for the proper functioning and protection of said heating, ventilating, and air conditioning system and to comply with all laws, ordinances and regulations respecting the conservation of energy. In the event Tenant utilizes heat-generating machines, heat-generating equipment or excess lighting in the Premises and same affects the ability of the air conditioning system to effectively cool the premises as intended, Landlord reserves the right to install supplementary air conditioning units for the Premises, and the cost thereof, including the cost of electricity and/or water therefore and the cost of all repairs, maintenance and replacements thereto shall be paid by Tenant to Landlord upon demand.

(b) Tenant's use of electrical energy in the Premises shall not, at any time, exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the Premises. In order to ensure that such capacity is not exceeded and to avert possible adverse effects upon the Building's electric service, Tenant shall not, without Landlord's prior written consent in each instance, connect major equipment to the Building, electric distribution system, telephone system or make any alteration or addition to the electric system of the Premises existing on the Commencement Date. Tenant's electrical usage under this Lease contemplates only the use of normal and customary office equipment. In the event Tenant installs any office equipment which uses substantial additional amounts of electricity, then Tenant agrees that Landlord's consent is required before the installation of such additional office equipment

Section 7.5 Energy Conservation. Tenant shall undertake to use its best efforts to ensure that it will utilize energy-efficient equipment in the Premises.

Section 7.6 Janitorial Services. Landlord shall cause the Premises, including the exterior and

interior of the windows thereof to be cleaned in a manner standard to the Building. Tenant shall pay to Landlord on demand, the cost incurred by Landlord for: (a) extra cleaning work in the Premises required because of (i) misuse or neglect on the part of Tenant or subtenants or its employees or visitors; (ii) the use of portions of the Premises for purposes requiring greater or more difficult cleaning work than normal office areas; (iii) interior glass partitions or unusual quantity of interior glass surfaces, and (iv) non-building standard materials or finishes installed by Tenant or at its request; (b) removal from the Premises and the Building of any refuse and rubbish of Tenant in excess of that ordinarily accumulated in business office occupancy or at times other than Landlord's standard cleaning times; and (c) the use of the Premises by Tenant other than during business hours on business days.

ARTICLE VIII

LANDLORD'S AND TENANT'S PROPERTY

Section 8.1 Landlord's Property. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term of this Lease, whether or not by or at the expense of Tenant, shall be and remain a part of the Premises, and shall be deemed the property of Landlord ("Landlord's Property") and shall not be removed by Tenant except as otherwise specifically set forth herein. Further, any carpeting or other personal property in the Premises on the Commencement Date, shall not be removed by Tenant.

Section 8.2 Tenant's Property. All moveable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment, whether or not attached to or built into the Premises, which are installed in the Premises by or for the account of Tenant without expense to Landlord and which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of moveable personal property owned by Tenant and located in the Premises (hereinafter collectively referred to as "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term of this Lease, provided Tenant is not in default hereunder. In the event Tenant's Property is so removed, Tenant shall repair or pay the cost of repairing any damage to the Premises or to the Building resulting from the installation and/or removal thereof and repair the Premises to the same physical condition and layout as they existed at the time Tenant was given possession of the Premises. Any equipment or other property for which Landlord shall have granted any allowance or credit to Tenant shall not be deemed to have been installed by or for the account of Tenant without expense to Landlord, shall not be considered Tenant's property and shall be deemed the property of Landlord.

Section 8.3 Removal of Tenant's Property. At or before the expiration date of this Lease, or within five (5) days after any earlier termination hereof, Tenant, at its expense, shall remove from the Premises all of Tenant's Property (except such items thereof as Landlord shall have expressly permitted to remain, which property shall become the property of Landlord), and Tenant shall repair any damage to the Premises or the Building resulting from any installation and/or removal of Tenant's Property, and shall repair the Premises to the same physical condition and layout as they existed at the time tenant was given possession of the Premises, reasonable wear and tear excepted. Any other items of Tenant's Property which shall remain in the Premises after the expiration date of this Lease, or after a period of five (5) days following an earlier termination date, may, at the option of Landlord, be deemed to have been abandoned, and in such case, such items may be retained by Landlord. Landlord may request Tenant to remove and pay to Landlord the cost of repairing any damage to the Premises or the Building resulting from any installation and/or removal of Tenant's Property and the cost of repair the Premises to the same physical condition and layout as they existed at the time Tenant was given possession of the Premises, reasonable wear and tear excepted.

Section 8.4 Landlord's Lien and Security Interest. As security for the performance of Tenant's obligations under this Lease, Tenant hereby grants to Landlord a security interest in and Landlord's lien upon all of Tenant's Property located in the Premises. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact and empowers Landlord to execute on Tenant's behalf a UCC-1 Financing Statement, renewals and terminations thereof, for the purpose of perfecting Landlord's security interest.

ARTICLE IX

INSURANCE

Section 9.1 Tenant's Insurance.

1. Tenant shall, during the term of this Lease, maintain insurance against public liability, including that from personal injury or property damage in or about the Premises resulting from the occupation, use or operation of the Premises, insuring both Tenant and Landlord as an additional insured, in amount of not less than One Million ($1,000,000) Dollars Combined Single Limit for both bodily injury and property damage.

2. Tenant shall maintain insurance upon all property in the Premises owned by Tenant, or for which Tenant is legally liable, and shall provide Landlord with evidence of same. The insurances specified herein shall provide protection against perils included within the standard Florida form of fire and extended coverage insurance policy, together with insurance against vandalism and malicious mischief.

3. All policies of insurance provided for in Section 9.1 shall be issued in a form acceptable to Landlord by insurance companies with general policyholder's rating of "A" as rated in the most current available "Best's Insurance Reports" and qualified to do business in Florida. Each and every such policy:

(a) shall be issued in the name of Tenant and shall include Landlord and any other parties in interest designated in writing by notice from landlord to Tenant as additional insured;

(b) shall be for the mutual and joint benefit and protection of Landlord and Tenant and any such other parties in interest as additional insured's;

(c) shall (or a certificate thereof shall) be delivered to Landlord and any such other parties in interest within ten (10) days before delivery of possession of the Premises to Tenant and thereafter, within thirty (30) days prior to the expiration of each policy, and as often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained in like manner and to like extent;

(d) shall contain a provision that the insurer will give to Landlord and such other parties in interest at least thirty (30) days notice in writing in advance of any cancellation, termination or lapse, or the effective date of any reduction in the amount of insurance;

(e) shall be written as a primary policy which does not contribute and is not in excess of coverage which Landlord may carry; and

(f) shall contain a provision that Landlord and any such other parties in interest, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its servants, agents and employees by reason of negligence of Tenant.

4. Any insurance provided for in Section 9.1 may be maintained by means of a policy or policies of blanket insurance, provided however, that: (i) Landlord and any other parties in interest from time to time designated by Landlord to Tenant shall be named as an additional insured there under as their interests may appear; (ii) the coverage afforded Landlord and any such other parties in interest will not be reduced or diminished by reason of the use of such blanket policy of insurance; and (iii) the requirements set forth in this Article are otherwise satisfied.

5. These insurance requirements are subject to modification in the event any Superior Mortgagee (hereafter defined) of Landlord requires different insurance. In such event, the reasonable requirements of such Superior Mortgagee shall control.

Section 9.2 Destruction of the Premises or Building. If during the Term hereof, the Premises and/or the Building are damaged by reason of fire or other casualty, Tenant shall give immediate notice thereof to Landlord. Subject to the prior rights of any Superior Mortgagee, Landlord shall restore the Premises and/or the Building to substantially the same condition they were in immediately before said destruction. If the restoration can be accomplished within 120 working days after the date Landlord receives notice of the destruction, such destruction shall not serve to terminate this Lease. If the restoration cannot be performed within the time stated in this section, then within ninety (90) days after the parties determine that the restoration cannot be completed within said time, either party may terminate this Lease upon thirty (30) days notice to the other party. If Tenant fails to terminate this Lease and restoration is permitted under existing laws, Landlord, at its election, may restore the Premises and/or the Building within a reasonable period of time, and this Lease shall continue in full force and effect. Landlord shall use diligent effort in restoring the Premises and/or Building. Rent shall be abated during the period in which the Premises (or portion thereof on a prorated basis) are rendered untenable as a result of such damage, unless said damage was caused by the intentional wrongful act of Tenant or its employees, agents or invitees. Should Landlord elect to terminate this Lease, the entire amount of Landlord's insurance proceeds shall be and remain the outright property of Landlord, subject to the prior rights of any mortgagee and except any proceeds received for Tenant's Property that are covered under Tenant's insurance.

Section 9.3 Landlord's Insurance. Landlord represents and warrants that Landlord shall provide and maintain insurance against the property, including personal injury and property damage for the building, including hazard and windstorm.

ARTICLE X

ALTERATIONS AND MECHANIC'S LIENS

Section 10.1 Alterations by Tenant. No alterations shall be made by Tenant unless the following conditions are met:

(a) Tenant shall have received the prior written consent of Landlord, which consent shall not be unreasonably withheld.

(b) All such alterations or improvements shall be performed by Landlord at Tenant's expense, or by a contractor approved by Landlord. Landlord's approval of the plans, specifications and working drawings for Tenant's Work shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities. Any work by Landlord shall be performed at a fee competitive with local contractors.

(c) Tenant shall have procured all permits, licenses and other authorizations required for the lawful and proper undertaking thereof;
(d) all alterations when completed shall be of such a nature as not to (i) reduce or otherwise adversely affect the value of the Premises; (ii) diminish the general utility or change the general character thereof; (iii) result in an increase of the Operating Expenses, or (iv) adversely affect the mechanical, electrical, plumbing, security or other such systems of the Building or the Premises;

(e) all alterations made by Tenant shall remain on and be surrendered with the Premises on expiration or earlier termination of this Lease, except that Landlord can elect, within thirty (30) days before expiration or earlier termination of the Lease, to require Tenant to remove any and all alterations Tenant had made to the Premises;

Section 10.2 Construction Liens. Tenant agrees that it will make full and prompt payment of all sums necessary to pay for the cost of repairs, alterations, improvements, changes or other work done by Tenant to the Premises and further agrees to indemnify and hold harmless Landlord from and against any and all such costs and liabilities incurred by Tenant, and against any and all construction liens arising out of or from such work or the cost thereof which may be asserted, claimed or charged against the Premises or the Building or site on which it is located. Notwithstanding anything to the contrary in this Lease, the interest of Landlord in the Premises shall not be subject to liens for improvements made by or for the Tenant, whether or not the same shall be made or done in accordance with any agreement between Landlord and Tenant, and it is specifically understood and agreed that in no event shall Landlord or the interest of Landlord in the Premises be liable for or subjected to any construction liens for improvements or work made by or for Tenant; and this Lease specifically prohibits the subjecting of Landlord's interest in the Premises to any construction liens for improvements made by Tenant or for which Tenant is responsible for payment under the terms of this Lease. All persons dealing with Tenant are hereby placed upon notice of this provision. In the event any notice or claim of lien shall be asserted of record against the interest of Landlord in the Premises or Building or the site on which it is located on account of or growing out of any improvement or work done by or for Tenant, or any person claiming by, through or under Tenant, for improvements or work the cost of which is the responsibility of Tenant, Tenant agrees to have such notice of claim of lien canceled and discharged of record as a claim against the interest of Landlord in the Premises, the Building or the Property (either by payment or bond as permitted by law) within ten (10) days after notice to Tenant by Landlord, and in the event Tenant shall fail to do so, Tenant shall be considered in default under this Lease.

ARTICLE XI

ASSIGNMENT AND SUBLETTING

Section 11.1 Tenant's Transfer.

(a) Tenant shall not voluntarily assign or encumber its interest in this Lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld. Any assignment, encumbrance or sublease without the Landlord's written consent shall be void able and at Landlord's election, shall constitute a default hereunder. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the

provisions of this Section.

(b) If Tenant is a partnership, a withdrawal or change, voluntary, involuntary, or by operation of law, of any partner/or partners owing 50% or more of the partnership, or the dissolution of the partnership, shall be deemed a voluntary assignment.

(c) If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors, shall be deemed a voluntary assignment.

(d) Landlord may consent to the sublease of all or any part of the Premises provided Tenant and the sub lessee enter into a sublease incorporating the same terms and conditions as contained herein (exclusive of rent), and Landlord shall be entitled to receive the total amount of any increased Rent, including sales tax, paid by a sub lessee or assignee.

(e) Any assignment agreed to by Landlord shall be evidenced by a validly executed Assignment and Assumption of Lease Agreement. Any attempted transfer, assignment, subletting, mortgaging or encumbering of this Lease in violation of this Section shall be void and confer no rights upon any third person. Such attempt shall constitute a material breach of this Lease and entitle Landlord to the remedies provided for default.

(f) If, without such prior written consent, this Lease is transferred or assigned by Tenant, or if the Premises, or any part thereof, are sublet or occupied by anybody other than the Tenant, whether as a result of any act or omission by Tenant, or by operation of law or otherwise, Landlord may, in addition to and not in diminution of, or substitution for, any other rights and remedies under this Lease, or pursuant to law to which Landlord may be entitled as a result thereof, collect Rent directly from the transferee, assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved.

Section 11.2 Tenant's Liability. Notwithstanding any assignment or sublease, and notwithstanding the acceptance of Rent by Landlord from any such assignee or sub lessee, Tenant shall continue to remain liable for the payment of Rent hereunder and for the performance of all agreements, conditions, covenants and terms herein contained,

Section 11.3 Landlord's Right of Cancellation.

Notwithstanding anything contained herein to the contrary, should Tenant desire to assign the Lease or sublease the Premises, Landlord shall have the right, but not the obligation, to cancel or terminate the Lease and deal with Tenant's prospective assignee or sublessee directly and without any obligation to Tenant. In this event, Tenant's obligations to Landlord under this Lease shall terminate.

Section 11.4 Landlord's Transfer. Landlord shall have the right to sell, mortgage, or otherwise encumber or dispose of Landlord's interest in the Premises, the Building, the Property and this Lease.

Section 11.5

Minimum Rental Requirement. Notwithstanding anything to the contrary contained in this ARTICLE XI or in this Lease, Tenant may assign this Lease or sublet the Premises provided said rental rate is not less than that rental amount that is being paid for other space within the Building. Otherwise, Tenant shall not, under any circumstances, assign this Lease or sublet the Premises or any part thereof until at lease ninety (90%) percent of the rentable space in the Building has been leased by Landlord.

ARTICLE XII

OBLIGATIONS

Section 12.1 Obligations of Tenant.Tenant shall, during the Term of this Lease, at its sole cost and expense, comply with all valid laws, ordinances, regulations, orders and requirements of any governmental authority which may now or hereafter be applicable to the Premises or to its use, whether or not the same shall interfere with the use or occupancy of the Premises, arising from (a) Tenant's use of the Premises; (b) the manner or conduct of Tenant's business or operation of its installations, equipment or other property therein; (c) any cause or condition created by or at the instance of Tenant; or (d) breach of any of Tenant's obligations hereunder, whether or not such compliance requires work which is structural or non-structural, ordinary or extraordinary, foreseen or unforeseen; and Tenant shall pay all of the costs, expenses, fines, penalties and damages which may be imposed upon Landlord by reason or arising out of Tenant's failure to fully and promptly comply with and observe the provisions of this Section. Tenant shall give prompt notice to Landlord of any notice it received of the violation of any law or requirement of any public authority with respect to the Premises or the use or occupation thereof.

Section 12.2 Rules and Regulations. Tenant shall also comply with all rules and regulations now existing (See **Exhibit "C"**), or as may be subsequently applied by Landlord to all tenants of the Building. Landlord agrees to consistently apply the rules and regulations to all Tenants within the Building.

ARTICLE XIII

RIGHT OF LANDLORD TO PERFORM TENANT'S COVENANTS

Section 13.1 Payment or Performance. Landlord shall have the right, upon ten (10) days prior written notice to Tenant (or without notice in case of emergency or in order to avoid any fine, penalty, or cost which may otherwise be imposed or incurred), following the expiration of any applicable cure period, to make any payment or perform any act required of Tenant under any provision in this Lease, and in exercising such right, to incur necessary and incidental costs and expenses, including reasonable attorney's fees. Nothing herein shall imply any obligation on the part of Landlord to make any payment or perform any act required of Tenant, and the exercise of the right to do so shall not constitute a release of any obligation.

Section 13.2 Reimbursement. All payments made and all reasonable costs and expenses incurred in connection with Landlord's exercise of the right set forth in Section 13.1, shall be reimbursed by Tenant within ten (10) days after receipt of a bill setting forth the amounts so expended, together with interest at the annual rate of 18% from the respective dates of the making of such payments or the incurring of such costs and expenses. Any such payments, costs and expenses made or incurred by Landlord may be treated as Additional Rent owed by Tenant.

ARTICLE XIV

NON-LIABILITY AND INDEMNIFICATION

Section 14.1 Non-Liability of Landlord. Neither Landlord, nor any beneficiary, joint venture partner, agent, servant, or employee of Landlord, nor any Superior Mortgagee (as defined in Article XIX below), shall be liable to Tenant for any loss, injury, or damage to Tenant or to any other person, or to its property, unless caused by or resulting from the negligence or intentional wrongful act of Landlord, its agents, servants or employees, in the operation or maintenance of the Premises or the Building, subject to the doctrine of comparative negligence in the event of contributory negligence on the part of Tenant or any of its subtenants, licensees, employees, agents or contractors. Tenant recognizes that any Superior Mortgagee will not be liable to Tenant for injury, damage or loss caused by or resulting from the negligence of Landlord. Further, neither Landlord, or any Superior Mortgagee, nor any joint venture partner, director, officer, agent, servant or employee of Landlord shall be liable (a) for any such damage caused by other tenants or persons in, upon or about the Building, or caused by operations in construction of any private, public or quasi-public work; or (b) for incidental or consequential damages or lost profits arising out of any loss of use of the Premises, or any equipment or facilities therein, by Tenant or any person claiming through or under Tenant.

Section 14.2 Indemnification by Tenant. Tenant hereby agrees to indemnify Landlord and hold it harmless from and against all claims, actions, damages, liability, and expenses which may arise in connection with bodily, loss of life, and/or damage to property arising from or out of any occurrence in, upon, or at the Demised Premises, or the occupancy or use by Tenant of the Demised Premises or any part thereof, or occasioned totally or in part by any negligent act or omission of Tenant, its agents, contractors, employees, servants, or subtenants unless such damages due to the negligent act or omission of Landlord, its agents or employees. In case Landlord shall, without fault on its part, be made a party to any litigation commenced by or against Tenant in connection with the Demised Premises, Tenant hereby agrees to hold Landlord harmless and pay all costs, expenses, and reasonable attorney's fees and costs incurred by Landlord in connection with such litigation. Tenant also agrees to pay all costs, expenses, and reasonable attorney's fees which may be incurred by Landlord in enforcing the obligations of Tenant under this Lease. To the maximum effect permitted by law, Tenant agrees to use and occupy the Demised Premises at Tenant's own risk.

Section 14.3 Independent Obligations; Force Majeure. The obligations of Tenant hereunder shall not be affected, impaired or excused, nor shall Landlord have any liability whatsoever to Tenant, because (a) Landlord is unable to fulfill, or is delayed in fulfilling, any of its obligations under this Lease by reason of strike, other labor trouble, governmental pre-emption of priorities or other controls in connection with a national or other public emergency or shortages of fuel, supplies, labor or materials, acts of God or any other cause, whether similar or dissimilar, beyond Landlord's reasonable control; or (b) of any failure or defect in the supply, quantity or character of electricity or water furnished to the Premises, by reason of any requirement, act or omission of the public utility or others serving the Building with electric energy, steam, oil, gas or water, or for any other reason whether similar or dissimilar, beyond Landlord's reasonable control. Tenant shall not hold Landlord liable for any injury or damage to person or property caused by fire, theft, or resulting from the operation of elevators, heating or air conditioning or lighting apparatus, or from falling plaster, or from steam, gas, electricity, water, rain, or dampness, which may leak or flow from any part of the Building, or from the pipes, appliances or plumbing work of the same, unless same is the result of Landlord's gross negligence.

ARTICLE XV

DEFAULT

Section 15.1 Events of Default. Tenant shall be in default under this Lease if any one or more of the following events shall occur:

(a) Tenant shall fail to pay any installment of the Rent and/or any expenses called for hereunder as and when the same shall become due and payable, and such default shall continue for a period of ten (10) days after the same is due; or

(b) Tenant shall default in the performance of or compliance with any of the other terms or provisions of this Lease, and such default shall continue for a period of thirty (30) days after the giving of written notice thereof from Landlord to Tenant, or, in the case of any such default which cannot, with bona fide due diligence, be cured within said thirty (30) days, Tenant shall fail to proceed within said thirty (30) day period to cure such default and thereafter to prosecute the curing of same with all due diligence (it being intended that as to a default not susceptible of being cured with due diligence within such period of thirty (30) days, the time within which such default may be cured shall be extended for such period as may be necessary to permit the same to be cured with due diligence); or

(c) Tenant shall assign, transfer, mortgage or encumber this Lease or sublet the Premises in a manner not permitted by ARTICLE XI; or

(d) Tenant shall file a voluntary petition in bankruptcy or any Order for Relief be entered against it, or shall file any petition or answer seeking any arrangement, reorganization, composition, re-adjustment or similar relief under any present or future bankruptcy or other applicable law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Tenant of all or any substantial part of Tenant's properties; or

(e) If any creditor of Tenant shall file a petition in bankruptcy against Tenant or for reorganization of Tenant, under state or federal law, and if such petition is not discharged within ninety (90) days after the date on which it is filed; or

(f) Tenant shall vacate or abandon the Premises,

then, and in any such event, or during the continuance thereof (subject to the time period described in subparagraph (e) above), Landlord may, at its option, by written notice to Tenant, designate a date not less than five (5) days from the giving of such notice on which this Lease shall end, and thereupon, on such date, this Lease and all rights of Tenant hereunder shall terminate.

Section 15.2 Surrender of Premises. Upon any such termination of this Lease, Tenant shall surrender the Premises to Landlord, and Landlord, at any time after such termination, may, without further notice, re-enter and repossess the Premises without being liable to any prosecution or damages therefore, and no person claiming through or under Tenant or by virtue of any statute or of any order of any court shall be entitled to possession of the Premises.

Section 15.3 Reletting. At any time or from time to time after any such termination of this Lease, Landlord may relet the Premises or any part thereof, in the name of Landlord or otherwise, for such term or terms and on such conditions as Landlord, in its sole discretion, may determine, and may collect and receive the rents therefore. Landlord shall in no way be responsible or liable for any failure to relet the Premises or any part thereof or for any failure to collect any rent due upon such reletting.

Section 15.4 Survival of Obligations.

No termination, pursuant to this ARTICLE XV, shall relieve Tenant of its liability and obligations under this Lease, and such liability and obligations shall survive any such termination.

Section 15.5 Holdover.

Should Tenant hold over and remain in possession of the Premises at the expiration of any Term hereby created, Tenant shall, by virtue of this Section, become a Tenant at sufferance and shall pay Landlord 200% of the Rent per month of the last monthly installment of Rent above provided to be paid. Said monthly tenancy shall be subject to all the conditions and covenants of this Lease as though the same had been a tenancy at sufferance instead of a tenancy as provided herein, and Tenant shall give to Landlord at least thirty (30) days prior written notice of any intention to vacate the Premises, and shall be entitled to ten business (10) days prior notice of any intention of Landlord to evict Tenant from the Premises in the event Landlord desires possession of the Premises; however, that said Tenant at sufferance shall not be entitled to ten business (10) days notice in the event the said Rent is not paid in advance without demand, the ten business (10) days written notice otherwise required being hereby expressly waived.

ARTICLE XVI

DAMAGES/REMEDIES

Section 16.1 Damages.

In the event this Lease is terminated under the provisions or any provisions of law by reason of default hereunder on the part of Tenant, Tenant shall pay to Landlord, as damages, at the election of Landlord either:

(a)

The present value of the entire amount of the Rent which would have become due and payable during the remainder of the Term of this Lease, in which event Tenant agrees to pay the same at once, together with all Rent theretofore due, at Landlord's address as provided herein; provided however, that such payment shall not constitute a penalty or forfeiture or liquidated damages, but shall merely constitute payment in advance of the Rent for the remainder of said Term. Such present value shall be determined utilizing a discount rate of six (6%). The acceptance of such payment by Landlord shall not constitute a waiver of any failure of Tenant thereafter occurring to comply with any term, provision, condition or covenant of this Lease. IF Landlord elects the remedy given in this Section 16.1 (a), then same shall be Landlord's sole remedy for such default; or

(b)

Sums equal to the Rent which would have been payable by Tenant had this Lease not been so terminated, payable upon the due dates therefore following such termination through the expiration of this Lease.

If Landlord at its option shall relet the Premises during said period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents, as and when received by Landlord, the expenses incurred or paid by Landlord in terminating this Lease and in securing possession thereof, as well as the expenses of reletting, including, without limitation, the alteration and preparation of the Premises for new tenants, brokers' commissions, reasonable attorneys' fees and all other expenses properly chargeable against the Premises and the rental therefrom. It is hereby understood that any such reletting may be for a period shorter or longer than the remaining Term of this Lease but in no event shall Tenant be entitled to receive any excess of such net rents over the sum payable by Tenant to Landlord hereunder, nor shall Tenant be entitled in any suit for the collection of damages pursuant hereto to a credit in respect of any net rents from a reletting, except to the extent that such rents are actually received by Landlord.

Section 16.2 Remedies.

Lawsuits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term of this Lease would have expired, nor limit or preclude recovery by Landlord against Tenant of any sums or damages which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant. All remedies of Landlord provided for herein, or otherwise at law or in equity, shall be cumulative and concurrent.

ARTICLE XVII

EMINENT DOMAIN

Section 17.1 Taking.

If the whole of the building or the Premises, or, if more than 20% of the Building or the Property, shall be taken by condemnation or in any other manner for any public or quasi-public use or purpose, which materially affects Tenant's use and occupancy of the Premises, this Lease shall terminate as of the date of vesting of title as a result of such taking, and the Base Rent and Additional Rent shall be prorated and adjusted as of such date.

Section 17.2 Award.

Landlord shall be entitled to receive the entire award or payment in connection with any taking without deduction there from, except to the extent that Tenant shall be entitled to compensation based upon damages sustained to Tenant's Property. Tenant shall not be precluded from taking its' own action against the condemning authority.

Section 17.3 Temporary Taking.

If the temporary use or occupancy of all or any part of the Premises shall be taken by condemnation or in any other manner for any public or quasi-public use or purpose during the Term of this Lease, Tenant shall be entitled, except as hereinafter set forth, to receive that portion of the award or payment for such taking which represents compensation for the use and occupancy of the Premises, for the taking of Tenant's Property and for moving expenses, and Landlord shall be entitled to receive that portion which represents reimbursement for the cost of restoration of the Premises. This Lease shall be and remain unaffected by such taking and Tenant shall continue to pay the Rent in full when due. If the period of temporary use or occupancy shall extend beyond the expiration date of this Lease, that part of the award which represents compensation for the use and occupancy of the Premises (or a part thereof) shall be divided between Landlord and Tenant so that Tenant shall receive so much thereof as represents the period up to and including such expiration date and Landlord shall receive so much as represents the period after such expiration date. All monies received by Landlord as, or as part of, an award for temporary use and occupancy for a period beyond the date through which the Rent has been paid by Tenant, shall be held and applied by Landlord as a credit against the Rent becoming due hereunder.

Section 17.4 Partial Taking.

In the event of any taking of less than the whole of the Premises, the Building and/or the Property, which does not result in termination of this Lease: (a) subject to the prior rights of a Superior

Mortgagee, Landlord, at its expense, shall proceed with reasonable diligence to repair the remaining parts of the Building and the Premises (other than those parts of the Premises which are Tenant's Property) to substantially their former condition to the extent that the same is feasible (subject to reasonable changes which Landlord shall deem desirable), so as to constitute a complete and tenantable Building and Premises; and (b) Tenant, at its expense, shall proceed with reasonable diligence to repair the remaining parts of the Premises which are deemed Tenant's property pursuant hereto, to substantially their former condition to the extent feasible, subject to reasonable changes which Tenant shall deem desirable. Such work by Tenant shall be deemed alterations as described in Section 11.1 hereinabove. In the event of any partial taking, Tenant shall be entitled to a reduction in Rent for the remainder of the Lease Term following such partial taking based upon the percentage of space taken relative to the original Premises leased.

ARTICLE XVIII

QUIET ENJOYMENT

Section 18.1 Quiet Enjoyment.

Landlord agrees that Tenant, upon paying all Rent and other charges herein provided for and observing and keeping the covenants, agreements, terms and conditions of this Lease and the rules and regulations of Landlord affecting the Premises on its part to be performed, shall lawfully and quietly hold, occupy and enjoy the Premises during the Term of this Lease.

ARTICLE XIX

SUBORDINATION AND ATTORNMENT

Section 19.1 Subordination.

This Lease, and all rights of Tenant hereunder, are and shall be subordinate to any mortgage or other encumbrance, whether now of record or recorded after the date of this Lease, affecting the Premises, the Building or the Property. Notwithstanding that such subordination is self-operative without any further act of Tenant, Tenant shall, from time to time, within ten (10) days of request from Landlord, execute and deliver any reasonable documents or instruments that may be required by a Superior Mortgagee to confirm such subordination. Tenant's obligation to subordinate this Lease to any mortgage or other interest shall be conditioned upon Tenant's receipt from such party requesting subordination a Non-Disturbance agreement substantially to the effect that no steps or proceedings taken by reason of Landlord's default under such mortgage or encumbrance shall terminate this Lease nor shall Tenant be named a Defendant in any proceeding for foreclosure of such mortgage or be disturbed by virtue of such steps or proceedings as long as there shall be no default by Tenant under the provisions of the Lease. Any mortgage to which this Lease is subject and subordinate is hereinafter referred to as a "Superior Mortgage" , and the holder of a Superior Mortgage is hereinafter referred to as a "Superior Mortgagee".

Section 19.2 Notice to Landlord and Superior Mortgagee.

If any act or omission of Landlord would give Tenant the right, immediately or after the lapse of a period of time, to cancel this Lease or to claim a partial or total eviction, Tenant shall not exercise such right (a) until it has given written notice of such act or omission to Landlord and any Superior Mortgagee whose name and address shall previously have been furnished to Tenant; and (b) until a reasonable period of time for remedying such act or omission shall have elapsed following the giving of such notice and following the time when such Superior Mortgagee shall have become entitled under such Superior Mortgage to remedy the same.

Section 19.3 Attornment.

If any Superior Mortgagee shall succeed to the rights of Landlord hereunder, whether through possession or foreclosure action or delivery of a new lease or deed, then, at the request of such Superior Mortgagee, Tenant shall attorn to and recognize such Superior Mortgagee as Tenant's Landlord under this Lease, and shall promptly execute and deliver any instrument such Superior Mortgagee may reasonable request to evidence such attornment. Upon such attornment, this Lease shall continue in full force and effect as a direct Lease between such Superior Mortgagee and Tenant, upon all terms, conditions, and covenants as set forth in this Lease, except that the Superior Mortgagee shall not: (a) be liable for any previous act or omission of Landlord under this Lease; (b) be subject to any offset, not expressly provided for in this Lease; or (c) be bound by any previous modification of this Lease or by any previous prepayment, unless such modification or prepayment shall have been previously approved in writing by such Superior Mortgagee. Further, upon such attornment, Landlord shall be released from any further obligations hereunder.

ARTICLE XX

LANDLORD'S RIGHT OF ACCESS

Section 20.1 Access for Maintenance and Repair.

Except for the space within the inside surfaces of all walls, hung ceilings, floors, windows, and doors bounding the Premises, all of the Building including, without limitation, exterior walls, core interior walls and doors and any core corridor entrance, any terraces or roofs adjacent to the Premises, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks, or other facilities of the Building, and the use thereof, as well as access thereto throughout the Premises for the purposes of operation, maintenance, decoration and repair, are reserved to Landlord. Landlord reserves the right, and Tenant shall permit Landlord, to install, erect, use and maintain pipes ducts and conduits in and through the Premises. Landlord shall be allowed to take all materials into and upon the Premises that may be required in connection therewith, without any liability to Tenant and without any reduction of Tenant's covenants and obligations hereunder. Landlord and its agents shall have the right to enter upon the Premises upon reasonable notice to Tenant and during normal business hours except in emergencies when no notice is required, for the purpose of making any repairs therein or thereto which shall be considered necessary or desirable by Landlord, in such a manner as not to unreasonably interfere with Tenant in the conduct of Tenant's business on the Premises; and in addition, Landlord and its agents shall have the right to enter the premises at any time in cases of emergency.

Section 20.2 Access for Inspection and Showing.

Upon reasonable notice to Tenant and during normal business hours, Landlord and its agents shall have the right to enter and/or pass through the Premises to examine the Premises and to show them to actual and prospective purchasers, mortgagees or lessors of the Building. During the period of six (6) months prior to the expiration date of this Lease, Landlord and its agents may exhibit the Premises to prospective tenants.

Section 20.3 Landlord's Alterations and Improvements.

If, at any time, any windows of the Premises are temporarily darkened or obstructed by reason of any repairs, improvements, maintenance and/or cleaning in or about the Building, or if any part of the Building, other than the Premises, is temporarily or permanently closed or inoperable, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease. Landlord reserves the right to make such changes, alterations, additions, and improvements in or to the Building and the fixtures and equipment thereof, as well as in or to the street entrances, doors, halls, passages, elevators, escalators and stairways thereof, and other public portions of the Building, as Landlord shall deem necessary or desirable, and no such alterations or changes shall be deemed a breach of Landlord's covenant of quiet enjoyment or a constructive eviction.

ARTICLE XXI

SIGNS AND OBSTRUCTION

Section 21.1 Signs.

Landlord shall supply Tenant with building standard signage. Tenant shall not place or suffer to be placed or maintained upon any exterior, door, roof, wall or window of the Premises or the Building, any sign, awning, canopy or advertising matter of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Premises except as approved by Landlord, and will not place or maintain any freestanding standard within or upon the Common Area of the Building or immediately adjacent thereto, without first obtaining Landlord's express prior written consent. No exterior or interior sign visible from the exterior of the Building shall be permitted. Tenant further agrees to maintain any such signage approved by Landlord in good condition and repair at all times and to remove the same at the end of the Term of this Lease if requested by Landlord. Upon removal thereof, Tenant agrees to repair any damage to the Premises caused by such installation and/or removal.

Section 21.2 Obstruction.

Tenant shall not obstruct the sidewalks, parking lots or other public portions of the Building or the Property in any manner whatsoever.

ARTICLE XXII

NOTICES

Section 22.1 Notices.

Any notice or other information required or authorized by this Lease to be given by either party to the other may be given by hand or sent (by first class pre-paid mail, telex, cable, facsimile transmission or comparable means of communication) to the other party at the address stated below. Any notice or other information given by mail pursuant to this Section which is not returned to the sender as undelivered shall be deemed to have been given on the fifth (5th) day after the envelope containing any such notice or information was properly addressed, pre-paid, registered and mailed. The fact that the envelope has not been so returned to the sender shall be sufficient evidence that such notice or information has been duly given. Any notice or other information sent by telex, cable, facsimile transmission or comparable means of communication shall be deemed to have been duly sent on the date of transmission, provided that a confirming copy thereof is sent by first class pre-paid mail to the other party, at the address stated below, within twenty-four (24) hours after transmission.

AS TO LANDLORD:

BGNP Associates, LLC
8000 N Federal Highway
Suite 200
Boca Raton, FL 33487

AS TO TENANT:

Cleartronic, Inc.
8000 N. Federal Highway
Suite 100
Boca Raton, FL 33487

The above address may be changed at any time by giving thirty (30) days written notice as above provided. In addition to the foregoing, any notices of a legal nature shall be copied to:

BGNP Associates, LLC
8000 N Federal Highway
Suite 200
Boca Raton, FL 33487

ARTICLE XXIII

MISCELLANEOUS

Section 23.1 ADA Compliancy.

To the best of Landlord's knowledge, the Premises are ADA compliant.

Section 23.2 Environmental Indemnity.

Tenant agrees to indemnify and hold Landlord harmless from and against any and all loss, claim, liability, damages, injuries to person, property, or natural resources, cost, expense, action or cause of action, arising in connection with the release or presence of any "Hazardous Substances" at the Premises, through the acts of Tenant, its employees, agents or invitees acting with Tenant's authority, whether foreseeable or unforeseeable, during the term and occupancy of the premises by Tenant. The foregoing indemnity includes, without limitation, all costs in law or in equity of removal, remediation of any kind, and disposal of such Hazardous Substances, all costs of determining whether the Premises is in compliance and to cause the Premises to be in compliance with all with all applicable environmental laws, all costs associated with claims for damages to persons, property, or natural resources, and Landlord's reasonable attorneys' and consultants' fees and court costs. For the purposes of definition, Hazardous Substances means any toxic or hazardous wastes, pollutants or substances, including, without limitation, asbestos, PBCs, petroleum products and by-products, substances defined or listed as "hazardous substances" or "toxic substances" or similarly identified in or pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9061 et. seq., hazardous materials identified in or pursuant to the Hazardous Materials Transportation Act 49 U.S.C. Section 1802 et. seq.

Section 23.3 Radon Gas.

Pursuant to Florida Statutes, Section 404.056 [8], the following disclosure is required by law: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

Section 23.4 Broker Commission.

Intentionally left blank.

Section 23.5 Financial Statements.

Throughout the term of this Lease, Tenant shall provide Landlord, at the request of Landlord, its most current and complete financial statement including, but not limited to, its balance sheet and profit and loss statement.

Section 23.6 Estoppel Certificates.

Each party agrees, at any time and from time to time as requested by the other party, to execute and deliver to the other a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the dates to which the Base Rent have been paid, stating whether or not the other party is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default, and stating whether or not any event has occurred which, with the giving of notice or passage of time, or both, would constitute such a default, and, if so, specifying each such event. Each party shall also include in any such statements such other information concerning this Lease as the other party may reasonably request. In the event either party fails to comply with this Section, such failure shall constitute a material breach of the Lease. If Tenant fails to execute the initial Estoppel Certificate, Rent shall continue to accrue, but Landlord shall be under no obligation to deliver possession of the Premises.

Section 23.7 Approval by Superior Mortgagee.

If required by a Superior Mortgagee, this Lease shall become binding upon Landlord's execution and approval of Lease by Landlord's Superior Mortgagee for the building.

Section 23.8 No Recordation.

This Lease shall not be recorded by Tenant in the Public Records of Palm Beach County, Florida, or in any other place. Any attempted recordation by Tenant shall render this Lease null and void and entitles Landlord to the remedies provided for Tenant's default. However, at the request of Landlord, Tenant shall promptly execute, acknowledge and deliver to Landlord a Memorandum of Lease with respect to this Lease, and a Memorandum of Modification of Lease with respect to any modification of this Lease, sufficient for recording. Such Memorandum shall not be deemed to change or otherwise affect any of the obligations or provisions of this Lease.

Section 23.9 Governing Law.

This Lease shall be governed by and construed in accordance with the laws of the State of Florida. If any provision of this Lease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Lease shall remain in full force and effect. The table of contents, captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Each covenant, agreement, obligation, or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease. All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender, as the context may require.

Section 23.10 Relationship of Parties.

Nothing contained in this Lease will be deemed or construed to create a partnership or joint venture between Landlord and Tenant, or to create any other relationship between the parties other than that of Landlord and Tenant.

Section 23.11 Capacity to Execute Lease.

If Tenant is other than a natural person, Tenant represents that it is legally constituted, in good standing and authorized to conduct business in the State of Florida. Tenant further represents that the person who is executing this Lease on its behalf has the full power and authority to perform such execution and deliver the Lease to Landlord, and that upon such execution and delivery, the Lease shall be valid and binding upon Tenant in accordance with its respective terms and conditions. To further evidence the foregoing, upon request by Landlord, Tenant shall deliver to Landlord an appropriate corporate or partnership resolution specifying that the signatory to the Lease has been duly authorized to execute same on behalf of Tenant.

Section 23.12 Exculpation of Landlord.

Landlord's obligations and liability to Tenant with respect to this Lease shall be limited solely to Landlord's interest in the Property or the proceeds of any insurance policies maintained or required to be maintained by Landlord hereunder, and neither Landlord nor any of the partners of Landlord, nor any officer, director, or shareholder of Landlord, shall have any personal liability whatsoever with respect to this Lease.

Section 23.13 Waiver of Trial by Jury.

It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant or Tenant's use or occupancy of the Premises.

Section 23.14 Attorney's Fees.

In the event of any litigation in enforcing any of the terms, covenants or conditions of this Lease, or any of its rights and remedies under Chapter 83, Florida Statutes, as may hereinafter be amended, the prevailing party shall be entitled to the recovery it reasonable attorneys' fees and court costs incurred.

Section 23.15 Compliance with Laws.

Tenant, at Tenant's expense shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements of federal, state, county and municipal authorities, now in force or which may hereafter be in force, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alteration of the Premises.

Section 23.16 Entire Agreement.

This Lease constitutes the entire understanding between the parties and shall bind the parties hereto, their successors and assigns. No representation, except as herein expressly set forth, have been made by either party to the other, and this Lease cannot be amended or modified except by a writing signed by Landlord and Tenant.

It is the intent and agreement of the parties hereto that the offer, any counter offer and acceptance of any offer or counter offer and acceptance of any offer or counter offer may be communicated by use of a facsimile machine (fax) or email and that the signatures, initials and handwritten or typewritten modifications to any of the foregoing shall be as legally valid and binding upon the parties as if the original signatures, initials and modifications were present on the documents in the hands of each party.

This Agreement may be executed in several separate counterparts, each of which shall be deemed an original and all of such counterparts together shall constitute one and the same instrument.

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

WITNESSES:
(2 witnesses required)

"TENANT"
Cleartronic, Inc.
Suite #100

Signature

Printed Name

Name Printed, Title

Date

Date

Printed Name

Date

WITNESSES:
(2 witnesses required)

"LANDLORD"
BGNP Associates, LLC

Eric P. Platero, Managing Member

Printed Name

Date

Date

Printed Name

Date

LEASE GUARANTEE FORM

TO: Lessor of premises located at 8000 N. Federal Highway, Suite 100

GUARANTOR FOR THE FOLLOWING LESSEE:

Print Lessee's Full Name

This lease is entered into between the lessor of the above described premises and the lessee named above, the undersigned Guarantor do/does hereby personally guarantee full compliance with the terms and conditions of said lease, including, but not by way by limitation, the payment of rent therein and provisions pertaining to joint and several liability of lessee under said lease.

This agreement shall remain in full force and effect for the first year of said lease agreement between said lessor and the lessee named below regarding the above described premises or other premises owned by the same lessor within the same office building. The terms and conditions of this guarantee agreement shall be binding upon the guarantor and the guarantor's respective heirs, executors, administrators, personal representatives, successors, beneficiaries and assigns.

_____ _____	_____ _____
Signature of Guarantor Date	Signature of Guarantor Date
_____	_____
Name	Name
_____	_____
Address	Address
_____	_____
Phone Number	Phone Number
_____	_____
Social Security Number	Social Security Number

Witnessed By:

_____	_____
Printed Name	Printed Name
_____ _____	_____ _____
Signature Date	Signature Date

ADDENDUM A – INSERT MAP OF SPACE
8000 Building - Suite #100

ADDENDUM B

TENANT ESTOPPEL STATEMENT

LEASE DATED: AMENDED:

LANDLORD:

TENANT:

PREMISES:
As Tenant under the above referenced Lease, the undersigned certifies for the benefit of _____, which has made or is about to make a loan to Landlord part of the security for which will be a mortgage or deed of trust covering the Premises and an assignment of Landlord's interest in the Lease, the following:

1. The Lease has not been modified or amended, except by documents dated _____ copies of which are attached hereto.

2. The Lease (as so modified or amended) is in full force and effect and represents the entire agreement between Landlord and Tenant.

3. Tenant has no offsets or defenses to its performance of the terms and provisions of the Lease, including the payment of rent and Landlord is not in default under any of the terms, covenants or provisions of the Lease.

4. Tenant is in possession of the Premises and has accepted the Premises, including all alterations, additions and improvements required to be made by Landlord.

5. The Rent Commencement Date is _____, 20 __, and the Term is _____ months ending on _____, 20 __, The Lease provides for the following renewal options(s) _____ at a rental rate of _____.

6. Tenant acknowledges that the Premises have been delivered to Tenant in good order and condition.

7. The Lease provides for rent payable as follows:

   (a) *Base Rent*. Base Rent payable monthly of $ _____.

   (b) *Operating Costs*. The Lease provides for Tenant to pay its proportionate share of Operating Costs.

   (c) Tenant has commenced paying rent. No rent has been paid in advance except for the Base Rent that became due for the current month.

8. Landlord is holding a security deposit of $_____.

9. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows:
   _____
   _____

10. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease and that it has not received any notice of a prior assignment, hypothecation or pledge of rents by Landlord.

11. Tenant has delivered to Landlord all evidence of insurance which Tenant is required to provide under the Lease.

TENANT: _____

BY: _____

ITS: _____

DATE: _____

ADDENDUM C

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways shall not be obstructed by Tenant or used for any purpose other than the ingress and egress from its Premises. The halls, passages, exits, entrances, elevators and stairways are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. Tenant shall not go upon the roof of the Building.

2. The bulletin board or directory of the Building will be provided exclusively for the display of the name and location of tenants and Landlord reserves the right to exclude any other names therefrom.

3. No curtains, draperies, blinds, shutters, shades, screens or other coverings, awnings, hangings or decorations shall be attached to, hung or placed in, or used in conjunction with, any window or door on the Premises without the prior written consent of Landlord. In any event, all such items shall be installed inboard of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. No articles shall be placed on the window sills so as to be visible from the exterior of the Building. No articles shall be placed against glass partitions or doors which might appear unsightly from outside Tenant's Premises.

4. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 8:00 a.m. weekdays, and at all hours on Saturdays, Sundays, and holidays all persons who are not tenants or their accompanied guests. Tenant shall be responsible for all persons it allows to enter the Building and shall be liable to Landlord for all acts of such persons.

   Landlord shall in no case be liable for damages for error with regard to the admission or exclusion of any person from the Building.

   During the continuance of any invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building by closing the doors, or otherwise, for the safety of tenants and protection of the Building and property in the Building.

5. Tenant shall not employ any person or persons other than Landlord's janitor for the purpose of cleaning its Premises. Except with the written consent of Landlord no persons other than those approved by Landlord shall be permitted to enter the building for the purpose of cleaning same. Tenant shall not cause any unnecessary labor by reason of its carelessness or indifference in the preservation of good order and cleanliness. Landlord shall in no way be responsible to Tenant for any loss of property on its Premises however occurring, or for any damage done to the effects of Tenant by the janitor or any other employee or any other person.

6. Tenant shall not use upon its Premises vending machines or accept barbering or bootblacking services in its Premises except from persons authorized by Landlord.

7. Tenant shall see that all doors to its Premises are securely locked and that all utilities, water faucets or water apparatus are shut off before Tenant leaves the Premises, so as to prevent waste or damage, and shall be responsible for all injuries sustained by other tenants or occupants of the Building or Landlord as a result of its failure to do so. Tenants shall keep the door or doors to the Building corridors closed at all times except for ingress and egress.

8. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning, and shall refrain from attempting to adjust any controls.

9. Tenant shall not alter any lock or access device or install a new or additional lock or access device or any bolt on any door in its Premises without prior written consent of Landlord. If Landlord shall give its consent, Tenant shall in each case furnish Landlord with a key for any such lock.

10. Tenant shall not make or have made additional copies of any keys or access devices provided by Landlord. Tenant, upon the termination of the tenancy, shall deliver to Landlord all the keys or access devices for the Building, offices, rooms and toilet rooms which shall have been furnished Tenant or which Tenant shall have had made. In the event of the loss of any keys or access devices so furnished by Landlord, Tenant shall pay Landlord therefore.

11. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever, including, but not limited to, coffee grounds shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by the tenant, who, or whose employees or invitees, shall have caused it.

12. Tenant shall not keep in the Building any kerosene, gasoline or inflammable or combustible fluid or materials other than limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord.

13. Tenant shall not permit to be kept in its Premises any foul or noxious gas or substance or permit its Premises to be used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought or kept in or about the Building.

14. No cooking shall be done in the Premises (except that use by the Tenant of Underwriter's Laboratory approved equipment for the preparation of coffee, tea, hot chocolate and similar beverages for Tenant and its employees shall be permitted, provided that such equipment and use is in accordance with applicable federal, state and city laws, codes, ordinances, rules and regulations) nor shall the Premises be used for lodging.

15. Tenant shall not sell or permit the sale, at retail, of newspapers, magazines, periodicals, theater tickets or any other goods on the Premises, nor shall Tenant carry on, or permit the business of stenography, typewriting or any similar business in or from the Premises for the service or accommodation of occupants of any other portion of the Building, nor shall the Premises be used for the storage of merchandise, manufacturing of any kind, the business of a public barber shop, or beauty parlor, or for any business activity other than that specifically provided for in Tenant's lease.

16. Landlord will direct electricians as to where and how telephone, telegraph and electrical wires are to be introduced or installed. No boring or cutting for wires will be allowed without the prior written consent of Landlord. The location of burglar alarms, telephones, call boxes or other office equipment affixed to the Premises shall be subject to the written approval of Landlord.

17. Tenant shall not install any radio or television antenna, loudspeaker or any other device on the exterior walls or the roof of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building.

18. Tenant shall not lay linoleum, tile, carpet or any other floor covering so that the same shall be affixed to the floor of its Premises in any manner except as approved in writing by Landlord. The expense of repairing any damage resulting from a violation of this rule of the removal of any floor covering shall be borne by Tenant.

19. No furniture, freight, equipment, materials, supplies, packages, merchandise or other property will be received in the Building or carried up or down elevators except between such hours and in such elevators as shall be designed by Landlord. Landlord shall have the right to prescribe the weight, size and position of all safes, furniture, files, bookcases or other heavy equipment brought into the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as determined by Landlord to be necessary to properly distribute the weight thereof. Landlord will not be responsible for loss of or damage to any such safe, equipment or property from any cause, and all damage done to the Building by moving or maintaining any such safe, equipment or other property shall be repaired at the expense of Tenant.

    Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to objectionable to Landlord or any tenants in the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable by Landlord.

20. Tenant shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Tenant shall not mark, or drive nails, screws or drill into, the partitions, woodwork or plaster or in any way deface the Premises.

21. There shall not be used in any space, or in the public areas of the Building, either by Tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. No other vehicles of any kind shall be brought by Tenant into or kept in or about the Premises.

22. Tenant shall store all its trash and garbage within the interior of its Premises. No materials shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in this area without violation of any law or ordinance governing such disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord may designate.

23. Canvassing, soliciting or distributing of handbills or any other written material, and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same. Tenant shall not make room-to-room solicitation of business from other tenants in the Building.

24. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the rules and regulations at the Building.

25. Without the prior written consent of Landlord, Tenant shall not use the name of the Building in connection with the business of Tenant except as Tenant's address.

26. Tenant shall comply with all energy conservation, safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

27. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage.

28. The requirements of Tenant will be attended to only upon application at the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless given special instructions from Landlord, and no such employees will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

29. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular Tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other Tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Building.

30. Landlord reserves the right to make such other reasonable rules and regulation as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

31. All wallpaper or vinyl fabric materials which Tenant may install on painted walls shall be applied with a strippable adhesive. The use of nonstrippable adhesives will cause damage to the walls when materials are removed, and repairs made necessary thereby shall be made by Landlord at Tenant's expense.

32. Tenant shall provide and maintain hard surface protective mats under all desk chairs which are equipped with coasters to avoid excessive wear and tear to carpeting. If Tenant fails to provide such mats, the cost of carpet repair of replacement made necessary by such excessive wear and tear shall be charged to and paid by Tenant.

33. Tenant will refer all contractors, contractors' representatives and installation technicians rendering any service to Tenant to Landlord for Landlord's supervision, approval, and control before performance of any contractual service. This provision shall apply to all work performed in the Building, including installations of telephones, telegraph equipment, electrical devices and attachments and installations of any nature affecting floors, walls, woodwork, trim, windows ceilings, equipment or any other physical portion of the Building.

34. Tenant shall give prompt notice to Landlord of any accidents to or defects in plumbing, electrical fixtures, or heating apparatus so that such accidents or defects may be attended to properly.

35. Tenant shall be responsible for the observance of all of the forgoing Rules and Regulations by Tenant's employees, agents, clients, invitees and guests.

36. Tenant shall not allow its employees or invitees to park in other than designated areas, nor shall any washing of cars or car repairs be permitted in any parking areas, nor shall overnight parking be permitted, nor shall commercial trucks be allowed in the parking areas other than in designated delivery areas.

37. Other than for single-trip usages, Tenant shall make reservations for use of any elevators, which shall be accepted by Landlord on a first-come, first-serve basis.

38. Tenant's agree to refrain from bringing live animals into the office building, to include dogs, cats, birds, and other exotic pets.

39. These rules and Regulations are in addition to, and shall not be construed to in any way modify, alter or amend, in whole or in part, the terms covenants, agreements and conditions of any lease of premises in the Building.

TENANT: _____

BY: _____

ITS: _____

DATE: _____

ADDENDUM D

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO OFFICE LEASE AGREEMENT is made this of December, 2014, by and between BGNP Associates, LLC a Florida liability company ("Landlord") and Cleartronic, Inc. ("Tenant"). All sums required to be paid pursuant to this addendum shall be included as "Rent".

AMOUNT

Communications	**Total Per Month**
Phone Lines (4)	$ 100.00
T1 – Cost plus taxes	COST
TOTAL PHONE AND T1 LINES	**$ 100.00**

Prices above are the base rates for each line, Local and Florida Communication taxes will be billed in addition to the base rates, and are based on price charged per line.

Prices above do not include long distance, or taxes on long distance, which will be billed in addition to the base rates.

BGNP Associates, LLC	TENANT: Cleartronic, Inc. Suite #100
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

BGNP Associates, LLC

8000 North Federal Hwy, Suite 200
Boca Raton, FL 33487

Tenant Improvements

Tenant: Cleartronic, Inc.

Suite: 100

As condition of the lease, Landlord agrees to the following Improvements:

1. Develop additional parking to accommodate fourteen plus additional cars
2. Painting the walls in the suite
3. Shampooing the carpet in the suite
4. Close glass in wall and replace with solid structure

Tenant Signature Date

Tenant Name (Printed), Title
BGNP Associates Date

BGNP Associates, LLC

8000 North Federal Hwy, Suite 200
Boca Raton, FL 33487

Tenant Improvement Parking

Tenant: Cleartronic, Inc.

Suite: 100

Additional tenant improvements made a part of this lease, is Landlord's installment and completion of additional parking spaces reserved for the Tenant's suite; which are to be located at the rear of the property. This must be completed within forty-five (45) days of lease signing. Failure to meet this deadline will be reason for Tenant to terminate this lease; however Tenant may extend additional time to the Landlord if adequate progress is evident.

Tenant Signature Date

Tenant Name (Printed), Title
BGNP Associates Date

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Larry M. Reid, certify that:

1. I have reviewed this Form 10-K, of Cleartronic, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and Report financial information; and

(b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 13, 2015.

/s/ Larry M. Reid
Larry M. Reid, Chief Executive Officer

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Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Larry M. Reid, certify that:

1. I have reviewed this Form 10-K, of Cleartronic, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and Report financial information; and

(b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 13, 2015.

/s/ Larry M. Reid

Larry M. Reid, Chief Financial Officer and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report on Form 10-K, of Cleartronic, Inc. for the fiscal year ending September 30, 2014, I, Larry M. Reid, Chief Executive Officer of Cleartronic, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Annual Report on Form 10-K, for the fiscal year ending September 30, 2014, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Annual Report on Form 10-K, for the fiscal year ending September 30, 2014, fairly presents, in all material respects, the financial condition and results of operations of Cleartronic, Inc.

Date: January 13, 2015.

/s/ Larry M. Reid
Larry M. Reid, Chief Executive Officer of Cleartronic, Inc.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report on Form 10-K, of Cleartronic, Inc. for the fiscal year ending September 30, 2014, I, Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Annual Report on Form 10-K, for the fiscal year ending September 30, 2014, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Annual Report on Form 10-K, for the fiscal year ending September 30, 2014, fairly presents, in all material respects, the financial condition and results of operations of Cleartronic, Inc.

Date: January 13, 2015

/s/ Larry M. Reid
Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc.