AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 8, 1997.

Registration No. 333-_____

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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FROST HANNA CAPITAL GROUP, INC.
(Exact name of registrant as specified in its charter)

| FLORIDA | 6799 | 65-0701248 |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

FROST HANNA CAPITAL GROUP, INC.
7700 W. CAMINO REAL, SUITE 222
BOCA RATON, FLORIDA 33431
TELEPHONE (407) 367-1079

(Address, including Zip Code, and telephone number, including area code, of registrant's principal executive offices)

MARK J. HANNA
PRESIDENT
FROST HANNA CAPITAL GROUP, INC.
7700 W. CAMINO REAL, SUITE 222
BOCA RATON, FLORIDA 33431
TELEPHONE (407) 367-1079

(Name, address, including Zip Code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

TEDDY D. KLINGHOFFER, ESQ.
STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 WEST FLAGLER STREET
SUITE 2200
MIAMI, FLORIDA 33130
(305) 789-3200

GUY P. LANDER, ESQ.
GOLDSTEIN & DIGIOIA, LLP
369 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017
(212) 599-3322

Approximate date of commencement of proposed sale to the public: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same Offering [ ].

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same Offering [ ].

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box [ ].

CALCULATION OF REGISTRATION FEE

| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | AMOUNT TO BE REGISTERED | PROPOSED MAXIMUM OFFERING PRICE PER SECURITY (1) | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1) | AMOUNT OF REGISTRATION FEE |
|---|---|---|---|---|
| Common Stock, $.0001 par value | 1,955,000 Shares(2) | $6.00 per Share | $11,730,000 | $3,554.55 |
| Representative Warrants | 170,000 Warrants(3) | $ .01 per Warrant | $ 170 | (4) |
| Common Stock, $.0001 par value | 170,000 Shares(5) | $7.20 per Share | $ 1,124,000 | $ 340.60 |
| Total Registration Fee . . . . . | | | | $3,895.15 |

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457.

(2) Includes 255,000 Shares subject to the Underwriters' over-allotment option.

(3) To be issued to the Representative, as set forth on the cover page of the Prospectus comprising a portion of this Registration Statement.

(4) No fee due pursuant to Rule 457(g).
(5) Issuable upon exercise of the Representative's Warrants, together with such indeterminate number of shares of Common Stock as may be issuable by reason of the anti-dilution provisions contained therein.

- ---

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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FROST HANNA CAPITAL GROUP, INC.

CROSS-REFERENCE SHEET

<TABLE>
<CAPTION>
FORM SB-2

| ITEM NO. | ITEM CAPTION | LOCATION IN PROSPECTUS |
|---|---|---|
| <S> | <C> | <C> |
| 1. | Front of Registration Statement and Outside Front Cover Page of Prospectus . . . . . | Facing Page of the Registration Statement and Cover Page of Prospectus |
| 2. | Inside Front and Outside Back Cover Pages of Prospectus | Inside Front and Outside Back Cover Pages of Prospectus |
| 3. | Summary Information and Risk Factors . . . . . | Prospectus Summary; Risk Factors |
| 4. | Use of Proceeds . . . . . | Use of Proceeds |
| 5. | Determination of Offering Price . . . . . | Underwriting |
| 6. | Dilution . . . . . | Dilution |
| 7. | Selling Security Holders . . . . . | Not Applicable |
| 8. | Plan of Distribution . . . . . | Cover Page and Inside Cover Page to Prospectus; Underwriting |
| 9. | Legal Proceedings . . . . . | Legal Proceedings |
| 10. | Directors, Executive Officers, Promoters and Control Persons . . . . . | Management of the Company |
| 11. | Security Ownership of Certain Beneficial Owners and Management . . . . . | Principal Shareholders |
| 12. | Description of Securities . . . . . | Description of Securities |
| 13. | Interests of Named Experts and Counsel . . . . . | Legal Matters; Experts |
| 14. | Disclosure of Commission Position on Indemnification for Securities Act Liabilities . . . . . | Underwriting; Undertakings |
| 15. | Organization Within Last Five Years . . . . . | Risk Factors; Proposed Business; Certain Transactions |
| 16. | Description of Business . . . . . | Prospectus Summary; Risk Factors; Proposed Business |
| 17. | Management's Discussion and Analysis or Plan of Operation . . . . . | Management's Discussion and Analysis or Plan of Operations |
| 18. | Description of Property . . . . . | Proposed Business |
| 19. | Certain Relationships and Related Transactions . . . . | Risk Factors; Proposed Business; Certain Transactions |
| 20. | Market for Common Equity and Related Stockholder Matters . . . . . | Description of Securities; Risk Factors; Prospectus Summary |
| 21. | Executive Compensation . . . . . | Management of the Company |
| 22. | Financial Statements . . . . . | Financial Statements |

</TABLE>

FROST HANNA CAPITAL GROUP, INC.

CROSS-REFERENCE SHEET

<TABLE>
<CAPTION>
FORM SB-2

| ITEM NO. | ITEM CAPTION | LOCATION IN PROSPECTUS |
|---|---|---|
| <S> | <C> | <C> |
| 23. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure . . . . . | Not Applicable |
| 24. | Indemnification of Directors and Officers . . . . . | Indemnification of Directors and Officers |
| 25. | Other Expenses of Issuance and Distribution . . . . . | Other Expenses of Issuance and |

<TABLE>
| | | |
|---|---|---|
| | | Distribution |
| 26. | Recent Sales of Unregistered Securities . . . . . | Recent Sales of Unregistered Securities |
| 27. | Exhibits . . . . . | Exhibits |
| 28. | Undertakings . . . . . | Undertakings |

</TABLE>

PROSPECTUS SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED JANUARY ___, 1997

# FROST HANNA CAPITAL GROUP, INC.

## 1,700,000 SHARES

Frost Hanna Capital Group, Inc. (the "Company") hereby offers (the "Offering") 1,700,000 shares of common stock, par value $.0001 per share ("Common Stock"). Prior to this Offering, there has been no public market for the Common Stock and there can be no assurance that any such market will develop after this Offering or that, if developed, any such market will be sustained. It is anticipated that the initial public offering price will be approximately $6.00 per share. The initial public offering price has been arbitrarily determined by negotiation between the Company and First Cambridge Securities Corporation (the "Representative"), acting as representative of the several underwriters identified elsewhere herein (the "Underwriters"), and does not bear any relationship to such established valuation criteria as assets, book value or prospective earnings. For information regarding the factors considered in determining the initial public offering price of the Common Stock, see "Risk Factors" and "Underwriting." The Company anticipates that trading of the Common Stock will be conducted through what is customarily known as the "pink sheets" and on the National Association of Securities Dealers, Inc.'s Electronic Bulletin Board (the "Bulletin Board"). Any market for the Common Stock which may result will likely be less well developed than if the Common Stock were traded in NASDAQ or on an exchange. Subsequent to the closing of this Offering, the Company shall prepare and file with the United States Securities and Exchange Commission on Current Report Form 8-K an audited balance sheet of the Company reflecting receipt by the Company of the proceeds of this Offering. Investors' funds may be escrowed for an indefinite period of time following the consummation of this Offering. In the event of liquidation of the Company, investors may recoup only a portion of their initial investment.

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THE SECURITIES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK AND IMMEDIATE SUBSTANTIAL DILUTION. SEE "RISK FACTORS" AND "DILUTION" AT PAGES _____ AND _____.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

| | Price to Public | Underwriting Discount(1) | Proceeds to Company(2) |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Per Share . . . . . | $ | $ | $ |
| Total(3) . . . . . | $ | $ | $ |

</TABLE>

(1) The Company has also agreed to pay to the Representative a non-accountable expense allowance (the "Non-Accountable Expense Allowance") equal to three percent (3%) of the public offering price ($.18 per share). These figures do not include additional compensation to the Representative in the form of a stock purchase option to purchase for nominal consideration, up to 170,000 shares of Common Stock of the Company at an exercise price of 120% of the initial public offering price per share during a four-year period commencing one year after the date of this Prospectus. Additionally, the Company has agreed to certain registration rights with respect to the shares of Common Stock underlying the underwriter warrants and has agreed to certain indemnification and contribution agreements with the Underwriters. See "Underwriting."

(2) The proceeds to the Company set forth in the table on the cover page of the Prospectus have been computed before deduction of costs that will be incurred in connection with this Offering (excluding the Underwriting Discount), including the Non-Accountable Expense Allowance, filing, printing, legal, accounting, transfer agent and escrow agent fees (collectively, the "Offering Costs"). The net proceeds to the Company, after deducting the Underwriting Discount and the Offering Costs (the "Net Proceeds"), are estimated to be $_____, or $_____ if the over-allotment option (as described herein) is exercised in full.

(3) The Company has granted to the Underwriters a 45-day option to purchase up to 255,000 additional shares of Common Stock upon the same terms and conditions as set forth above, solely to cover over-allotments, if any (the "over-allotment option"). If the over-allotment option is exercised in full the total Price to Public, Underwriting Discount and Proceeds to Company will be $_____,

$_____ and $_____, respectively. See "Underwriting."

THE SHARES OF COMMON STOCK ARE BEING OFFERED BY THE UNDERWRITERS, SUBJECT TO PRIOR SALE, WHEN, AS AND IF DELIVERED TO AND ACCEPTED BY THEM, SUBJECT TO APPROVAL OF CERTAIN LEGAL MATTERS BY COUNSEL FOR THE UNDERWRITERS AND CERTAIN OTHER CONDITIONS. THE UNDERWRITERS RESERVE THE RIGHT TO WITHDRAW, CANCEL OR MODIFY SUCH OFFER AND TO REJECT ANY ORDER IN WHOLE OR IN PART. IT IS EXPECTED THAT DELIVERY OF CERTIFICATES WILL BE MADE AGAINST PAYMENT THEREFOR ON OR ABOUT _____, 1997, IN NEW YORK, NEW YORK.

_____

FIRST CAMBRIDGE SECURITIES CORPORATION
375 Park Avenue - Suite 309
New York, New York 10152

The date of this Prospectus is _____, 1997

ESCROW OF 80% OF THE NET PROCEEDS DERIVED HEREBY

UPON COMPLETION OF THIS OFFERING, 80% OF THE NET PROCEEDS THEREFROM WILL BE PLACED IN AN ESCROW ACCOUNT (THE "ESCROW FUND"), WITH FIDUCIARY TRUST INTERNATIONAL OF THE SOUTH, AS ESCROW AGENT, SUBJECT TO RELEASE UPON THE EARLIER OF (i) WRITTEN NOTIFICATION BY THE COMPANY OF ITS NEED FOR ALL OR SUBSTANTIALLY ALL OF SUCH NET PROCEEDS FOR THE PURPOSE OF IMPLEMENTING A BUSINESS COMBINATION (AS HEREINAFTER DEFINED); OR (ii) THE EXERCISE BY CERTAIN SHAREHOLDERS OF THE REDEMPTION OFFER (AS HEREINAFTER DEFINED). THE COMPANY INTENDS TO USE THE ESCROW FUND (INCLUDING ANY INTEREST EARNED THEREON) ONLY IN CONNECTION WITH THE OPERATIONS OF AN ACQUIRED BUSINESS (AS HEREINAFTER DEFINED) AND ACCORDINGLY ALL FUNDS EXPENDED BY THE COMPANY PRIOR TO THE CONSUMMATION OF A BUSINESS COMBINATION WILL BE DERIVED FROM THE NET PROCEEDS NOT PLACED IN THE ESCROW FUND OR OTHER SOURCES OF FUNDING NOT YET KNOWN. IN THE EVENT THE COMPANY REQUIRES ADDITIONAL FINANCING, THERE CAN BE NO ASSURANCES THAT SUCH FINANCING WILL BE AVAILABLE ON ACCEPTABLE TERMS, IF AT ALL. ADDITIONALLY, IN THE EVENT THE COMPANY REQUIRES IN EXCESS OF 20% OF THE NET PROCEEDS FOR OPERATIONS, MESSRS. FROST AND HANNA HAVE UNDERTAKEN TO WAIVE THEIR SALARIES UNTIL THE CONSUMMATION BY THE COMPANY OF A BUSINESS COMBINATION. IN THE EVENT OF THE EXERCISE OF THE REDEMPTION OFFER, OR LIQUIDATION OF THE COMPANY AS A RESULT OF THE COMPANY'S FAILURE TO CONSUMMATE A BUSINESS COMBINATION, INVESTORS MAY ONLY RECOUP A PORTION OF THEIR INVESTMENT. SEE "RISK FACTORS" AND "PROPOSED BUSINESS."

INVESTOR FUNDS MAY BE ESCROWED FOR AN INDEFINITE PERIOD OF TIME

INVESTORS' FUNDS MAY BE ESCROWED FOR AN INDEFINITE PERIOD OF TIME FOLLOWING THE CONSUMMATION OF THIS OFFERING. FURTHER, THERE CAN BE NO ASSURANCES THAT THE COMPANY WILL EVER CONSUMMATE A BUSINESS COMBINATION. ALTHOUGH MESSRS. FROST AND HANNA HAVE AGREED TO WAIVE THEIR SALARIES IN THE EVENT ALL OF THE NET PROCEEDS OF THIS OFFERING OTHER THAN THE ESCROW FUND ARE EXPENDED AND THE COMPANY HAS NOT CONSUMMATED A BUSINESS COMBINATION, THE COMPANY CURRENTLY HAS NO PLANS OR ARRANGEMENTS WITH RESPECT TO THE POSSIBLE ACQUISITION OF ADDITIONAL FINANCING WHICH MAY BE REQUIRED TO CONTINUE THE OPERATIONS OF THE COMPANY IN THE EVENT ALL OF THE FUNDS OTHER THAN THE ESCROW FUND ARE EXPENDED AND THE COMPANY HAS NOT CONSUMMATED A BUSINESS COMBINATION. IN THE EVENT ALL OF THE FUNDS OTHER THAN THE ESCROW FUND ARE EXPENDED AND THE COMPANY HAS NOT CONSUMMATED A BUSINESS COMBINATION, MESSRS. FROST, HANNA, BAXTER AND ROSENBERG MAY CONSIDER LOANING TO THE COMPANY FUNDS FOR OPERATIONS, OTHER THAN THE PAYMENT OF SALARIES TO MESSRS. FROST AND HANNA. ALTHOUGH THERE ARE NO PLANS OR ARRANGEMENTS WITH RESPECT TO SUCH LOANS, MESSRS. FROST, HANNA, BAXTER AND ROSENBERG DO NOT CURRENTLY ANTICIPATE SUCH LOANS, IF ANY, TO BE MADE ON TERMS OTHER THAN UPON MARKET INTEREST RATES. THERE CAN BE NO ASSURANCES THAT MESSRS. FROST, HANNA, BAXTER AND ROSENBERG WILL MAKE SUCH LOANS TO THE COMPANY OR, IF MADE, THAT SUCH LOANS WILL BE MADE ON TERMS FAVORABLE TO THE COMPANY.

OFFERING NOT CONDUCTED IN ACCORDANCE WITH RULE 419

THE COMPANY'S OFFERING IS NOT BEING CONDUCTED IN ACCORDANCE WITH RULE 419 PROMULGATED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION"). ACCORDING TO THE COMMISSION, RULE 419 WAS DESIGNED TO "STRENGTHEN REGULATION OF SECURITIES OFFERINGS BY BLANK CHECK COMPANIES WHICH CONGRESS HAS FOUND TO HAVE BEEN COMMON VEHICLES FOR FRAUD AND MANIPULATION IN THE PENNY STOCK MARKET." SEE SECURITIES ACT RELEASES NO. 6891 (APRIL 17, 1991), 48 SEC DOCKET 1131, AND NO. 6932 (APRIL 13, 1992) 51 SEC DOCKET 0382. PURSUANT TO RULE 419, A "BLANK CHECK" COMPANY IS DEFINED AS (A) A DEVELOPMENT STAGE COMPANY THAT HAS NO SPECIFIC BUSINESS PLAN OR HAS INDICATED THAT ITS BUSINESS PLAN IS TO ENGAGE IN A MERGER OR ACQUISITION WITH AN UNIDENTIFIED COMPANY OR COMPANIES; AND (B) A COMPANY WHICH ISSUES A "PENNY STOCK," MEANING ANY EQUITY SECURITIES THAT, AMONG OTHER THINGS, (I) ARE NOT QUOTED IN THE NASDAQ SYSTEM; OR (II) IN THE CASE OF A COMPANY WHICH HAS BEEN IN CONTINUOUS OPERATION FOR LESS THAN THREE



YEARS, HAS NET TANGIBLE ASSETS (I.E., TOTAL ASSETS LESS INTANGIBLE ASSETS AND LIABILITIES) OF LESS THAN $5,000,000, AS DEMONSTRATED BY THE COMPANY'S MOST RECENT FINANCIAL STATEMENTS THAT HAVE BEEN AUDITED AND REPORTED ON BY AN INDEPENDENT PUBLIC ACCOUNTANT. ALTHOUGH THE COMPANY IS A "BLANK CHECK" COMPANY, IT IS NOT SUBJECT TO RULE 419 BECAUSE THE COMPANY'S NET TANGIBLE ASSETS AFTER THIS OFFERING WILL BE GREATER THAN $5,000,000. SEE SECURITIES ACT RELEASE NO. 7024 (OCTOBER 25, 1993), 55 SEC DOCKET 722 ACCORDINGLY, INVESTORS IN THIS OFFERING WILL NOT RECEIVE THE SUBSTANTIVE PROTECTIONS PROVIDED BY RULE 419. THERE CAN BE NO ASSURANCES THAT THE COMMISSION, THE UNITED STATES CONGRESS OR STATE LEGISLATURES WILL NOT ENACT LEGISLATION WHICH WILL PROHIBIT

OR RESTRICT THE SALE OF SECURITIES OF "BLANK CHECK" COMPANIES. SEE "PROPOSED BUSINESS -- CERTAIN SECURITIES LAW CONSIDERATIONS" AND "RISK FACTORS."

ESCROW FUND NOT TO BE USED FOR SALARIES, CONSULTING FEES OR REIMBURSABLE EXPENSES

NO FUNDS (INCLUDING ANY INTEREST EARNED THEREON) WILL BE DISBURSED FROM THE ESCROW FUND FOR THE PAYMENT OF SALARIES, CONSULTING FEES OR REIMBURSEMENT OF EXPENSES INCURRED ON THE COMPANY'S BEHALF BY THE COMPANY'S OFFICERS AND DIRECTORS. OTHER THAN THE FOREGOING, THERE IS NO LIMIT ON THE AMOUNT OF SUCH REIMBURSABLE EXPENSES, AND THERE WILL BE NO REVIEW OF THE REASONABLENESS OF SUCH EXPENSES BY ANYONE OTHER THAN THE COMPANY'S BOARD OF DIRECTORS, ALL OF WHOM MAY ALSO BE OFFICERS OF THE COMPANY. IN NO EVENT WILL THE ESCROW FUND (INCLUDING ANY INTEREST EARNED THEREON) BE USED FOR ANY PURPOSE OTHER THAN IMPLEMENTATION OF A BUSINESS COMBINATION OR FOR PURPOSES OF THE REDEMPTION OFFER. SEE "RISK FACTORS," "USE OF PROCEEDS AND "CERTAIN TRANSACTIONS."

NO PRIOR CONTACT WITH OTHER FIRMS REGARDING POSSIBLE BUSINESS COMBINATIONS

NONE OF THE COMPANY'S OFFICERS, DIRECTORS, 10% SHAREHOLDERS, PERSONS WHO DIRECTLY OR INDIRECTLY CONTROL, ARE CONTROLLED BY OR ARE UNDER COMMON CONTROL WITH, THE COMPANY OR PERSONS WHO MAY BE DEEMED PROMOTERS OF THE COMPANY HAVE HAD ANY PRELIMINARY CONTACT OR DISCUSSIONS WITH ANY REPRESENTATIVE OF ANY OTHER FIRM REGARDING THE POSSIBILITY OF A BUSINESS COMBINATION BETWEEN THE COMPANY AND SUCH OTHER FIRM.

MATERIAL PERSONS

THE OFFICERS AND DIRECTORS OF THE COMPANY ARE THE ONLY PERSONS WHO HAVE BEEN INSTRUMENTAL IN ARRANGING THE CAPITALIZATION OF THE COMPANY TO DATE. NONE OF THE OFFICERS OR DIRECTORS OF THE COMPANY ARE ACTING AS NOMINEES FOR ANY PERSONS OR ARE OTHERWISE UNDER THE CONTROL OF ANY PERSON OR PERSONS. OTHER THAN CERTAIN COMPENSATION TO BE PAID BY THE COMPANY TO EACH OF MESSRS. FROST AND HANNA, THERE ARE NO AGREEMENTS, AGREEMENTS IN PRINCIPLE, OR UNDERSTANDINGS WITH REGARD TO COMPENSATION TO BE PAID BY THE COMPANY TO ANY OFFICER OR DIRECTOR OF THE COMPANY.

STATE SECURITIES REGULATION

THE COMPANY HAS MADE APPLICATION TO REGISTER OR AN EXEMPTION FROM REGISTRATION WILL BE OBTAINED FOR THE SHARES OF COMMON STOCK ONLY IN THE STATES OF [_____] AND THE SHARES OF COMMON STOCK MAY ONLY BE TRADED IN SUCH JURISDICTIONS. THERE CAN BE NO ASSURANCES THAT THE SHARES WILL BE ELIGIBLE FOR SALE IN SUCH JURISDICTIONS. PURCHASERS OF THE SHARES OF COMMON STOCK EITHER IN THIS OFFERING OR IN ANY SUBSEQUENT TRADING MARKET WHICH MAY DEVELOP MUST BE RESIDENTS OF THE STATES OF [_____], UNLESS AN APPLICABLE EXEMPTION IS AVAILABLE OR A BLUE SKY APPLICATION HAS BEEN FILED AND ACCEPTED. THE COMPANY WILL AMEND THIS PROSPECTUS FOR THE PURPOSE OF DISCLOSING ADDITIONAL STATES, IF ANY, IN WHICH THE SHARES OF COMMON STOCK WILL HAVE BEEN REGISTERED OR WHERE AN EXEMPTION FROM REGISTRATION IS AVAILABLE.



OFFICER AND DIRECTOR INTRODUCTIONS TO REPRESENTATIVE

OFFICERS AND DIRECTORS OF THE COMPANY MAY INTRODUCE THE REPRESENTATIVE TO PERSONS TO CONSIDER THIS OFFERING AND SUBSCRIBE FOR SHARES OF COMMON STOCK EITHER THROUGH THE REPRESENTATIVE, OTHER UNDERWRITERS OR THROUGH PARTICIPATING DEALERS. AS A RESULT OF SUCH INTRODUCTIONS, SUCH PERSONS MAY BE LIKELY TO PURCHASE SHARES OF COMMON STOCK. IN THIS CONNECTION, OFFICERS AND DIRECTORS OF THE COMPANY WILL NOT RECEIVE ANY COMMISSIONS OR ANY OTHER COMPENSATION IN CONNECTION WITH THE OFFERING OF SHARES OF COMMON STOCK.

NO OFFICER OR DIRECTOR OF THE COMPANY TO PURCHASE SHARES IN THIS OFFERING

NO OFFICER OR DIRECTOR OF THE COMPANY, OR ANY BUSINESS ENTITY IN WHICH SUCH OFFICER OR DIRECTOR IS AN OFFICER, DIRECTOR OR GREATER THAN 10% SHAREHOLDER SHALL PURCHASE ANY OF THE SHARES OF COMMON STOCK IN THIS OFFERING.

POTENTIAL CONSIDERATIONS INVOLVING UNDERWRITERS AND AFTER-MARKET TRADING

THE REPRESENTATIVE DOES NOT HAVE ANY DISCRETIONARY POWER OVER ANY OF ITS CUSTOMERS' ACCOUNTS IN CONNECTION WITH THIS OFFERING. HOWEVER, INASMUCH AS A SUBSTANTIAL AMOUNT OF THE REGISTERED SECURITIES OF THE COMPANY ISSUED IN THIS OFFERING MAY BE DISTRIBUTED TO CUSTOMERS OF THE UNDERWRITERS, AND SUBSEQUENTLY, THESE PERSONS, AS CUSTOMERS OF THE UNDERWRITERS, MAY BE EXPECTED TO ENGAGE IN TRANSACTIONS FOR THE SALE OR PURCHASE OF REGISTERED SECURITIES OF THE COMPANY, SHOULD THE UNDERWRITERS DETERMINE TO MAKE A MARKET, AND SHOULD A MARKET DEVELOP FOR THE COMPANY'S SECURITIES, THE UNDERWRITERS MAY INITIALLY BE EXPECTED TO EXECUTE A SUBSTANTIAL PORTION OF THE TRANSACTIONS IN THE SECURITIES OF THE COMPANY. THEREFORE, THE UNDERWRITERS MAY BE, FOR THE FORESEEABLE FUTURE, A DOMINATING INFLUENCE, AND THEREAFTER A FACTOR OF DECREASING IMPORTANCE FOR THE COMPANY'S SECURITIES, SHOULD A MARKET ARISE FOR THE COMPANY'S SECURITIES.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SHARES OF COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

INVESTORS SHOULD CAREFULLY REVIEW THE FINANCIAL STATEMENTS WHICH ARE AN INTEGRAL PART OF THIS PROSPECTUS.

## PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Each prospective investor is urged to read this Prospectus in its entirety.

### THE COMPANY

Business Objectives. The Company was formed to seek to effect a merger, exchange of capital stock, asset acquisition or other similar business combination (a "Business Combination") with an operating or development stage business (an "Acquired Business"). The business objective of the Company is to seek to effect a Business Combination with an Acquired Business which the Company believes has significant growth potential. The Company will not engage in any substantive commercial business immediately following this Offering and for an indefinite period of time following this Offering. The Company has no plan, proposal, agreement, understanding or arrangement to acquire or merge with any specific business or company, and the Company has not identified any specific business or company for investigation and evaluation. The Company intends to utilize cash (to be derived from the proceeds of this Offering), equity, debt or a combination thereof in effecting a Business Combination. As a result of, among other things, management's broad discretion with respect to the specific allocation of the Net Proceeds of this Offering, this Offering may be characterized as a "blank check" offering. While the Company may, under certain circumstances, seek to effect Business Combinations with more than one Acquired Business, it will not expend less than 80% of the Net Proceeds of this Offering (approximately $6,983,600, assuming an initial offering price of $6.00 per share and no exercise of the over-allotment option) plus interest earned thereon (less any amounts payable by the Company pursuant to the Redemption Offer, as hereinafter defined) (the "Threshold Amount") upon the consummation of its first Business Combination. Consequently, it is likely that the Company will have the ability to effect only a single Business Combination.

To date, the Company's efforts have been limited to organizational activities. The implementation of the Company's business plans are wholly contingent upon the successful sale of the shares of Common Stock offered hereby. See "Proposed Business."

Involvement of Certain Principals in Prior "Blank Check" Companies. The officers and directors of the Company have held similar positions in three other "blank check" companies (i.e., a development stage company that has no specific business plan or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company), each of which has consummated a Business Combination as of the date of this Prospectus. There can be no assurance that the Company will ever be able to effect a Business Combination or that the type of business or the performance of the Acquired Business, if any, will be similar to that of these other "blank check" companies. Further, the results of such "blank check" companies are not indicative in any manner of the possible future results of the Company. Certain information with respect to each such prior Business Combination that the officers and directors of the Company have been involved, as obtained from each such company's respective filings with the Commission, is set forth below:

<TABLE>
<CAPTION>

| Name of Acquired Business | Date of Initial Public Offering | Date of Business Combination | Nature of Business | Trading Market and Ticker Symbol |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Sterling Health Care Group, Inc. and Sterling Healthcare, Inc. (currently operating pursuant to a subsequent merger as, "FPA Medical Management Inc.") | February 9, 1993 | May 31, 1994 | Providing physician contract management services for hospital emergency departments | NASDAQ (FPAM) |

</TABLE>



<TABLE>
<CAPTION>

| Name of Acquired Business | Date of Initial Public Offering | Date of Business Combination | Nature of Business | Trading Market and Ticker Symbol |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| LFS Acquisition Corp. (currently operating as, "Kids Mart, Inc.") | September 26, 1993 | January 3, 1996 | Operating children's apparel stores | Bulletin Board (KIDM) |
| Pan American World Airways, Inc. (currently operating as, "Pan Am Corporation") | March 21, 1994 | September 23, 1996 | Airline industry | AMEX (PAA) |

</TABLE>

Messrs. Richard B. Frost, Mark J. Hanna and Marshal E. Rosenberg, executive officers and directors of the Company, were also officers and directors of Frost Hanna Halpryn Capital Group, Inc., a Florida corporation ("Frost Hanna Halpryn") and "blank check" company whose initial public offering of securities closed in February 1993. Frost Hanna Halpryn raised net proceeds of approximately $6,100,000 through the issuance of 1,175,500 shares of Common Stock at $6.00 per share in such initial public offering. Frost Hanna Halpryn consummated a Business Combination with Sterling Healthcare Group, Inc., a Florida corporation, and Sterling Healthcare, Inc., a Texas corporation (collectively, "Sterling Healthcare") on May 31, 1994 in which both such entities merged with and into a wholly-owned subsidiary of Frost Hanna Halpryn. In connection with such merger, Frost Hanna Halpryn changed its name to Sterling Healthcare, Inc. ("Sterling") (the "Sterling Business Combination"). The principal business activity of Sterling is providing physician contract management services for hospital emergency departments. Upon consummation of the Sterling Business Combination, (i) the former Sterling Healthcare shareholders were issued Sterling common stock which constituted approximately 52% of the outstanding shares of Sterling common stock (assuming full exercise of all outstanding options and warrants to purchase Sterling common stock) and (ii) Messrs. Frost and Hanna resigned from their officer and director positions of Sterling and Mr. Rosenberg resigned from his position of Vice President and Treasurer and remained as a member of the Sterling Board of Directors until December 1994. In October, 1996, Sterling consummated a business combination with FPA Medical Management Inc. ("FPAM") pursuant to which, among other things, each share of Sterling common stock was exchanged for .951 shares of FPAM common stock. FPAM provides regional healthcare management services. FPAM currently trades under the symbol "FPAM" in the NASDAQ National Market. The closing price of FPAM common stock on January _____, 1997 was $_____ per share.

Messrs. Frost, Hanna, Rosenberg and Donald H. Baxter, also an executive officer and director of the Company, were also officers and directors of Frost Hanna Acquisition Group, Inc., a Florida corporation ("Frost Hanna Acquisition") and "blank check" company whose initial public offering of securities closed in September 1993. Frost Hanna Acquisition raised net proceeds of approximately $6,519,800 through the issuance of 1,265,000 shares of Common Stock at $6.00 per share in such initial public offering. To minimize any potential conflicts of interest which may have arisen as a result of the relationship between such persons' positions with Frost Hanna Halpryn, Frost Hanna Acquisition was prohibited from analyzing or considering any possible Business Combination opportunities until Frost Hanna Halpryn became a party to a letter of intent to consummate a Business Combination. Frost Hanna Acquisition entered into a letter of intent in May 1995 with LFS Acquisition Corp., a Delaware corporation ("LFS"), and on January 3, 1996 consummated a Business Combination with LFS in which LFS merged with and into a wholly-owned subsidiary of Frost Hanna Acquisition. In connection with such merger, Frost Hanna Acquisition changed its name to Kids Mart, Inc. ("Kids Mart") (the "Kids Mart Business Combination"). Upon consummation of the Kids Mart Business Combination (i) the former LFS shareholders were issued Kids Mart common stock which constituted approximately 62% of the outstanding shares of Kids Mart common stock (assuming full exercise of all outstanding options and warrants to purchase Kids Mart common stock) and (ii) Messrs. Frost, Hanna, Baxter and Rosenberg resigned from their positions as officers and directors of Kids Mart. Kids Mart operates a chain



of 200 infant's and children's apparel stores in 20 states under the names of "Kids Mart" and "Little Folks." In September 1996, Kids Mart closed 97 stores and fired 600 workers because of continued losses, which resulted in a $5.4 million charge in its third quarter. Kids Mart also announced that it is having cash-flow problems and is seeking additional financing. Kids Mart reported that failure to get financing, raise cash or cut costs could force the retailer to consider Chapter 11 bankruptcy protection. The closing price of Kids Mart common stock on January ___, 1997 was $_____ per share.

Messrs. Frost, Hanna, Baxter and Rosenberg were also officers and directors of Frost Hanna Mergers Group, Inc., a Florida corporation ("Frost Hanna Mergers") and "blank check" company whose initial public offering of securities closed in March 1994. Frost Hanna Mergers raised net proceeds of approximately $10.1 million through the issuance of 1,955,000 shares of Common Stock at $6.00 per share in such initial public offering. To minimize any potential conflicts of interest which may have arisen as a result of the relationship between such persons' positions with Frost Hanna Halpryn and Frost Hanna Acquisition, Frost Hanna Mergers was prohibited from analyzing or considering any possible Business Combination opportunities until Frost Hanna Halpryn and Frost Hanna Acquisition each became parties to a letter of intent to consummate a Business Combination. Frost Hanna Mergers entered into a letter of intent on January 29, 1996 with Pan American World Airways, Inc., a Florida corporation ("PAWA"), and on September 23, 1996, consummated a Business Combination with PAWA in which PAWA merged with and into a wholly-owned subsidiary of Frost Hanna Mergers. In connection with such merger, Frost Hanna Mergers changed its name to Pan Am Corporation ("Pan Am") (the "Pan Am Business Combination"). Upon consummation of the Pan Am Business Combination, (i) the former PAWA shareholders were issued shares of Pan Am common stock which constituted approximately 72% of the outstanding shares of Pan Am common stock (assuming full exercise of all outstanding warrants and options to purchase shares of Pan Am common stock) and (ii) Messrs. Frost and Hanna resigned from their executive officer positions with Pan Am but currently remain as members of the Pan Am Board of Directors and Messrs. Baxter and Rosenberg resigned from their executive officer and director positions with Pan Am. PAWA was a newly organized corporation established to operate a new low-fare full service airline under the "Pan Am" name, serving selected long-haul routes between

major United States cities. Pan Am initiated flight service on September 26, 1996. Pan Am common stock began trading on the American Stock Exchange on September 24, 1996 and trades under the symbol PAA. The closing price of Pan Am common stock on January ____, 1997 was $_____ per share.

Escrow of Offering Proceeds. Upon completion of this Offering, 80% of the Net Proceeds therefrom (approximately $6,983,600, assuming an initial offering price of $6.00 per share and no exercise of the over-allotment option) will be placed in an interest bearing escrow account (the "Escrow Fund") with Fiduciary Trust International of the South, as escrow agent, subject to release upon the earlier of (i) written notification by the Company of its need for all or substantially all of the Escrow Fund for the purpose of implementing a Business Combination; or (ii) the exercise by certain shareholders of the Redemption Offer (as hereinafter defined). Any interest earned on the Escrow Fund shall remain in escrow and be used by the Company either (i) following a Business Combination in connection with the operations of an Acquired Business or (ii) in connection with the distribution to the shareholders through the exercise of the Redemption Offer or the liquidation of the Company. In the event the Company requires in excess of 20% of the Net Proceeds for operations, Messrs. Frost and Hanna have undertaken to waive their salaries until the consummation by the Company of a Business Combination. Investors' funds may be escrowed for an indefinite period of time following the consummation of this Offering. Further, there can be no assurances that the Company will ever consummate a Business Combination. In the event of the exercise of the Redemption Offer, investors may only recoup a portion of their investment. The Company currently has no expectation with regard to the Company's plans in the event a Business Combination is not consummated by a certain date. See "--Redemption Rights" and "Use of Proceeds" below.

Shareholder Approval of Business Combination. The Company, prior to the consummation of any Business Combination, will submit such transaction to the Company's shareholders for their approval. In the event, however, that the holders of 30% (510,000 shares of Common Stock or 586,500 shares of Common Stock if the over-allotment option is exercised) or more of the shares of Common Stock sold hereby in this



Offering which are outstanding vote against approval of any Business Combination, the Company will not consummate such Business Combination. The shares of Common Stock sold hereby may sometimes be referred to as the "Public Shares" and the holders (whether current or future) of the Public Shares are referred to as the "Public Shareholders." All of the officers and directors of the Company, who own in the aggregate approximately 75% of the Common Stock outstanding prior to this Offering and will own approximately 35% of the outstanding Common Stock following the Offering (32% if the over-allotment option is exercised), have agreed as of the date of this Prospectus to vote their respective shares of Common Stock in accordance with the vote of the majority of the Public Shares with respect to any such Business Combination.

Redemption Rights. At the time the Company seeks shareholder approval of any potential Business Combination, the Company will offer (the "Redemption Offer"), to each of the Public Shareholders who vote against the proposed Business Combination and affirmatively request redemption, for a twenty (20) day period, to redeem all, but not a portion of, their Public Shares, at a per share price equal to the Company's liquidation value (as described below) on the record date for determination of shareholders entitled to vote upon the proposal to approve such Business Combination (the "Record Date") divided by the number of then outstanding Public Shares. The Redemption Offer will be described in detail in the disclosure documentation relating to the proposed Business Combination. The Company's liquidation value will be equal to the Company's book value, as determined by the Company and audited by the Company's independent public accountants (the "Company's Liquidation Value") (which amount will be less than the initial public offering price per share of Common Stock in the Offering in view of the expenses of the Offering, salaries and expenses paid and the anticipated expenses which will be incurred in seeking a Business Combination), calculated as of the Record Date. In no event, however, will the Company's Liquidation Value be less than the Escrow Fund, inclusive of any interest earned thereon. If the holders of less than 30% of the Public Shares held by Public Shareholders elect to have their Public Shares redeemed, the Company may, but will not be required to, proceed with such Business Combination. If the Company elects to so proceed, it will redeem Public Shares, based upon the Company's Liquidation Value, from those Public Shareholders who affirmatively requested such redemption and who voted against the Business Combination. The determination as to whether the Company proceeds with a Business Combination ultimately rests with the Company. However, if the holders of 30% or more of the Public Shares held by Public Shareholders vote against approval of any potential Business Combination, the Company will not proceed with such Business Combination and will not redeem such Public Shares. If the Company determines not to pursue a Business Combination, even if the Public Shareholders of less than 30% of the Public Shares vote against approval of the potential Business Combination, no Public Shares will be redeemed.

Escrow of Principals' Shares. The shares of Common Stock owned as of the date hereof by all of the officers and directors of the Company (an aggregate of approximately 32% of the outstanding Common Stock immediately subsequent to this Offering assuming the over-allotment option is exercised in full) will be placed in escrow with American Stock Transfer & Trust Company, as escrow agent, until the occurrence of a Business Combination. During such escrow period, such persons will not be able to sell, or otherwise transfer, their respective shares of Common Stock, but will retain all other rights as shareholders of the Company, including, without limitation, the right to vote such shares of Common Stock.

The Company was organized under the laws of the State of Florida on February 2, 1996. The Company's office is located at 7700 West Camino Real, Suite 222, Boca Raton, Florida 33431, and its telephone number is (407) 367-1085.



THE OFFERING

| | |
|---|---|
| Common Stock being offered (1) | 1,700,000 shares |
| Common Stock to be outstanding after the Offering (1) | 3,192,000 shares |
| Proposed Bulletin Board Symbol(2) | [FHCG] |

(1) Assumes no exercise of the over-allotment option. Does not include 170,000 shares of Common Stock reserved for issuance upon exercise of the Underwriter Options. See "Underwriting."

(2) The inclusion of these securities on the Bulletin Board does not imply that an established public trading market will develop therefor or, if developed, that such market will be sustained. See "Risk Factors - No Assurance of Public Market; Arbitrary Determination of Offering Price."

USE OF PROCEEDS

Upon completion of this Offering, 80% of the Net Proceeds therefrom will be held in the Escrow Fund and shall only be used, if at all, for the implementation of a Business Combination or for purposes of the Redemption Offer. The portion of Net Proceeds not placed in the Escrow Fund (approximately $1,745,900, assuming an initial offering price of $6.00 per share and no exercise of the over-allotment option) will be used to cover costs and expenses incurred in attempting to effect a Business Combination, including selecting and evaluating an Acquired Business, structuring and consummating a Business Combination and paying $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance (retroactive to November 1, 1996) to each of Messrs. Frost and Hanna. See "Use of Proceeds," "Proposed Business" and "Certain Transactions."

RISK FACTORS

The Common Stock offered hereby involves a high degree of risk and immediate substantial dilution and should not be purchased by investors who cannot afford the loss of their entire investment. See "Risk Factors," "Dilution" and "Use of Proceeds."

SUMMARY FINANCIAL INFORMATION

The following data have been derived from the financial statements of the Company and should be read in conjunction with those statements, which are included in this Prospectus. The pro forma financial information gives effect to the issuance of 80,000 shares of Common Stock issued upon conclusion of a private placement transaction which commenced in September 1996 and completed on December 20, 1996 for proceeds of $40,000 and the as adjusted information gives effect to the issuance of the securities in this Offering as if such Offering and such issuance had occurred at November 30, 1996.

| | November 30, 1996 | | |
|---|---|---|---|
| | Actual | Pro Forma | As Adjusted(1) |
| Balance Sheet Data: | | | |
| Total Assets | $156,861 | $196,861 | $8,866,361 |
| Working capital (deficit) | ( 25,752) | 14,248 | 8,838,748 |
| Total liabilities | 84,433 | 84,433 | 24,433 |
| Shareholders' equity (deficit) | 72,428 | 112,428 | 8,841,928 |

(1) The as adjusted information does not give effect to the payment of $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance (retroactive to November 1, 1996) to each of Messrs. Frost and Hanna.



THE COMPANY

The Company was formed to seek to effect a Business Combination with

an Acquired Business which the Company believes has significant growth potential. The Company will not engage in any substantive commercial business immediately following this Offering and for an indefinite period of time thereafter. The Company has no plan, proposal, agreement, understanding or arrangement to acquire or merge with any specific business or company, and the Company has not identified any specific business or company for investigation and evaluation. The Company intends to utilize cash (to be derived from the proceeds of this Offering), equity, debt or a combination thereof in effecting a Business Combination. As a result of, among other things, management's broad discretion with respect to the specific allocation of the Net Proceeds of this Offering, this Offering may be characterized as a "blank check" offering.

To date, the Company's efforts have been limited to organizational activities. The implementation of the Company's business plans are wholly contingent upon the successful sale of the shares of Common Stock offered hereby. See "Proposed Business."

The Company was organized under the laws of the State of Florida on February 2, 1996. The Company's office is located at 7700 West Camino Real, Suite 222, Boca Raton, Florida, 33431, and its telephone number is (407) 367-1079.



## RISK FACTORS

The Common Stock offered hereby is speculative, involves immediate substantial dilution and a high degree of risk, including, but not necessarily limited to, the several factors described below. Each prospective investor should carefully consider the following risk factors inherent in and affecting the business of the Company and this Offering before making an investment decision.

### OFFERING NOT CONDUCTED IN ACCORDANCE WITH RULE 419

The Company's Offering is not being conducted in accordance with the Commission's Rule 419, which was adopted to strengthen regulation of securities offerings by "blank check" companies which the United States Congress has found to have been common vehicles for fraud and manipulation in the penny stock market. Pursuant to Rule 419, a "blank check" company is defined as (a) a development stage company that has no specific business plan or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies; and (b) a company which issues a "penny stock," meaning any equity securities that, among other things, (i) are not quoted in the NASDAQ system; or (ii) in the case of a company which has been in continuous operation for less than three years, has net tangible assets (i.e., total assets less intangible assets and liabilities) of less than $5,000,000, as demonstrated by the company's most recent financial statements that have been audited and reported on by an independent public accountant. Although the Company is a "blank check" company, it is not subject to Rule 419 because the Company's net tangible assets after this Offering will be greater than $5,000,000. Accordingly, investors in this Offering will not receive the substantive protections provided by Rule 419. There can be no assurances that the Commission, the United States Congress or state legislatures will not enact legislation which will prohibit or restrict the sale of securities of "blank check" companies. See "Proposed Business -- Certain Securities Laws Considerations."

### RECENTLY ORGANIZED COMPANY; NO OPERATING HISTORY; LIMITED RESOURCES; NO PRESENT SOURCE OF REVENUES

The Company, which was incorporated on February 2, 1996, is a development stage company and has not, as of the date hereof, attempted to seek a Business Combination. The Company has no operating history and, accordingly, there is only a limited basis upon which to evaluate the Company's prospects for achieving its intended business objectives. Other than with respect to Frost Hanna Halpryn, Frost Hanna Acquisition and Frost Hanna Mergers, the Company's officers and directors have no prior experience relating to the identification, evaluation and acquisition of an Acquired Business. Investors will be relying primarily on their ability to attempt to select an Acquired Business which will be profitable. To date, the Company's efforts have been limited primarily to organizational activities. The Company has limited resources and has had no revenues to date. In addition, the Company will not achieve any revenues (other than interest income earned upon the Net Proceeds of this Offering) until the consummation of a Business Combination, if at all. Moreover, there can be no assurances that any Acquired Business, at the time of the Company's consummation of a Business Combination, or at any time thereafter, will derive any material revenues from its operations or operate on a profitable basis. See "Proposed Business."

### QUALIFIED REPORT OF INDEPENDENT AUDITORS

The Company's independent auditors' report on the Company's financial statements includes an explanatory paragraph stating that the Company's ability to commence operations is contingent upon obtaining adequate financial resources through a contemplated public offering, or otherwise, which raises substantial doubt about its ability to continue as a going concern. Additionally, if unsuccessful, the Company may be unable to continue in its present form. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern. See "Proposed Business", "Management's Discussion and Analysis of Financial Condition and Results of

Operation," and the Financial Statements of the Company included elsewhere in this Prospectus.



INVESTOR FUNDS MAY BE ESCROWED FOR AN INDEFINITE PERIOD OF TIME

Investors' funds may be escrowed for an indefinite period of time following the consummation of this Offering. Further, there can be no assurances that the Company will ever consummate a Business Combination. Although Messrs. Frost and Hanna have agreed to waive their salaries in the event all of the Net Proceeds of this Offering other than the Escrow Fund are expended and the Company has not consummated a Business Combination, the Company currently has no plans or arrangements with respect to the possible acquisition of additional financing which may be required to continue the operations of the Company in the event all of the funds other than the Escrow Fund are expended and the Company has not consummated a Business Combination. In the event all of the funds other than the Escrow Fund are expended and the Company has not consummated a Business Combination, Messrs. Frost, Hanna, Baxter and Rosenberg may consider loaning to the Company funds for operations, other than the payment of salaries to Messrs. Frost and Hanna. Although there are no plans or arrangements with respect to such loans, Messrs. Frost, Hanna, Baxter and Rosenberg do not currently anticipate such loans, if any, to be made on other than market rate terms. There can be no assurances that Messrs. Frost, Hanna, Baxter and Rosenberg will make such loans to the Company or, if made, that such loans will be made on terms favorable to the Company.

INVOLVEMENT OF CERTAIN PRINCIPALS IN PRIOR BLANK CHECK COMPANIES

The officers and directors of the Company have held similar positions in three other "blank check" companies. The descriptions of such companies and their respective results have been included elsewhere herein. Purchasers who purchase Common Stock in the Offering will not acquire any ownership interest whatsoever in any of the other "blank check" companies to which the officers and directors of this Company have been involved. The inclusion of the information regarding these companies does not imply that the Company will have similar results with respect to the time period taken to consummate a Business Combination or the relative success or failure of the Acquired Business following such Business Combination. Investors in this Offering should not assume that they will experience returns, if any, comparable to those experienced by investors in such other "blank check" companies. Additionally, at least one of such companies is experiencing severe financial problems and could very well be forced to declare bankruptcy. There can be no assurance that the Company will be able to effect a Business Combination or that the type of business or the performance of the Acquired Business, if any, will or will not be similar to that of other "blank check" companies to which the officers and directors of the Company have been involved. See "Proposed Business--Involvement of Certain Principals in Prior 'Blank Check' Companies."

DISCRETIONARY USE OF PROCEEDS; ABSENCE OF SUBSTANTIVE DISCLOSURE

As a result of, among other things, management's broad discretion with respect to the specific application of the Net Proceeds of this Offering, this Offering may be characterized as a "blank check" offering. Although substantially all of the Net Proceeds of this Offering are intended to be generally applied toward effecting a Business Combination, such proceeds are not otherwise being designated for any more specific purposes. Accordingly, prospective investors will invest in the Company without an opportunity to evaluate the specific merits or risks of any one or more Business Combinations. "Blank check" offerings are inherently characterized by an absence of substantive disclosure (other than general descriptions relating to the intended application of the net proceeds of the offering). The Company has not yet identified a prospective Acquired Business. Accordingly, investors in this Offering will have virtually no substantive information available for advance consideration of any specific Business Combination. The absence of disclosure may be contrasted with the disclosure which would be necessary if the Company had already identified an Acquired Business as a Business Combination candidate or if the Acquired Business were to effect an offering of its securities directly to the public. There can be no assurances that an investment in the securities offered hereby will not ultimately prove to be less favorable to investors in this Offering than a direct investment, if such opportunity were available, in an Acquired Business. See "Proposed Business -- 'Blank Check' Offering."



INHERENT RISKIER BUSINESS COMBINATION

It is possible that in seeking to effect a Business Combination, the Company may consider a candidate base of potential Acquired Businesses that may have inherent riskier businesses than those which may be able to secure financing from more traditional sources. Such candidate base may well have sought to secure financing from banks or financial institutions, venture capitalists, or private or institutional investors, and may have been unable to procure such financing. Such rejection may have resulted from the analysis by such parties that the Acquired Business does not fall within parameters established by such persons or entities for investment or financing including, without limitation, substantial risk of failure.

UNSPECIFIED INDUSTRY AND ACQUIRED BUSINESS; UNASCERTAINABLE RISKS; SEEKING TO

ACHIEVE PUBLIC TRADING MARKET THROUGH BUSINESS COMBINATION

To date, the Company has not selected any particular industry or any Acquired Business in which to concentrate its Business Combination efforts. Accordingly, there is no current basis for prospective investors in this Offering to evaluate the possible merits or risks of the Acquired Business or the particular industry in which the Company may ultimately operate. However, in connection with seeking shareholder approval of a Business Combination, the Company (as a result of its intention to register the Common Stock under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and thereby become subject to the proxy solicitation rules contained therein) intends to furnish its shareholders with proxy solicitation materials prepared in accordance with the Exchange Act, which, among other matters, will include a description of the operations of the prospective Acquired Business and audited historical financial statements thereof. To the extent the Company effects a Business Combination with a financially unstable company or an entity in its early stage of development or growth (including entities without established records of sales or earnings), the Company will become subject to numerous risks inherent in the business operations of financially unstable and early stage or potential emerging growth companies. In addition, to the extent that the Company effects a Business Combination with an entity in an industry characterized by a high level of risk, the Company will become subject to the currently unascertainable risk of that industry. An extremely high level of risk frequently characterizes certain industries which experience rapid growth. Although management will endeavor to evaluate the risks inherent in a particular industry or Acquired Business, there can be no assurances that the Company will properly ascertain or assess all such significant risk factors. Additionally, a prospective Acquired Business may be a company which does not need substantial additional capital but which desires to establish a public trading market for its shares, while avoiding what it may deem to be adverse consequences of undertaking a public offering itself, such as time delays, significant expense, loss of voting control and compliance with various federal and state securities laws enacted for the protection of investors. See "Proposed Business -- 'Blank Check' Offering." Accordingly, management could identify and acquire an Acquired Business which could fail, resulting in the loss of an investor's entire investment in the shares of Common Stock offered hereby.

PROBABLE LACK OF BUSINESS DIVERSIFICATION

While the Company may, under certain circumstances, seek to effect Business Combinations with more than one Acquired Business, it will not expend less than the Threshold Amount (approximately $6,983,600, assuming an initial offering price of $6.00 per share and no exercise of the over-allotment option) upon its first Business Combination. Consequently, it is likely that the Company will have the ability to effect only a single Business Combination. Accordingly, the prospects for the Company's success will be entirely dependent upon the future performance of a single business. Unlike certain entities which have the resources to consummate several business combinations of entities operating in multiple industries or multiple areas of a single industry, it is highly likely that the Company will not have the resources to diversify its operations or benefit from the possible spreading of risks or offsetting of losses. In addition, by consummating a Business Combination with only a single entity, the prospects for the Company's success may become dependent upon the development or market acceptance of a single or limited number of products, processes or services. Consequently, there can be no assurances that the Acquired Business will prove to be commercially viable. See "Proposed Business -- 'Blank Check' Offering."



UNCERTAIN STRUCTURE OF BUSINESS COMBINATION; PROBABLE CHANGE IN CONTROL AND MANAGEMENT

The structure of a Business Combination with an Acquired Business, which may take the form of, among other structures, a merger, exchange of capital stock or asset acquisition, cannot be presently determined since neither the Company's officers or directors nor any of their affiliates have had any preliminary contracts, discussions or understandings with representatives of any potential Acquired Business regarding the possibility of a Business Combination. The Company will most likely issue additional shares of Common Stock as part of the consideration for the Business Combination and may incur debt, or, engage in a Business Combination involving any combination thereof. The successful completion of such a transaction could result in a change in control of the Company. This could result from the issuance of a large percentage of the Company's authorized securities or the sale by the present shareholders of all or a portion of their stock or a combination thereof in connection with a Business Combination. Any change in control will most likely also result in the resignation or removal of the Company's present officers and directors. Accordingly, investors will be relying, in some significant respects, on the abilities of the management and directors of the Acquired Business who are unidentifiable as of the date hereof. If there is a change in management in connection with a Business Combination, which is likely to occur, no assurances can be given as to the experience or qualifications of the persons who replace present management respecting either the operation of the Company's activities or the operation of the business, assets or property being acquired.

DEPENDENCE UPON KEY PERSONNEL

The ability of the Company to successfully effect a Business Combination will be largely dependent upon the efforts of its executive officers and directors. It is anticipated that the Company's executives,

officers and directors are the only persons whose activities will be material to the operations of the Company pending the Company's identification and consummation of a Business Combination and such individuals are the only persons who have been instrumental in arranging the capitalization of the Company to date. The Company has entered into employment agreements with Richard B. Frost, the Company's Chief Executive Officer and Chairman of the Board of Directors and Mark J. Hanna, a Director and President of the Company, and has obtained "key man" life insurance on the lives of both individuals in the amount of $1,000,000 each. Although the Company anticipates that it will maintain this "key man" life insurance, no assurances can be given that such insurance will be maintained at reasonable rates, if at all. The loss of the services of such key personnel before suitable replacements are obtained could have a material adverse effect on the Company's capacity to successfully achieve its business objectives. None of the Company's key personnel are required to commit their full time to the affairs of the Company and, accordingly, such personnel may have conflicts of interest in allocating management time among various business activities. It is anticipated that each of Messrs. Frost and Hanna will devote approximately 50% of their working time to the affairs of the Company and Donald H. Baxter and Marshal E. Rosenberg, a Director and the Company's Vice President and Treasurer and a Director and the Company's Vice President and Secretary, respectively, will devote approximately 10% of their time to the affairs of the Company. Additionally, the success of the Company may be dependent upon its ability to retain additional personnel with specific knowledge or skills necessary to assist the Company in evaluating a potential Business Combination. There can be no assurances that the Company will be able to retain such necessary additional personnel. See "Proposed Business -- Employees" and "Management of the Company."

CONFLICTS OF INTEREST; NO DISINTERESTED MEMBERS OF THE BOARD OF DIRECTORS

None of the Company's key personnel are required to commit their full time to the affairs of the Company and, accordingly, such personnel may have conflicts of interest in allocating management time among various business activities. Certain of these key personnel may in the future become affiliated with entities, including other "blank check" companies, engaged in business activities similar to those intended to be conducted by the Company. Messrs. Frost and Hanna are each currently directors of Pan Am and Continucare Corporation, a Florida corporation ("Continucare") engaged in the development and management of mental and physical rehabilitation health care programs. Mr. Rosenberg is an investor in numerous private enterprises, engaged in, among other things, real estate development and retail sales, which business interests may conflict



with those of an Acquired Business. Mr. Baxter is the President of Baxter Financial Corporation, an investment advisory firm, and the President and Chairman of the Philadelphia Fund and Eagle Growth Shares, mutual funds registered under the Investment Company Act of 1940. Certain activities which may be performed by such individuals in connection with their other business affiliations may be deemed competitive with the business of the Company.

In the course of their other business activities, including private investment activities, Messrs. Frost, Hanna, Baxter and Rosenberg may become aware of investment and business opportunities which may be appropriate for presentation to the Company as well as the other entities with which they are affiliated. Such persons may have conflicts of interest in determining to which entity a particular business opportunity should be presented. In general, officers and directors of corporations incorporated under the laws of the State of Florida are required to present certain business opportunities to such corporations. Accordingly, as a result of multiple business affiliations, Messrs. Frost, Hanna, Baxter and Rosenberg may have similar legal obligations relating to presenting certain business opportunities to the various entities upon which they serve as directors. In addition, conflicts of interest may arise in connection with evaluations of a particular business opportunity by the Board of Directors with respect to the foregoing criteria. There can be no assurances that any of the foregoing conflicts will be resolved in favor of the Company. In order to minimize potential conflicts of interest which may arise from multiple corporate affiliations, each of Messrs. Frost, Hanna, Baxter and Rosenberg have agreed to present to the Company for its consideration, prior to presentation to any other entity, any prospective Acquired Business which is appropriate for the Company to consider and which prospective Acquired Business participates in an industry dissimilar to any of the industries to which such individuals have corporate affiliations. It should be further noted, that the Company shall not consider Business Combinations with entities owned or controlled by officers, directors, greater than 10% shareholders of the Company or any person who directly or indirectly controls, is controlled by or is under common control with the Company. The Company may consider Business Combinations with entities owned or controlled by persons other than those persons described above. See "Proposed Business -- 'Blank Check' Offering" and "Selection of an Acquired Business and Structuring of a Business Combination."

Pursuant to an agreement among each of Messrs. Frost, Hanna, Baxter and Rosenberg and the Company, such persons will not (i) actively negotiate for or otherwise consent to the disposition of any portion of their Common Stock at a per share price different than that offered with respect to the Public Shares as a condition to or in connection with a Business Combination or (ii) cause any securities of the Company to be sold by any officers, directors, greater than 10% shareholders or persons who may be deemed promoters of the Company except as may otherwise be made in permitted market transactions without affording all shareholders of the Company a similar opportunity. Further, the Company shall not borrow funds to be used directly or indirectly to (i) purchase any shares of the Company's Common Stock owned by management of the

Company; or (ii) make payments to the Company's promoters, management or their affiliates or associates.

All members of the Company's current Board of Directors are significant shareholders of the Company and will own, in the aggregate, approximately 35% of the outstanding Common Stock following the Offering (32% if the over-allotment option is exercised). Additionally, following the Offering, the Representative will have the right to appoint one member to the Company's Board of Directors until such time as the Company effects a Business Combination utilizing a majority of its funds. Accordingly, there will be, at most, only one disinterested or outside member of the Board of Directors, and the Company may not benefit from the advice of a member of the Board of Directors who is not also an officer or employee of the Company or otherwise not involved in the offering of shares of Common Stock. Additionally, an entity which may be deemed related to Community Investment Services, Inc., a participating Underwriter in this Offering, currently owns 80,000 shares of Common Stock, which were acquired for $.50 per share.

REIMBURSEMENT OF EXPENSES TO OFFICERS AND DIRECTORS

No funds will be disbursed from the Escrow Fund for salaries payable to Messrs. Frost and Hanna or for the reimbursement of expenses incurred by the Company's officers and directors on behalf of the Company.



Other than the foregoing, there is no limit on the amount of such reimbursable expenses, and there will be no review of the reasonableness of such expenses by anyone other than the Company's Board of Directors, all the members of which are officers unless the Representative exercises his right to appoint one member to the Company's Board of Directors. In no event will the Escrow Fund be used for any purpose other than implementation of a Business Combination or for purposes of implementing the Redemption Offer. In the event the Company requires in excess of 20% of the Net Proceeds for operations, Messrs. Frost and Hanna have undertaken to waive their salaries and non-accountable expense allowance until the consummation of a Business Combination. See "Use of Proceeds," "Proposed Business -- Payment of Salaries or Consulting Fees," and "Management of the Company."

CERTAIN PROCEEDS TO BE USED TO PAY RETROACTIVE SALARY

Pursuant to employment agreements, upon consummation of this Offering, Messrs. Frost and Hanna shall each receive $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance, which amounts shall be payable retroactively to November 1, 1996, a date at least _____ months prior to the commencement of this Offering. Other than pursuant to the employment agreements and except for the Representative who may designate a member of the Board of Directors, no officers or directors will receive any other salaries or fees, unless received by all other shareholders on a proportionate basis. See "Management of the Company."

LIMITED ABILITY TO EVALUATE ACQUIRED BUSINESS' MANAGEMENT

While the Company's ability to successfully effect a Business Combination will be dependent upon certain of its key personnel, the future role of such personnel in the Acquired Business cannot presently be stated with any certainty. It is unlikely that any of the Company's key personnel will remain associated in any operational capacity with the Company following a Business Combination. Moreover, there can be no assurances that such personnel will have significant experience or knowledge relating to the operations of the particular Acquired Business. Furthermore, although the Company intends to closely scrutinize the management of a prospective Acquired Business in connection with evaluating the desirability of effecting a Business Combination, there can be no assurances that the Company's assessment of such management will prove to be correct, especially in light of the possible inexperience of current key personnel of the Company in evaluating certain types of businesses. In addition, there can be no assurances that such future management will have the necessary skills, qualifications or abilities to manage a public company. The Company may also seek to recruit additional managers to supplement the incumbent management of the Acquired Business. There can be no assurances that the Company will have the ability to recruit such additional managers, or that such additional managers will have the requisite skills, knowledge or experience necessary to enhance the incumbent management. See "Proposed Business -- 'Blank Check' Offering."

COMPETITION

The Company expects to encounter intense competition from other entities having a business objective similar to that of the Company. Many of these entities, including venture capital partnerships and corporations, blind pool companies, large industrial and financial institutions, small business investment companies and wealthy individuals, are well-established and have extensive experience in connection with identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater financial, marketing, technical, personnel and other resources than the Company and there can be no assurances that the Company will have the ability to compete successfully. The Company's financial resources will be relatively limited when contrasted with those of many of its competitors. This inherent competitive limitation may compel the Company to select certain less attractive Business Combination prospects. Further, the Company's obligation to redeem shares of Common Stock held by certain Public Shareholders, discussed under "Proposed Business -- Redemption Rights" and elsewhere herein, may place the Company at a competitive disadvantage in successfully negotiating a Business

Combination. There can be no assurances that such



prospects will permit the Company to meet its stated business objective. See "Proposed Business -- Competition."

UNCERTAINTY OF COMPETITIVE ENVIRONMENT OF ACQUIRED BUSINESS

In the event that the Company succeeds in effecting a Business Combination, the Company will, in all likelihood, become subject to intense competition from competitors of the Acquired Business. In particular, certain industries which experience rapid growth frequently attract an increasingly larger number of competitors, including competitors with increasingly greater financial, marketing, technical and other resources than the initial competitors in the industry. The degree of competition characterizing the industry of any prospective Acquired Business cannot presently be ascertained. There can be no assurances that, subsequent to a Business Combination, the Company will have the resources to compete effectively, especially to the extent that the Acquired Business is in a high-growth industry. See "Proposed Business --Competition."

POSSIBLE NEED FOR ADDITIONAL FINANCING

The Company has had no revenues to date and is entirely dependent upon the proceeds of this Offering to commence operations relating to selection of a prospective Acquired Business. The Company will not receive any revenues (other than interest income) until, at the earliest, the consummation of a Business Combination. Although the Company believes that the proceeds of this Offering will be sufficient to effect a Business Combination, inasmuch as the Company has not yet identified any prospective Acquired Business candidates, the Company cannot ascertain with any degree of certainty the capital requirements for any particular transaction. In the event that the Net Proceeds of this Offering prove to be insufficient for purposes of effecting a Business Combination (because of the size of the Business Combination or the depletion of 20% of the portion of the Net Proceeds available to the Company from the search of an Acquired Business), the Company will be required to seek additional financing. There can be no assurances that such financing would be available on acceptable terms, if at all. In the event no Business Combination is identified, negotiations are incomplete or no Business Combination has been consummated, and all of the Net Proceeds other than the Escrow Fund have been expended, the Company currently has no plans or arrangements with respect to the possible acquisition of additional financing which may be required to continue the operations of the Company. In such event, Messrs. Frost, Hanna, Baxter and Rosenberg may consider lending to the Company funds for operations other than the payment of salaries to Messrs. Frost and Hanna. Although there are no plans or arrangements with respect to such loans, such individuals do not currently anticipate such loans, if any, to be made on terms other than upon market interest rates. To the extent that such additional financing proves to be unavailable when needed to consummate a particular Business Combination, the Company would, in all likelihood, be compelled to restructure the transaction or abandon that particular Business Combination and seek an alternative Acquired Business candidate.

In the event of a consummation of a Business Combination, the Company cannot ascertain with any degree of certainty the capital requirements for any particular Acquired Business inasmuch as the Company has not yet identified any prospective Acquired Business candidates. To the extent the Business Combination results in the Acquired Business requiring additional financing, such additional financing (which, among other forms, could be derived from the public or private offering of securities or from the acquisition of debt through conventional bank financing), may not be available, due to, among other things, the Acquired Business not having sufficient (i) credit or operating history; (ii) income stream; (iii) profit level; (iv) asset base eligible to be collateralized; or (v) market for its securities.

As no specific Business Combination or industry has been targeted, it is not possible to predict the specific reasons why conventional private or public financing or conventional bank financing might not become available. There can be no assurances that, in the event of a consummation of a Business Combination, sufficient financing to fund the operations or growth of the Acquired Business will be available upon terms satisfactory to the Company, nor can there be any assurances that financing would be available at all. See



"Proposed Business -- 'Blank Check' Offering -- Selection of an Acquired Business and Structuring of a Business Combination."

POSSIBLE USE OF DEBT FINANCING; DEBT OF AN ACQUIRED BUSINESS

There are currently no limitations relating to the Company's ability to borrow funds to increase the amount of capital available to the Company to effect a Business Combination or otherwise finance the operations of the Acquired Business. The amount and nature of any borrowings by the Company will depend on numerous considerations, including the Company's capital requirements, the Company's perceived ability to meet debt service on any such borrowings and then prevailing conditions in the financial markets, as well as general economic conditions. There can be no assurances that debt financing, if required or otherwise sought, would be available on terms deemed to be

commercially acceptable and in the best interests of the Company. The inability of the Company to borrow funds required to effect or facilitate a Business Combination, or to provide funds for an additional infusion of capital into an Acquired Business, may have a material adverse effect on the Company's financial condition and future prospects. Additionally, to the extent that debt funding ultimately proves to be available, any borrowings may subject the Company to various risks traditionally associated with incurring of indebtedness, including the risks of interest rate fluctuations and insufficiency of cash flow to pay principal and interest. Furthermore, an Acquired Business may have already incurred debt financing and, therefore, all the risks inherent thereto. See "Use of Proceeds" and "Proposed Business -- 'Blank Check' Offering" and "-- Selection of an Acquired Business and Structuring of a Business Combination."

AUTHORIZATION OF ADDITIONAL SECURITIES

The Company's Articles of Incorporation authorizes the issuance of 100,000,000 shares of Common Stock, par value $.0001 per share. Upon completion of this Offering, assuming all of the shares of Common Stock offered hereby are sold, there will be 96,383,000 authorized but unissued shares of Common Stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of the over-allotment option and the Underwriter Options). Although the Company has no commitments as of the date of this Prospectus to issue any shares of Common Stock other than as described in this Prospectus, the Company will, in all likelihood, issue a substantial number of additional shares of Common Stock in connection with a Business Combination. To the extent that additional shares of Common Stock are issued, dilution to the interests of the Company's shareholders will occur. Additionally, if a substantial number of shares of Common Stock are issued in connection with a Business Combination, a change in control of the Company may occur which may impact, among other things, the utilization of net operating losses, if any. Furthermore, the issuance of a substantial number of shares of Common Stock may cause dilution and adversely affect prevailing market prices, if any, for the Common Stock, and could impair the Company's ability to raise additional capital through the sale of its equity securities. The Company has no plans, proposals, arrangements or understandings with respect to the creation of a subsidiary entity with a view to distribution to the Company's shareholders the securities of the subsidiary entity. See "Proposed Business - -- 'Blank Check' Offering"; "-- Selection of an Acquired Business and Structuring of a Business Combination" and "Description of Securities."

INVESTMENT COMPANY ACT CONSIDERATIONS

After the Offering, substantially all of the Company's assets will be invested in interest-bearing securities, which could subject the Company to the registration requirements of the Investment Company Act of 1940, as amended (the "Investment Company Act"). Registration under the Investment Company Act would subject the Company to substantive regulations which could have a material adverse effect on its business. The Company intends to conduct its business in a manner designed to avoid being subject to the registration requirements of the Investment Company Act and management believes that the Company can avoid being subject to the registration requirements of such Act; however, there can be no assurance that the Company can avoid becoming subject to these registration requirements.



TAX CONSIDERATIONS

As a general rule, federal and state tax laws and regulations have a significant impact upon the structuring of business combinations. The Company will evaluate the possible tax consequences of any prospective Business Combination and will endeavor to structure the Business Combination so as to achieve the most favorable tax treatment to the Company, the Acquired Business and their respective shareholders. There can be no assurances, however, that the Internal Revenue Service (the "IRS") or appropriate state tax authorities will ultimately assent to the Company's tax treatment of a consummated Business Combination. To the extent the IRS or state tax authorities ultimately prevail in recharacterizing the tax treatment of a Business Combination, there may be adverse tax consequences to the Company, the Acquired Business and their respective shareholders. See "Proposed Business -- 'Blank Check' Offering"; "-- Selection of an Acquired Business and Structuring of a Business Combination."

POSSIBLE PAYMENT OF FINDER'S FEES

In the event that a person or entity assists the Company in connection with the introduction to a prospective Acquired Business with which a Business Combination is ultimately consummated, such person or entity may be entitled to receive a finder's fee in consideration for such introduction. Such finder's fees may take the form of the issuance of securities or cash. Such person may be required to be registered as, among other things, an agent or broker-dealer under the laws of certain jurisdictions. The Company is not presently obligated to pay any finder's fees other than to the Representative in the event it assists the Company within a five-year period in connection with the introduction to a prospective Acquired Business with which a Business Combination is ultimately consummated. It should be noted, however, that the Company has no obligation to engage in a Business Combination with any prospective Acquired Business introduced to it by the Representative. The executive officers and directors of the Company have agreed that neither they nor any entity with which they are affiliated will be entitled to receive a finder's fee in the event they originate a Business Combination. See "Proposed Business -- 'Blank Check' Offering"; "-- Selection of an Acquired Business and

Structuring of a Business Combination," "Management of the Company -- Conflicts of Interest" and "Underwriting."

DIVIDENDS UNLIKELY

The Company has not paid any dividends on its Common Stock to date and does not presently intend to pay cash dividends prior to the consummation of a Business Combination. The payment of dividends after any such Business Combination, if any, will be contingent upon the Company's revenues and earnings, if any, capital requirements and general financial condition subsequent to consummation of a Business Combination. The payment of any dividends subsequent to a Business Combination will be within the discretion of the Company's then Board of Directors. It is the present intention of the Board of Directors to retain all earnings, if any, for use in the Company's business operations and, accordingly, the Board does not anticipate paying any cash dividends in the foreseeable future. See "Description of Securities - --Dividends."

CONTROL BY PRESENT SHAREHOLDERS

Upon consummation of the Offering, present shareholders, including the present management of the Company, will collectively own approximately 47% of the then issued and outstanding shares of Common Stock (assuming no exercise of the Underwriter Options or over-allotment option), approximately 35% of which will be owned by the current officers and directors. In the election of directors, shareholders are not entitled to cumulate their votes for nominees. Accordingly, the current shareholders will essentially be able to elect all of the Company's Directors thereafter have a substantial impact upon the operations of the Company. See "Principal Shareholders," "Certain Transactions," "Proposed Business -- 'Blank Check' Offering" and "Description of Securities."



NO ASSURANCE OF PUBLIC MARKET; ARBITRARY DETERMINATION OF OFFERING PRICE

Prior to this Offering, there has been no public trading market for the Common Stock. The initial public offering price of the shares of Common Stock have been arbitrarily determined by negotiation between the Company and the Representative and does not bear any relationship to such established valuation criteria as assets, book value or prospective earnings. There can be no assurances that a regular trading market will develop for the shares of Common Stock after this Offering or that, if developed, any such market will be sustained. Trading of the Common Stock will likely be conducted through what is customarily known as the "pink sheets" and on the Bulletin Board. Any market for the Common Stock which may result will likely be less well developed than if the Common Stock were traded in NASDAQ or an exchange.

The Representative has advised the Company that although the Representative anticipates it will act as a market maker of the Company's shares of Common Stock after the closing of the Offering, there can be no assurances that the Representative will in fact act in such capacity. As of the date hereof, other than with the Representative, the Company has had no discussions and there are no understandings with any firm regarding the participation of such firm as a market maker in the shares of the Company's Common Stock. See "Underwriting."

RISK OF LOW PRICE SECURITIES

If the Company, at any time, has net tangible assets of $2,000,000 or less, transactions in the Common Stock would be subject to certain rules promulgated under the Exchange Act. Under such rules, broker-dealers who recommend such securities to persons other than institutional accredited investors (generally institutions with assets in excess of $5,000,000) must make a special written suitability determination for the purchaser, receive the purchaser's written agreement to a transaction prior to sale and provide the purchaser with risk disclosure documents which identify certain risks associated with investing in "penny stocks" and which describes the market therefor as well as a purchaser's legal remedies. Further, the broker-dealer must also obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be consummated. If the Common Stock becomes subject to such rules, broker-dealers may find it difficult to effectuate customer transactions and the trading activity in the Common Stock; thus, the market price, if any, may be depressed, and an investor may find it more difficult to dispose of the Common Stock.

IMMEDIATE SUBSTANTIAL DILUTION; DISPARITY OF CONSIDERATION

New investors will incur an immediate and substantial dilution of approximately $3.23 per share between the pro forma net tangible book value per share after the Offering of $2.77 and the public offering price of $6.00 per share allocable to each Share (assuming no exercise of the Underwriter Options or the over-allotment option). The existing shareholders of the Company acquired their shares of Common Stock at a nominal price and, accordingly, new investors will bear virtually all of the risks inherent in an investment in the Company. See "Dilution."

SHARES ELIGIBLE FOR FUTURE SALE

All of the 1,492,000 shares of Common Stock issued and outstanding prior to this Offering are "restricted securities," as that term is defined under Rule 144 ("Rule 144"), promulgated under the Securities Act. None of

such shares will be eligible for sale under Rule 144, as currently in effect, prior to September 13, 1998. However, under the proposed changes to Rule 144, certain of such shares could be eligible for sale as early as September 13, 1997. The shares of Common Stock owned as of the date hereof by Messrs. Frost, Hanna, Baxter and Rosenberg (an aggregate of approximately 75% of the outstanding Common Stock prior to this Offering) will be placed in escrow with American Stock Transfer & Trust Company, as escrow agent, until the occurrence of a Business Combination. During such escrow period, such persons will not be able to sell,



or otherwise transfer, their respective shares of Common Stock, but will retain all other rights as shareholders of the Company, including, without limitation, the right to vote such shares of Common Stock.

In general, under Rule 144, as currently in effect, subject to the satisfaction of certain other conditions, a person, including an affiliate of the Company (or persons whose shares are aggregated), who has beneficially owned restricted shares of Common Stock for at least two years is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of 1% of the total number of outstanding shares of the same class or, if the Common Stock is quoted on NASDAQ or an exchange, the average weekly trading volume during the four calendar weeks preceding the sale. A person who has not been an affiliate of the Company for at least the three months immediately preceding the sale and who has beneficially owned restricted shares of Common Stock for at least three years is entitled to sell such shares under Rule 144 without regard to any of the limitations described above. No prediction can be made as to the effect, if any, that sales of "restricted" shares of Common Stock or the availability of such shares for sale will have on the market prices prevailing from time to time. Nevertheless, the possibility that substantial amounts of Common Stock may be sold in the public market may adversely affect prevailing market prices for the Common Stock and could impair the Company's ability to raise capital through the sale of its equity securities. See "Principal Shareholders" and "Shares Eligible for Future Sale."

RIGHTS OF FIRST REFUSAL

The Representative has been granted an irrevocable preferential right for a period of three years from the date the Offering is completed to purchase for its own account or to sell for the account of the Company or any subsidiary of or successor to the Company or any of its officers, directors, affiliates or holders of 2% or more of the outstanding shares of Common Stock of the Company, determined immediately prior to the effectiveness of this Offering, any securities of the Company (excluding offerings solely consisting of debt) which the Company or any of the other aforementioned parties may seek to sell pursuant to a registration under the Securities Act. Additionally, the Representative will be offered the opportunity to manage or co-manage any such underwriting on terms not more favorable to the Company or such other selling shareholders may otherwise have available. If the Representative fails to accept any such offer within 10 business days of the mailing of a notice contrary to such offer, then the Representative shall have no further claims or rights with respect to the proposed sale or underwriting. The Right of First Refusal could adversely affect the market price for the Company's securities or the Company's ability, following a Business Combination, to acquire additional financing or pursue other possible business acquisitions.

REGULATIONS CONCERNING "BLANK CHECK" ISSUERS

The ability to register or qualify the shares of Common Stock for both initial sale and secondary trading is limited because a number of states have enacted regulations pursuant to their securities or "blue sky" laws restricting or, in some instances, prohibiting, the sale of securities of "blank check" issuers, such as the Company, within that state. In addition, many states, while not specifically prohibiting or restricting "blank check" companies, would not permit registration or qualification of the Common Stock for sale in their states. Because of such regulations and other restrictions, the Company's selling efforts, and any secondary market which may develop, may only be conducted in certain States (as described below) or in those jurisdictions where an applicable exemption is available or a blue sky application has been filed and accepted. See "State Blue Sky Registration; Restricted Resales of the Common Stock," below. In addition, the Commission has enacted rules under the Securities Act which, among other things, afford shareholders of "blank check" companies a right to rescind their purchases of such securities for a limited period subsequent to the consummation of a Business Combination. Such rules, however, are not applicable to, among other things, offerings where the net worth of the company is greater than $5,000,000 and consequently, it is the Company's belief that such rules are not applicable to this Offering. There can be no assurances that the Commission, the United States Congress, or state legislatures will not enact legislation which will prohibit or restrict the sale of securities of "blank check" companies.



STATE BLUE SKY REGISTRATION; RESTRICTED RESALES OF THE COMMON STOCK

The Company has made application to register or has or will seek to obtain an exemption from registration to offer the Common Stock, and intends to conduct its selling efforts in [Florida, Georgia, Hawaii, Illinois, Louisiana,

Maryland, New York, Rhode Island and the District of Columbia]. Purchasers of the Common Stock in the Offering must be residents of such jurisdictions. In order to prevent resale transactions in violation of states' securities laws, shareholders may only engage in resale transactions in the states listed above and such other jurisdictions in which an applicable exemption is available or a blue sky application has been filed and accepted. As a matter of notice to the holders thereof, the Common Stock certificates shall contain information with respect to resale of the Common Stock. Further, the Company will advise its market maker, if any, of such restriction on resale. Such restriction on resale may limit the ability of investors to resell the shares of Common Stock purchased in this Offering.

Several additional states may permit secondary market sales of the shares of Common Stock (i) once or after certain financial and other information with respect to the Company is published in a recognized securities manual such as Standard & Poor's Corporation Records; (ii) after a certain period has elapsed from the date hereof; or (iii) pursuant to exemptions applicable to certain investors. However, since the Company is a "blank check" company, it may not be able to be listed in any recognized securities manual until after the consummation of the first Business Combination.

UNDERWRITER OPTIONS

In connection with this Offering, the Company has agreed to sell to the Representative, at an aggregate price of $170, warrants to purchase up to 170,000 shares of Common Stock (the "Stock Purchase Option" or "Underwriter Options"). The Underwriter Options are exercisable at a price of $7.20 per share (120% of offering price) for a period commencing one year after, and ending five years after, the date of this Prospectus. In addition, the holders of the Underwriter Options will have certain registration rights with respect to the shares of Common Stock underlying the Underwriter Options (the "Underlying Shares"). See "Underwriting--Underwriter Options." In addition, the sale, or even the possibility of sale, of the Underlying Shares could have an adverse effect on the market price for the Company's securities or on the Company's ability to obtain future public financing. If and to the extent the Underwriter Options are exercised, shareholders may experience dilution in the book value of their holdings. See "Dilution."

LACK OF BUSINESS OPERATIONS

Although the Company will use efforts to attempt to locate potential Business Combinations, there can be no assurances that any business or assets worthy of even preliminary investigation will come to the Company's attention, or that any significant amount of funds will be expended in actual acquisition of assets. See "Management of the Company -- Conflicts of Interest."

LOSS FROM ANALYSIS AND INVESTIGATION OF BUSINESS PROSPECTS

The Company will be required, in all probability, to expend funds in the preliminary investigation or examination of assets, business or properties, whether or not an investment occurs. To the extent management determines that the potential investment has little or no value, the monies spent on investigation will be a total loss. In no event will the funds placed in the Escrow Fund, including any interest earned thereon, be used for expenses associated with the evaluation and structuring of a contemplated Business Combination.

CERTAIN PROVISIONS OF COMPANY'S ARTICLES OF INCORPORATION

The Company's Articles of Incorporation provide, among other things, that (i) officers and directors of the Company will be indemnified to the fullest extent permitted under Florida law; and (ii) the Company has



elected not to be governed by Sections 607.0901 and 607.0902 of the Florida Business Corporation Act and other laws relating thereto (the "Anti-Takeover Sections").

Because of the Company's election not to be governed by the Anti-Takeover Sections, the Company will not be subject to the provisions of Florida law which provide that certain transactions between the Company and an "interested shareholder" or any affiliate of the "interested shareholder" be approved by two-thirds of the Company's outstanding shares. An "interested shareholder" as defined in Section 607.0901 of the Florida Business Corporation Act is any person who is the beneficial owner of more than 10% of the outstanding shares of the company who is entitled to vote generally in the election of directors. In addition, because of the Company's election not to be governed by the Anti-Takeover Sections, the Company will not have the alleged assistance against unfriendly take-over attempts purportedly provided by that statute.

## USE OF PROCEEDS

The Net Proceeds to the Company from the sale of the shares of Common Stock offered hereby, after the Offering Costs and Underwriting Discount of approximately $1,470,500, are estimated to be $8,729,500 and $10,060,600, if the over-allotment option is exercised in its entirety. Eighty percent (80%) of the Net Proceeds of this Offering (approximately $6,983,600), after such costs and discounts, will be placed in the Escrow Fund which is an interest bearing escrow account, with Fiduciary Trust International of the South, as escrow agent, subject to release upon the earlier of (i) written notification by the Company of its need for all, or substantially all, of such Net Proceeds

for the purpose of implementing a Business Combination; or (ii) the exercise by certain shareholders of the Redemption Offer. See "Proposed Business -- Redemption Rights." Any interest earned on the Escrow Fund will accrue in the Escrow Fund. In no event will the funds placed in the Escrow Fund, including any interest earned thereon, be used for expenses associated with the evaluation and structuring of a contemplated Business Combination. The Escrow Agent has advised the Company that the Escrow Agent is under no prohibitions with respect to the length of time that the Escrow Agent may act as escrow agent in connection with the holding of the Escrow Fund.

The Company estimates that the remaining twenty percent (20%) of such Net Proceeds may be required to evaluate potential Acquired Businesses, to select an Acquired Business and to structure and consummate a Business Combination with such Acquired Business (including possible payment of finder's fees or other compensation to persons or entities which provide assistance or services to the Company in these regards), as well as to pay the Company's accounting fees, legal fees, rent, telephone, mailing, travel related to a potential Business Combination, filing fees, occupational license fees, escrow agent fees, transfer agent fees, consulting fees and salary and non-accountable expense allowance for each of Messrs. Frost and Hanna (the "General and Administrative Expenses"), until consummation of a Business Combination. The Company believes that it can satisfy its cash requirements until a Business Combination is consummated with 20% of the Net Proceeds derived from this Offering, including interest earned thereon. Meanwhile, due to the possible indefinite period of time to consummate a Business Combination and the nature and cost of the Company's expenses related to the Company's search and analysis of a Business Combination, there can be no assurances that the Company's cash requirements until a Business Combination is consummated will be satisfied with 20% of the Net Proceeds of this Offering (including interest income earned thereon). In the event the Company requires in excess of 20% of the Net Proceeds for operations, Messrs. Frost and Hanna have undertaken to waive their salaries and non-accountable expense allowance until the consummation by the Company of a Business Combination. In the event that the Company elects to effect more than one Business Combination, it will expend at least the Threshold Amount on the first Business Combination. To the extent that securities of the Company are used in whole or in part as consideration to effect a Business Combination, the balance of the Net Proceeds of this Offering not theretofore expended will be used to finance the operations of the Acquired Business.

The Company has agreed to pay to each of Messrs. Frost and Hanna, upon consummation of this Offering, $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance (retroactive to November 1, 1996). No other officers, directors or current shareholders, except for the Representative who



may designate a member of the Board of Directors, shall be paid any consulting fees or salaries for services delivered by such persons in connection with a Business Combination. The Company shall reimburse its officers and directors for any accountable reasonable expenses incurred in connection with activities on behalf of the Company. The proceeds placed in the Escrow Fund (including any interest earned thereon) will not be used by the Company for salaries or expenses payable to Messrs. Frost or Hanna or to reimburse the Company's officers and directors for expenses incurred in connection with activities on behalf of the Company. Other than the foregoing, there is no limit on the amount of such reimbursable expenses and there will be no review of the reasonableness of such expenses by anyone other than the Board of Directors, all of the current members of which are officers of the Company. In no event will the Escrow Fund be used for any purpose other than the implementation of a Business Combination or for purposes of the Redemption Offer.

Further, no Net Proceeds of this Offering shall be loaned to any of the Company's officers, directors, greater than 10% shareholders of the Company or any person who directly or indirectly controls, is controlled by or is under common control with the Company. No proceeds of this Offering will be paid to officers, directors, greater than 10% shareholders of the Company or any person who directly or indirectly controls, is controlled by or is under common control with the Company, in consideration for professional services rendered by such persons prior to the consummation of a Business Combination. The Net Proceeds of this Offering not immediately required for the purposes set forth above will be invested in United States Government securities or other minimum risk, short-term interest bearing investments; provided, however, that the Company will attempt to not invest the Net Proceeds in a manner which may result in the Company being deemed to be an investment company under the Investment Company Act.



## DILUTION

The difference between the public offering price per share of Common Stock and the pro forma net tangible book value per share of Common Stock of the Company after this Offering constitutes the dilution to investors in this Offering. Net tangible book value per share is determined by dividing the net tangible book value of the Company (total tangible assets less total liabilities) by the number of outstanding shares of Common Stock.

At November 30, 1996, the net tangible book value of the Company,

after giving effect to the issuance of 80,000 shares of Common Stock issued upon conclusion of a private placement transaction which commenced in September 1996 and completed on December 20, 1996 was $17,428 or $0.01 per share of Common Stock. After giving effect to the sale of 1,700,000 shares of Common Stock offered hereby and the application of the estimated Net Proceeds therefrom, the pro forma net tangible book value of the Company at November 30, 1996 would have been $8,841,928 or $2.77 per share, representing an immediate increase in net tangible book value of $8,824,500 or $2.76 per share to existing shareholders and an immediate dilution of $3.23 per share to new investors. As of the date hereof, there are currently no plans, proposals, arrangements or understandings with respect to the sale of additional securities to any persons for the period commencing with the closing of this Offering and the Company's identification of a Business Combination, other than the Company's issuance of shares of Common Stock upon the exercise of the over-allotment option and the Underwriter Options. See "Underwriting."

The following table illustrates the foregoing information with respect to dilution to new investors on a per-share basis after the Offering.

<TABLE>

| <S> | <C> | <C> |
|---|---|---|
| Public offering price per share . . . . . | | $ 6 .00 |
| Net tangible book value per share, before this Offering . . . . . | 0.01 | |
| Increase per share attributable to payment by new investors . . . . . | 2.76 | |
| Net tangible book value per share, after this Offering . . . . . | | 2 .77 |
| Dilution to new investors per share . . . . . | | 3 .23 |

</TABLE>

The following table sets forth as of the date of this Prospectus, with respect to existing shareholders and new investors, a comparison of the number of shares of Common Stock acquired from the Company, their percentage ownership of such shares, the total consideration paid, the percentage of total consideration paid and the average price per share:

<TABLE>
<CAPTION>

| | Shares Purchased(1) | | Total Consideration | | PRICE PER |
|---|---|---|---|---|---|
| | Amount | Percentage | PAID | PERCENTAGE | SHARE |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Existing Shareholders | 1,492,000 | 47% | $ 184,112 | 2% | $ .12 |
| New Investors | 1,700,000 | 53% | 10,200,000 | 98% | $6.00 |
| | 3,192,000 | 100% | $ 10,344,112 | 100% | |

</TABLE>

(1) The above table assumes no exercise of the over-allotment option. If the over-allotment option is exercised in full, the new investors will have paid $11,730,000 for 1,955,000 shares of Common Stock, representing virtually 100% of the total consideration for approximately 57% of the total number of shares of Common Stock outstanding. The above table also assumes no exercise of the Underwriter Options. See "Underwriting."



## CAPITALIZATION

The following table sets forth the actual capitalization of the Company as of November 30, 1996, the pro forma capitalization as if the issuance of 80,000 shares of Common Stock for proceeds of $40,000 on December 20, 1996, had occurred on November 30, 1996 and as adjusted to give effect to the sale of 1,700,000 shares of Common Stock being offered hereby and the application of the estimated Net Proceeds therefrom:

<TABLE>
<CAPTION>

| | Actual | Pro Forma | As Adjusted(2) |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Shareholder's Equity(1) | | | |
| Common Stock, $.0001 par value, 100,000,000 shares authorized: 1,412,000 shares issued actual, 1,492,000 issued pro forma, and 3,192,000 as adjusted | $ 141 | $ 149 | $ 319 |
| Capital in excess of par value | 143,971 | 183,963 | 8,913,293 |
| Deficit accumulated during | | | |

| | | | |
|---|---|---|---|
| development stage | (71,684) | (71,684) | (71,684) |
| Total shareholders' equity | $ 72,428 | $112,428 | $8,841,928 |

</TABLE>

---

(1) Assumes no exercise of the Underwriter Options or the over-allotment option. See "Underwriting."

(2) The as adjusted information does not give effect to the payment of $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance (retroactive to November 1, 1996) to each of Messrs. Frost and Hanna.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company, a development stage entity, was formed in February 1996 to serve as a vehicle to effect a Business Combination with an Acquired Business which the Company believes has significant growth potential. The Company intends to utilize cash (to be derived from the proceeds of this Offering), equity, debt or a combination thereof in effecting a Business Combination. The Company has neither engaged in any operations nor generated any revenues to date. Its entire activity since its inception has been to prepare for its proposed fundraising through an offering of equity securities as contemplated herein.

The Company's expenses to date, all of which are attributable to its formation, proposed fundraising and accrued General and Administrative Expenses, are approximately $72,298, of which $47,865 has been paid to date, with the remainder amount contemplated to be paid out of the proceeds of the Offering.

Substantially all of the Company's working capital needs subsequent to the Offering will be attributable to the identification of a suitable Acquired Business, and thereafter to effectuate a Business Combination with such Acquired Business. Such working capital needs are expected to be satisfied from the Net Proceeds of the proposed Offering. Although no assurances can be made, the Company believes it can satisfy its cash requirements until a Business Combination is consummated with 20% of the Net Proceeds derived hereby. Due to the possible indefinite period of time to consummate a Business Combination and the nature and cost of the Company's expenses related to the Company's search and analysis of a Business Combination, there can be no assurances that the Company's cash requirements until a Business Combination is consummated will be satisfied with 20% of the Net Proceeds of this Offering (including interest income earned thereon). The Company believes, however, that the Company's cash requirements for the next twelve months will be satisfied with 20% of the Net Proceeds of this Offering. See "Risk Factors" and "Use of Proceeds."

The report of independent public accountants on the Company's financial statements includes an explanatory paragraph concerning the Company's ability to commence operations being dependent on the success of this Offering, which raises substantial doubt about its ability to continue as a growing concern.

### FORWARD LOOKING STATEMENTS AND ASSOCIATED RISKS

This Prospectus contains forward-looking statements. These forward-looking statements are based largely on the Company's expectations and are subject to a number of risks and uncertainties, many of which are beyond the Company's control. Actual results could differ from these forward-looking statements as a result of, among other things, the factors described in "Risk Factors." In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this Prospectus will in fact occur.



## PROPOSED BUSINESS

### INTRODUCTION

The Company was formed in February 1996 to seek to effect a Business Combination with an Acquired Business which the Company believes has significant growth potential. The Company will not engage in any substantive commercial business immediately following this Offering and for an indefinite period of time following this Offering. The Company has no plan, proposal, agreement, understanding or arrangement to acquire or merge with any specific business or company, and the Company has not identified any specific business or company for investigation and evaluation. The Company intends to utilize cash (to be derived from the proceeds of this Offering), equity, debt or a combination thereof in effecting a Business Combination. While the Company may, under certain circumstances, seek to effect Business Combinations with more than one Acquired Business, it will not expend less than the Threshold Amount (approximately $6,983,600, assuming an initial offering price of $6.00 per share and no exercise of the over-allotment option) upon its first Business

Combination. Consequently, it is likely that the Company will have the ability to effect only a single Business Combination. The Company may effect a Business Combination with a prospective Acquired Business which may be financially unstable or in its early stages of development or growth.

"BLANK CHECK" OFFERING

Background. As a result of, among other things, management's broad discretion with respect to the specific application of the Net Proceeds of this Offering, this Offering may be characterized as a "blank check" offering. Although substantially all of the Net Proceeds of this Offering are intended to be generally applied toward effecting a Business Combination, such proceeds are not otherwise being designated for any more specific purposes. Accordingly, prospective investors will invest in the Company without an opportunity to evaluate the specific merits or risks of any one or more Business Combinations. A Business Combination may involve the acquisition of, or merger with, a company which does not need substantial additional capital but which desires to establish a public offering itself, while avoiding what it may deem to be adverse consequences of undertaking a public offering itself, such as time delays, significant expense, loss of voting control and compliance with various federal and state securities laws. In the event that management identifies and effectuates a Business Combination with an Acquired Business which proves to be not successful for any of a myriad of reasons, some of which may not at this time be identifiable because of the "blank check" nature of the Offering, investors in the Company could lose their entire investment in the Company.

Unspecified Industry and Acquired Business. To date, the Company has not selected any particular industry or any Acquired Business in which to concentrate its Business Combination efforts. Accordingly, there is no current basis for prospective investors in this Offering to evaluate the possible merits or risks of the Acquired Business or the particular industry in which the Company may ultimately operate. However, in connection with seeking shareholder approval of a Business Combination, the Company (as a result of its intention to register its Common Stock under the Exchange Act and thereby become subject to the proxy solicitation rules contained therein) intends to furnish its shareholders with proxy solicitation materials prepared in accordance with the Exchange Act which, among other matters, will include a description of the operations of the Acquired Business candidate and audited historical financial statements thereof. To the extent the Company effects a Business Combination with a financially unstable company or an entity in its early stage of development or growth (including entities without established records of sales or earnings), the Company will become subject to numerous risks inherent in the business and operations of financially unstable and early stage or potential emerging growth companies. In addition, to the extent that the Company effects a Business Combination with an entity in an industry characterized by a high level of risk, the Company will become subject to the currently unascertainable risks of that industry. An extremely high level of risk frequently characterizes certain industries which experience rapid growth. Although management will endeavor to evaluate the risks inherent in a particular industry or Acquired Business, there can be no assurances that the Company will properly ascertain or assess all significant risk factors. Additionally, a prospective Acquired Business may be a company which does not need substantial additional capital but which desires to establish a public trading



market for its shares, while avoiding what it may deem to be adverse consequences of undertaking a public offering itself, such as time delays, significant expense, loss of voting control and compliance with various federal and state securities laws enacted for the protection of investors. Accordingly, management could identify and acquire an Acquired Business which could fail, resulting in the loss of an investor's entire investment in the shares of Common Stock offered hereby. See "Risk Factors."

Probable Lack of Business Diversification. While the Company may, under certain circumstances, seek to effect Business Combinations with more than one Acquired Business, it will not expend less than the Threshold Amount (approximately $6,983,600) upon its first Business Combination. Consequently, it is likely that the Company will have the ability to effect only a single Business Combination. Accordingly, the prospects for the Company's success will be entirely dependent upon the future performance of a single business. Unlike certain entities which have the resources to consummate several business combinations of entities operating in multiple industries or multiple areas of a single industry, it is highly likely that the Company will not have the resources to diversify its operations or benefit from the possible spreading of risks or offsetting of losses. The Company's probable lack of diversification may subject the Company to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which the Company may operate subsequent to a Business Combination. In addition, by consummating a Business Combination with only a single entity, the prospects for the Company's success may become dependent upon the development or market acceptance of a single or limited number of products, processes or services. Accordingly, notwithstanding the possibility of capital investment in and management assistance to the Acquired Business by the Company, there can be no assurances that the Acquired Business will prove to be commercially viable. Prior to the consummation of a Business Combination, the Company has no intention to purchase or acquire a minority interest in any company.

Opportunity for Shareholder Evaluation or Approval of Business Combinations. The investors in this Offering will, in all likelihood, neither receive nor otherwise have the opportunity to evaluate any financial or other

information which will be made available to the Company in connection with selecting a potential Business Combination until after the Company has entered into an agreement to effectuate a Business Combination. Such agreement to effectuate a Business Combination, however, will be subject to shareholder approval as discussed elsewhere herein. As a result, investors in this Offering will be almost entirely dependent on the judgment of management in connection with the selection and ultimate consummation of a Business Combination. In connection with seeking shareholder approval of a Business Combination, the Company intends to furnish its shareholders with proxy solicitation materials prepared in accordance with the Exchange Act which, among other matters, will include a description of the operations of the Acquired Business candidate and audited historical financial statements thereof.

Under the Florida Business Corporation Act, certain forms of Business Combinations may be effected without shareholder approval. In addition, the form of Business Combination may have an impact upon the availability of dissenters' rights (i.e., the right to receive fair payment with respect to the Company's Common Stock) to shareholders disapproving the proposed Business Combination. The Company will afford to investors in this Offering the right to approve any Business Combination, irrespective of whether or not such approval would be required under applicable Florida law. IN THE EVENT, HOWEVER, THAT THE HOLDERS OF 30% OR MORE OF THE PUBLIC SHARES HELD BY PUBLIC SHAREHOLDERS VOTE AGAINST APPROVAL OF ANY BUSINESS COMBINATION, THE COMPANY WILL NOT CONSUMMATE SUCH BUSINESS COMBINATION. All of the officers and directors of the Company, who own in the aggregate approximately 75% of the Common Stock outstanding prior to this Offering, have agreed as of the date of this Prospectus to vote their respective shares of Common Stock in accordance with the vote of the majority of the Public Shares held by the Public Shareholders with respect to any Business Combination. See "Redemption Rights," below.

Limited Ability to Evaluate Acquired Business' Management. While the Company's ability to successfully effect a Business Combination will be dependent upon certain key personnel, the future role of such personnel in the Acquired Business cannot presently be stated with any certainty. It is unlikely that any of the Company's key personnel will remain associated in any operational capacity with the Company following a



Business Combination. Moreover, there can be no assurances that such personnel will have any experience or knowledge relating to the operations of the particular Acquired Business. Furthermore, although the Company intends to closely scrutinize the management of a prospective Acquired Business in connection with evaluating the desirability of effecting a Business Combination, there can be no assurances that the Company's assessment of such management will prove to be correct, especially in light of the inexperience of current key personnel of the Company in evaluating businesses. Accordingly, investors will be relying in some significant respects, on the ability of the management of the Acquired Business who are unidentifiable as of the date hereof. In addition, there can be no assurances that such future management will have the necessary skills, qualifications or abilities to manage a public company. The Company may also seek to recruit additional managers to supplement the incumbent management of the Acquired Business. There can be no assurances that the Company will have the ability to recruit such additional managers, or that such additional managers will have the requisite skill, knowledge or experience necessary or desirable to enhance the incumbent management.

Selection of an Acquired Business and Structuring of a Business Combination. Management anticipates that the selection of an Acquired Business will be complex and risky because of competition for such business opportunities among all segments of the financial community. The nature of the Company's search for the acquisition of an Acquired Business requires maximum flexibility inasmuch as the Company will be required to consider various factors and circumstances which may preclude meaningful direct comparison among the various business enterprises, products or services investigated. Investors should recognize that the possible lack of diversification among the Company's acquisitions may not permit the Company to offset potential losses from one venture against profits from another. Management of the Company will have virtually unrestricted flexibility in identifying and selecting a prospective Acquired Business. In addition, in evaluating a prospective Acquired Business, management will consider, among other factors, the following:

- financial condition and results of operation of the Acquired Business;
- growth potential and projected financial performance of the Acquired Business and the industry in which it operates;
- equity interest in and possible management participation in the Acquired Business;
- experience and skill of management and availability of additional personnel of the Acquired Business;
- capital requirements of the Acquired Business;
- competitive position of the Acquired Business;
- stage of development of the product, process or service of the Acquired Business;

- degree of current or potential market acceptance of the product, process or service of the Acquired Business;

- possible proprietary features and possible other protection of the product, process or service of the Acquired Business;

- regulatory environment of the industry in which the Acquired Business operates; and

- costs associated with effecting the Business Combination.

The foregoing criteria are not intended to be exhaustive; any evaluation relating to the merits of a particular Business Combination will be based, to the extent relevant, on the above factors as well as other considerations deemed relevant by management in connection with effecting a Business Combination consistent



with the Company's business objective. In connection with its evaluation of a prospective Acquired Business, management anticipates that it will conduct a due diligence review which will encompass, among other things, meetings with incumbent management and inspection of facilities, as well as review of financial or other information which will be made available to the Company.

The time and costs required to select and evaluate an Acquired Business candidate (including conducting a due diligence review) and to structure and consummate the Business Combination (including negotiating relevant agreements and preparing requisite documents for filing pursuant to applicable securities laws and state corporation laws) cannot presently be ascertained with any degree of certainty. Messrs. Frost and Hanna currently intend to devote approximately 50% of their time to the affairs of the Company and Messrs. Baxter and Rosenberg intend to devote approximately 10% of their time to the affairs of the Company and, accordingly, consummation of a Business Combination may require a greater period of time than if the Company's executive officers devoted their full time to the Company's affairs. Any costs incurred in connection with the identification and evaluation of a prospective Acquired Business with which a Business Combination is not ultimately consummated will result in a loss to the Company and reduce the amount of capital available to otherwise complete a Business Combination.

The Company may utilize cash (derived from the proceeds of this Offering), equity, debt or a combination of these as consideration in effecting a Business Combination. Although the Company has no commitments as of the date of this Prospectus to issue any shares of Common Stock other than as described in this Prospectus, the Company will, in all likelihood, issue a substantial number of additional shares in connection with a Business Combination. To the extent that such additional shares are issued or other securities convertible or exchangeable into common stock, dilution to the interest of the Company's shareholders will occur. Additionally, if a substantial number of shares of Common Stock are issued in connection with a Business Combination, a change in control of the Company may occur.

If securities of the Company are issued as part of an acquisition, it cannot be predicted whether such securities will be issued in reliance upon exemptions from registration under applicable federal or state securities laws or will be registered for public distribution. When registration of securities is required, substantial cost may be incurred and time delays encountered. In addition, the issuance of additional securities and their potential sale in any trading market which may develop in the Company's Common Stock, of which there is no assurances, may depress the price of the Company's Common Stock in any market which may develop in the Company's Common Stock. Additionally, such issuance of additional securities of the Company would result in a decrease in the percentage ownership of the Company of purchasers of the Common Stock being offered hereby.

The Company's operations may be limited by the Investment Company Act. Unless the Company registers with the Securities and Exchange Commission as an investment company, it will not, among other things, be permitted to own or propose to acquire investment securities, exclusive of government securities and cash items, which have a value exceeding 40% of the value of the Company's total assets on an unconsolidated basis. It is not anticipated that the Company will have a policy restricting the type of investments it may make. While the Company will attempt to conduct its operations so as not to require registration under the Investment Company Act and management believes that the Company can avoid being subject to the registration requirements under such Act, there can be no assurances that the Company will not be deemed to be subject to the Investment Company Act.

There are currently no limitations relating to the Company's ability to borrow funds to increase the amount of capital available to the Company to effect a Business Combination or otherwise finance the operations of the Acquired Business. The amount and nature of any borrowings by the Company will depend on numerous considerations, including the Company's capital requirements, the Company's perceived ability to meet debt service on such borrowings and then prevailing conditions in the financial markets, as well as general economic conditions. There can be no assurances that debt financing, if required or otherwise sought, would be available on terms deemed to be commercially acceptable and in the best interests of the Company. The inability of the

Company to borrow funds for an additional infusion of capital into an Acquired Business may have material adverse effects on the Company's financial condition and future prospects. To the extent that debt financing ultimately proves to be available, any borrowings may subject the Company to various risks traditionally associated with incurring indebtedness, including the risks of interest rate fluctuations and insufficiency of cash flow to pay principal and interest. Furthermore, an Acquired Business may have already incurred debt financing and, therefore, all the risks inherent thereto.

Because of the Company's small size, investors in the Company should carefully consider the business constraints on its ability to raise additional capital when needed. Until such time as any enterprise, product or service which the Company acquires generates revenues sufficient to cover operating costs, it is conceivable that the Company could find itself in a situation where it needs additional funds in order to continue its operations. This need could arise at a time when the Company is unable to borrow funds and when market acceptance for the sale of additional shares of the Company's Common Stock does not exist.

PAYMENT OF SALARIES

In connection with the consummation of a Business Combination, the Company may become obligated to pay to certain persons consulting fees or salaries. The Company has agreed to pay, to each of Messrs. Frost and Hanna, upon consummation of the Offering, $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance (retroactive to November 1, 1996). No other current officers, directors or shareholders shall be paid any consulting fees or salaries for services delivered by such persons in connection with a Business Combination. The Company shall reimburse its officers and directors for any accountable reasonable expenses incurred in connection with activities on behalf of the Company. The proceeds placed in the Escrow Fund (including any interest earned thereon) will not be used by the Company for salaries or expenses payable to Messrs. Frost or Hanna or for consulting fees. No funds (including any interest earned thereon) will be disbursed from the Escrow Fund for reimbursement of expenses. Other than the foregoing, there is no limit on the amount of such reimbursable expenses and there will be no review of the reasonableness of such expenses by anyone other than the Board of Directors, all of the members of which are present officers of the Company. In the event the Company requires in excess of 20% of the Net Proceeds for operations, Messrs. Frost and Hanna have undertaken to defer their salaries and non-accountable expense allowance until the consummation by the Company of a Business Combination. Subsequent to the consummation of a Business Combination, to the extent the current officers, directors or shareholders of the Company provide services to the Company, such persons may receive from the Company consulting fees or salaries. The Company is not aware of any plans, proposals, understandings or arrangements with respect to the sale of any shares of Common Stock of the Company by any current shareholders. Further, there are no plans, proposals, understandings or arrangements with respect to the transfer by the Company to any of the current shareholders, any funds, securities or other assets of the Company.

INVOLVEMENT OF CERTAIN PRINCIPALS IN PRIOR "BLANK CHECK" COMPANIES

The officers and directors of the Company have held similar positions in three other "blank check" companies (i.e., a development stage company that has no specific business plan or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company), each of which has consummated a Business Combination as of the date of this Prospectus. There can be no assurance that the Company will ever be able to effect a Business Combination or that the type of business or the performance of the Acquired Business, if any, will be similar to that of these other "blank check" companies. Further, the results of such "blank check" companies are not indicative in any manner of the possible future results of the Company. Certain information with respect to each such prior Business Combination that the officers and directors of the Company have been involved, as obtained from each such company's respective filings with the Commission, is set forth below:



<TABLE>
<CAPTION>

| Name of Acquired Business | Date of Initial Public Offering | Date of Business Combination | Nature of Business | Trading Market and Ticker Symbol |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Sterling Health Care Group, Inc. and Sterling Healthcare, Inc. (currently operating subsequent to a merger as, "FPA Medical Management, Inc.") | February 9, 1993 | May 31, 1994 | Providing physician contract management services for hospital emergency departments | NASDAQ National Market (FPAM) |
| LFS Acquisition Corp. (currently operating as, "Kids Mart, Inc.") | September 26, 1993 | January 3, 1996 | Operating children's apparel stores | Bulletin Board (KIDM) |
| Pan American World Airways, | March 21, 1994 | September 23, 1996 | Airline industry | AMEX (PAA) |

Inc. (currently operating as,
"Pan Am Corporation")
</TABLE>

Messrs. Richard B. Frost, Mark J. Hanna and Marshal E. Rosenberg, executive officers and directors of the Company, were also officers and directors of Frost Hanna Halpryn a "blank check" company whose initial public offering of securities closed in February 1993. Frost Hanna Halpryn raised net proceeds of approximately $6,100,000 through the issuance of 1,175,500 shares of Common Stock at $6.00 per share in such initial public offering. Frost Hanna Halpryn consummated a Business Combination with Sterling Healthcare on May 31, 1994 in which both such entities merged with and into a wholly-owned subsidiary of Frost Hanna Halpryn. In connection with such merger, Frost Hanna Halpryn changed its name to "Sterling Healthcare, Inc." The principal business activity of Sterling is providing physician contract management services for hospital emergency departments. Upon consummation of the Sterling Business Combination, (i) the former Sterling Healthcare shareholders were issued Sterling common stock which constituted approximately 52% of the outstanding shares of Sterling common stock (assuming full exercise of all outstanding options and warrants to purchase Sterling common stock) and (ii) Messrs. Frost and Hanna resigned from their officer and director positions of Sterling and Mr. Rosenberg resigned from his position of Vice President and Treasurer and remained as a member of the Sterling Board of Directors until December 1994. In October, 1996, Sterling consummated a business combination with FPA Medical Management Inc. ("FPAM") pursuant to which, among other things, each share of Sterling common stock was exchanged for .951 shares of FPAM common stock. FPAM provides regional healthcare management services. FPAM currently trades under the symbol "FPAM" in the NASDAQ National Market. The closing price of FPAM common stock on January _____, 1997 was $___________ per share.

Messrs. Frost, Hanna, and Rosenberg and Mr. Donald H. Baxter, also an executive officer and director of the Company, were also officers and directors of Frost Hanna Acquisition, a "blank check" company whose initial public offering of securities closed in September 1993. Frost Hanna Acquisition raised net proceeds of approximately $6,519,800 through the issuance of 1,265,000 shares of Common Stock at $6.00 per share in such initial public offering. To minimize any potential conflicts of interest which may have arisen as a result of the relationship between such persons' positions with Frost Hanna Halpryn, Frost Hanna Acquisition was prohibited from analyzing or considering any possible Business Combination opportunities until Frost Hanna Halpryn became a party to a letter of intent to consummate a Business Combination. Frost Hanna Acquisition entered into a letter of intent in May 1995 with LFS on January 3, 1996 consummated a Business Combination with LFS in which LFS merged with and into a wholly-owned subsidiary of Frost Hanna Acquisition. In connection with such merger, Frost Hanna Acquisition changed its name to "Kids Mart, Inc." Upon consummation of the Kids Mart Business Combination (i) the former LFS shareholders were issued Kids Mart



common stock which constituted approximately 62% of the outstanding shares of Kids Mart common stock (assuming full exercise of all outstanding options and warrants to purchase Kids Mart common stock) and (ii) Messrs. Frost, Hanna, Baxter and Rosenberg resigned from their positions as officers and directors of Kids Mart. Kids Mart operates a chain of [200] infant's and children's apparel stores in 20 states under the names of "Kids Mart" and "Little Folks." In September 1996, Kids Mart closed 97 stores and fired 600 workers because of continued losses, which resulted in a $5.4 million charge in its third quarter. Kids Mart also announced that it is having cash-flow problems and is seeking additional financing. Kids Mart reported that failure to get financing, raising cash or cut costs could force the retailer to consider Chapter 11 bankruptcy protection. The closing price of Kids Mart common stock on January ___, 1997 was $_____ per share.

Messrs. Frost, Hanna, Baxter and Rosenberg, were also officers and directors of Frost Hanna Mergers Group, a "blank check" company whose initial public offering of securities closed in March 1994. Frost Hanna Mergers raised net proceeds of approximately $10.1 million through the issuance of 1,955,000 shares of Common Stock at $6.00 per share in such initial public offering. To minimize any potential conflicts of interest which may have arisen as a result of the relationship between such persons' positions with Frost Hanna Halpryn and Frost Hanna Acquisition, Frost Hanna Mergers was prohibited from analyzing or considering any possible Business Combination opportunities until Frost Hanna Halpryn and Frost Hanna Acquisition each became parties to a letter of intent to consummate a Business Combination. Frost Hanna Mergers entered into a letter of intent on January 29, 1996 with PAWA and on September 23, 1996, consummated a Business Combination with PAWA in which PAWA merged with and into a wholly-owned subsidiary of Frost Hanna Mergers. In connection with such merger, Frost Hanna Mergers changed its name to "Pan Am Corporation." Upon consummation of the Pan Am Business Combination, (i) the former PAWA shareholders were issued shares of Pan Am common stock which constituted approximately 72% of the outstanding shares of Pan Am common stock (assuming full exercise of all outstanding warrants and options to purchase shares of Pan Am common stock) and (ii) Messrs. Frost and Hanna resigned from their executive officer positions with Pan Am but currently remain as members of the Pan Am Board of Directors and Messrs. Baxter and Rosenberg resigned from their executive officer and director positions with Pan Am. PAWA was a newly organized corporation established to operate a new low-fare full service airline under the "Pan Am" name, serving selected long-haul routes between major United States cities. Pan Am initiated flight service on September 26, 1996. Pan Am common stock began trading on the American Stock Exchange on September 24, 1996 and trades under the symbol PAA. The closing price of Pan Am common stock on January __, 1997 was $___________ per share.

Purchasers who purchase Common Stock in the Offering will not acquire any ownership interest whatsoever in any of the other "blank check" companies to which the officers and directors of this Company have been involved. The inclusion of the information regarding these companies does not imply that the Company will have similar results with respect to the time period taken to consummate a Business Combination or the relative success or failure of the Acquired Business following such Business Combination. Investors in this Offering should not assume that they will experience returns, if any, comparable to those experienced by investors in such other "blank check" companies. There can be no assurance that the Company will be able to effect a Business Combination or that the type of business or the performance of the Acquired Business, if any, will be similar to that of other "blank check" companies to which the officers and directors of the Company have been involved.

SOURCES OF ACQUIRED BUSINESSES

The Company anticipates that it will make contact with business prospects primarily through the efforts of its officers, who will meet personally with existing management and key personnel, visit and inspect material facilities, assets, products and services belonging to such prospects, and undertake such further reasonable investigation as management deems appropriate. The Company anticipates that certain Acquired Business candidates may be brought to its attention from various unaffiliated sources, including securities broker-dealers, investment bankers, venture capitalists, bankers, other members of the financial community, and affiliated sources. While the Company does not presently anticipate engaging the services of professional firms that specialize in business acquisitions on any formal basis, the Company may engage such firms in the future, in



which event the Company may pay a finder's fee or other compensation. Such finder may be required to be registered as, among other things, an agent or broker-dealer under the laws of certain jurisdictions. In no event, however, will the Company pay a finder's fee or commission to officers or directors of the Company or any entity with which they are affiliated for such services except, the Representative in the event it assists the Company during the five-year period commencing on the date hereof in connection with the introduction of a prospective Acquired Business with which a Business Combination is ultimately consummated. See "Management of the Company -- Conflicts of Interest."

COMPETITION

The Company expects to encounter intense competition from other entities having a business objective similar to that of the Company. Many of these entities are well-established and have extensive experience in connection with identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater financial, marketing, technical, personnel and other resources than the Company and there can be no assurances that the Company will have the ability to compete successfully. Inasmuch as the Company may not have the ability to compete effectively with its competitors in selecting a prospective Acquired Business, the Company may be compelled to evaluate certain less attractive prospects. There can be no assurances that such prospects will permit the Company to meet its stated business objective. Further, the Company's obligation to seek shareholder approval of a Business Combination may delay the consummation of a transaction; and the Company's obligation in certain circumstances to convert into cash, shares of Common Stock held by Public Shareholders (as a result of a Redemption Offer) may reduce the resources available to the Company for a Business Combination or for other corporate purposes. Either of these obligations may place the Company at a competitive disadvantage in successfully negotiating a Business Combination. Management believes, however, that the Company's status as a public entity and its potential access to the United States public equity markets may give the Company a competitive advantage over privately-held entities having a similar business objective to that of the Company in acquiring an Acquired Business with significant growth potential on favorable terms. See "Risk Factors."

UNCERTAINTY OF COMPETITIVE ENVIRONMENT OF ACQUIRED BUSINESS

In the event that the Company succeeds in effecting a Business Combination, the Company will, in all likelihood, become subject to intense competition from competitors of the Acquired Business. In particular, certain industries which experience rapid growth frequently attract an increasingly larger number of competitors, including competitors with increasingly greater financial, marketing, technical and other resources than the initial competitors in the industry. The degree of competition characterizing the industry of any prospective Acquired Business cannot presently be ascertained. There can be no assurances that, subsequent to a Business Combination, the Company will have the resources to compete effectively, especially to the extent that the Acquired Business is in a high-growth industry.

REDEMPTION RIGHTS

At the time the Company seeks shareholder approval of any potential Business Combination, the Company will offer each of the Public Shareholders who vote against the proposed Business Combination and affirmatively request redemption, for a specified period of time of not less than 20 days, to redeem all, but not a portion of, their Public Shares, at a per share price equal to the Company's liquidation value on the Record Date divided by the number of

Public Shares held by all of the Public Shareholders. The Redemption Offer will be described in detail in the disclosure documentation relating to the proposed Business Combination. The Company's liquidation value will be equal to the Company's Liquidation Value (the Company's book value, as determined by the Company and audited by the Company's independent public accountants) (which amount will be less than the initial public offering price per share of Common Stock in this Offering in view of the expenses of this Offering, salaries and expenses paid and the anticipated expenses which will be incurred in seeking a Business Combination), calculated as of the Record Date. In no event, however, will the Company's Liquidation Value be less than the Escrow Fund, inclusive of any net interest income thereon. If the holders



of less than 30% of the Public Shares held by the Public Shareholders elect to have their shares of Common Stock redeemed, the Company may, but will not be required to, proceed with such Business Combination. If the Company elects to so proceed, it will redeem Public Shares, based upon the Company's Liquidation Value, from those Public Shareholders who affirmatively requested such redemption and who voted against the Business Combination. The determination as to whether the Company proceeds with a Business Combination ultimately rests with the Company. HOWEVER, IF THE HOLDERS OF 30% OR MORE OF THE PUBLIC SHARES HELD BY PUBLIC SHAREHOLDERS VOTE AGAINST APPROVAL OF ANY POTENTIAL BUSINESS COMBINATION, THE COMPANY WILL NOT PROCEED WITH SUCH BUSINESS COMBINATION AND WILL NOT REDEEM SUCH SHARES OF COMMON STOCK. If the Company determines not to pursue a Business Combination, even if the holders of less than 30% of the Public Shares held by Public Shareholders vote against approval of the potential Business Combination, no Public Shares will be redeemed.

FACILITIES

Since inception, the Company has maintained its executive offices in approximately 1100 square feet of office space located at 7700 W. Camino Real, Suite 222, Boca Raton, Florida. Commencing on January 15, 1996, the Company is moving its offices to approximately 1,445 square feet of office space located at 433 Plaza Real, Suite 319, Boca Raton, Florida, 33432, pursuant to a two-year lease agreement with Crocker Downtown Development Associates, at an approximate cost per month of $2,000.00. The Company considers its current and future office space adequate for its current operations.

EMPLOYEES

As of the date of this Prospectus, the Company's employees consist of its executive officers, of whom each of Messrs. Frost and Hanna intend to devote approximately 50% of their working time to the affairs of the Company and Messrs. Baxter and Rosenberg intend to devote approximately 10% of their working time to the affairs of the Company. Additionally, the Company has hired one employee in an administrative capacity.



## MANAGEMENT OF THE COMPANY

EXECUTIVE OFFICERS AND DIRECTORS

The current executive officers and directors of the Company are as follows:

<TABLE>
<CAPTION>

| NAME | AGE | POSITION |
|---|---|---|
| <S> | <C> | <C> |
| Richard B. Frost | 48 | Chief Executive Officer, Chairman of the Board of Directors |
| Mark J. Hanna | 49 | President, Director |
| Donald H. Baxter | 53 | Vice President, Secretary, Director |
| Marshal E. Rosenberg, Ph.D. | 60 | Vice-President, Treasurer, Director |

</TABLE>

Richard B. Frost has been the Chief Executive Officer and Chairman of the Board of Directors of the Company since its inception. Mr. Frost was the Chief Executive Officer and Chairman of the Board of Directors of Frost Hanna Mergers from October 1993 until the Pan Am Business Combination in September 1996. Mr. Frost remains a member of the Pan Am Board of Directors. Mr. Frost was the Chief Executive Officer and Chairman of the Board of Directors of Frost Hanna Acquisition from April 1993 until the Kids Mart Business Combination in January 1996, at which time Mr. Frost resigned from such positions. From June 1992 to May 1994, Mr. Frost held similar positions at Frost Hanna Halpryn until the Sterling Business Combination. From February 1992 through May 1992, Mr. Frost was Regional Director of GKN Securities Corp., a broker- dealer ("GKN"), where his responsibilities included the recruitment and training of GKN brokerage personnel located or to be located in Florida. From May, 1982 through February, 1992, Mr. Frost was a Vice President and Branch Manager of Dean Witter Reynolds, a broker-dealer, where his responsibilities included the management and day-to-day operations of the West Boca Raton and Lighthouse Point, Florida, branch offices of such brokerage firm. Mr. Frost is currently

a member of the Board of Directors of Continucare, a Florida corporation engaged in the development and management of mental and physical rehabilitation health care programs.

Mark J. Hanna has been the President and a member of the Board of Directors of the Company since its inception. Mr. Hanna was the President and a member of the Board of Directors of Frost Hanna Mergers from October 1993 until the Pan Am Business Combination in September 1996. Mr. Hanna remains a member of the Pan Am Board of Directors. Mr. Hanna was the President and a member of the Board of Directors of Frost Hanna Acquisition from April 1993 until January 1996, whereupon Mr. Hanna resigned from such positions following the Kids Mart Business Combination. Mr. Hanna held similar positions at Frost Hanna Halpryn from June 1992 until the Sterling Business Combination in May 1994. From February, 1992 through May, 1992, Mr. Hanna was a registered representative with GKN. From January, 1992 through February, 1992, Mr. Hanna was a registered representative with Barron Chase Securities, Inc. From September 1990, through January, 1992, Mr. Hanna was a registered representative with Prudential Bache Securities, Inc. From August, 1982 through June, 1985, Mr. Hanna was First Vice President, Investments, at the Fort Lauderdale office of Drexel Burnham Lambert Incorporated. From July, 1985 through September, 1990, Mr. Hanna was Chief Executive Officer and principal shareholder of GGH Consulting, Inc., a firm engaged in providing financial consulting services. From September, 1985 through December, 1988, Mr. Hanna was a director of Biocontrol, Technology, Inc. (f/k/a Coratomic, Inc.), a public company engaged at that time in the manufacture and sale of cardiac pacemakers and heart valves ("Biocontrol"). From September, 1986 through March, 1987, Mr. Hanna was the Chief Operating Officer of Biocontrol. Mr. Hanna is currently a member of the Board of Directors of Continucare.



Donald H. Baxter has been Vice-President, Secretary and a member of the Board of Directors of the Company since its inception. Mr. Baxter was the Vice-President, Secretary and a member of the Board of Directors of Frost Hanna Mergers from October 1993 until the Pan Am Business Combination in September 1996. Mr. Baxter was the Vice President, Secretary and a member of the Board of Directors of Frost Hanna Acquisition from April 1993 until the Kids Mart Business Combination in January 1996. During the past five years, Mr. Baxter has been the President of Baxter Financial Corporation, an investment advisory firm, and President and Chairman of the Board of Directors of the Philadelphia Fund and Eagle Growth, mutual funds which are registered under the Investment Company Act of 1940.

Marshal E. Rosenberg, Ph.D. has been a member of the Board of Directors of the Company since its inception. Mr. Rosenberg was the Vice President, Treasurer and a member of the Board of Directors of Frost Hanna Mergers from October 1993 until the Pan Am Business Combination in September 1996. Mr. Rosenberg was the Vice President, Secretary and a member of the Board of Directors of Frost Hanna Acquisition from April 1993 until the Kids Mart Business Combination in January 1996. Mr. Rosenberg was a director of Frost Hanna Halpryn from June 1992 until shortly following the Sterling Business Combination when he resigned in December 1994. During the past five years, Mr. Rosenberg has been the President, Chairman and sole shareholder of The Marshal E. Rosenberg Organization, Inc., Coral Gables, Florida, a firm engaged in the sale of life, health and disability insurance. Mr. Rosenberg is an investor in numerous private enterprises, engaged in, among other things, real estate development and retail sales. He served as a member of the Board of Directors and member of the Executive Committee of the former Intercontinental Bank, Miami, Florida. In addition, Mr. Rosenberg is a member of the faculty at the University of Miami School of Business.

## EXECUTIVE COMPENSATION

The Company was incorporated in February 1996. Pursuant to employment agreements, Messrs. Frost and Hanna each receive $10,000 monthly for salary and $1,000 monthly for non-accountable expense allowance. Further, all officers and directors of the Company shall receive accountable reimbursement for any reasonable business expenses incurred in connection with activities on behalf of the Company. The proceeds placed in the Escrow Fund (including any interest earned thereon) shall not be used by the Company to pay salaries to Messrs. Frost or Hanna or to reimburse the Company's officers and directors for expenses incurred by such persons on behalf of the Company. No funds (including any interest earned thereon) will be disbursed from the Escrow Fund for reimbursement of expenses. Other than the foregoing, there is no limit on the amount of such reimbursable expenses, and there will be no review of the reasonableness of such expenses by anyone other than the Board of Directors, all of the members of which are officers. In the event the Company requires in excess of 20% of the Net Proceeds for operations, Messrs. Frost and Hanna have undertaken to defer their salaries and non-accountable expense allowance until the consummation of a Business Combination. None of the Company's current executive officers or directors or their respective affiliates will receive any consulting or finder's fees in connection with a Business Combination. Further, other than pursuant to the employment agreements, none of such persons will receive any other payments or assets, tangible or intangible, unless received by all other shareholders on a proportionate basis. See "Use of Proceeds" and "Certain Transactions."

## REIMBURSEMENT OF EXPENSES

No funds (including any interest earned thereon) will be disbursed from the Escrow Fund for the reimbursement of expenses incurred by the Company's officers and directors on behalf of the Company. Other than the foregoing, there is no limit on the amount of such reimbursable expenses, and

there will be no review of the reasonableness of such expenses by anyone other than the Company's Board of Directors, all of the members of which are presently officers of the Company. See "Use of Proceeds" and "Certain Transactions."

KEY MAN INSURANCE

The Company has obtained $1,000,000 "key man" policies insuring each of the lives of Messrs. Frost and Hanna. There can be no assurances that such "key man" insurance will be maintained at reasonable rates,



if at all. Nevertheless, the Representative has required the Company to maintain life insurance on the lives of Messrs. Frost and Hanna for a period of three years or until an earlier Business Combination is effected. The loss, incapacity or unavailability of any of Messrs. Frost and Hanna at the present time or in the foreseeable future, before a qualified replacement was obtained, could have a material adverse effect on the Company's operations. See "Risk Factors" and "Certain Transactions." This adverse effect would be enhanced if a death of either Messrs. Frost or Hanna occurs at a time when no life insurance on such person's life was being maintained.

CONFLICTS OF INTEREST

None of the Company's key personnel are required to commit their full time to the affairs of the Company and, accordingly, such personnel may have conflicts of interest in allocating management time among various business activities. Certain of these key personnel may in the future become affiliated with entities, including other "blank check" companies, engaged in business activities similar to those intended to be conducted by the Company. Messrs. Frost and Hanna are each currently directors of Pan Am and Continucare. Mr. Rosenberg is an investor in numerous private enterprises, engaged in, among other things, real estate development and retail sales, which business interests may conflict with those of an Acquired Business. Mr. Baxter is the President of Baxter Financial Corporation, an investment advisory firm, and the President and Chairman of the Philadelphia Fund and Eagle Growth Shares, mutual funds registered under the Investment Company Act of 1940. Certain activities which may be performed by such individuals in connection with their other business affiliations may be deemed competitive with the business of the Company.

In the course of their other business activities, including private investment activities, Messrs. Frost, Hanna, Baxter and Rosenberg may become aware of investment and business opportunities which may be appropriate for presentation to the Company as well as the other entities with which they are affiliated. Such persons may have conflicts of interest in determining to which entity a particular business opportunity should be presented. In general, officers and directors of corporations are required to present certain business opportunities to such corporations. Accordingly, as a result of multiple business affiliations, Messrs. Frost, Hanna, Baxter and Rosenberg may have similar legal obligations relating to presenting certain business opportunities to multiple entities. In addition, conflicts of interest may arise in connection with evaluations of a particular business opportunity by the Board of Directors with respect to the foregoing criteria. There can be no assurances that any of the foregoing conflicts will be resolved in favor of the Company. In order to minimize potential conflicts of interest which may arise from multiple corporate affiliations, each of Messrs. Frost, Hanna, Baxter and Rosenberg have agreed to present to the Company for its consideration, prior to presentation to any other entity, any prospective Acquired Business which is appropriate for the Company to consider and which prospective Acquired Business participates in an industry dissimilar to any of the industries to which such individuals have corporate affiliations. It should be further noted, that the Company shall not consider Business Combinations with entities owned or controlled by officers, directors, greater than 10% shareholders of the Company or any person who directly or indirectly controls, is controlled by or is under common control with the Company. The Company may consider Business Combinations with entities owned or controlled by persons other than those persons described above. There can be no assurances that any of the foregoing conflicts will be resolved in favor of the Company. See "Proposed Business -- 'Blank Check' Offering" and "-- Selection of an Acquired Business and Structuring of a Business Combination."

Pursuant to an agreement among each of Messrs. Frost, Hanna, Baxter and Rosenberg and the Company, such persons will not actively negotiate for or otherwise consent to the disposition of any portion of their Common Stock as a condition to or in connection with a Business Combination. Further, the Company shall not borrow funds to be used directly or indirectly to (i) purchase any shares of the Company's Common Stock owned by management of the Company; or (ii) make payments to the Company's promoters, management or their affiliates or associates.

In connection with a Business Combination, the Company shall not cause any securities of the Company to be sold by any officers, directors, greater than 10% shareholders or persons who may be deemed promoters



of the Company except as may otherwise be made in permitted market transactions without affording all shareholders of the Company a similar opportunity.

All members of the Company's current Board of Directors are significant shareholders of the Company and will own, in the aggregate, approximately 35% of the outstanding Common Stock following the Offering (32% if the over-allotment option is exercised). Additionally, following the Offering, the Representative will have the right to appoint one member to the Company's Board of Directors until a Business Combination is effectuated utilizing at least a majority of the proceeds of the Offering.

Kenneth Orr, Chairman of the Board, Chief Executive Officer and the principal shareholder of the Representative, is indirectly related to Richard Frost, the Chairman of the Board, Chief Executive Officer and a principal shareholder of the Company. Additionally, an entity that may be deemed related to Community Investment Services, Inc., a participating Underwriter in this Offering, currently owns 80,000 shares of Common Stock acquired at a cost of $0.50 per share.

## PRINCIPAL SHAREHOLDERS

The following table sets forth information as of the date hereof and as adjusted to reflect the sale of the Common Stock offered hereby, based on information obtained from the persons named below, with respect to the beneficial ownership of shares of Common Stock by (i) each person known by the Company to be the owner of more than 5% of the outstanding shares of Common Stock; (ii) each director; and (iii) all officers and directors as a group:

<TABLE>
<CAPTION>

| | Amount and Nature of Beneficial Ownership (1) | Approximate Percentage of Outstanding Common Stock | |
|---|---|---|---|
| | | Before Offering | After Offering (2) |
| <S> | <C> | <C> | <C> |
| Richard B. Frost<br>7700 West Camino Real<br>Suite 222<br>Boca Raton, FL 33431 | 362,000 | 24% | 11% |
| Mark J. Hanna<br>7700 West Camino Real<br>Suite 222<br>Boca Raton, FL 33431 | 362,000 | 24% | 11% |
| Marshal E. Rosenberg, Ph.D.(3)<br>7700 West Camino Real<br>Suite 222<br>Boca Raton, FL 33431 | 300,000 | 20% | 9% |
| Donald H. Baxter<br>7700 West Camino Real<br>Suite 222<br>Boca Raton, FL 33431 | 100,000 | 7% | 3% |
| All Officers and Directors as a Group (4 persons) | 1,124,000 | 75% | 35% |

</TABLE>



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(1) Unless otherwise noted, all persons named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them. No persons named in the table are acting as nominees for any persons or are otherwise under the control of any person or group of persons.

(2) Assumes no exercise of the (i) over-allotment option; or (ii) Underwriter Options. See "Underwriting."

(3) Does not include 20,000 shares of Common Stock owned by Donald Rosenberg, Mr. Rosenberg's brother, of which Mr. Rosenberg disclaims beneficial ownership.

The shares of the Company's Common Stock owned as of the date hereof by all of the executive officers and directors of the Company will be placed in escrow with American Stock Transfer & Trust Company, as escrow agent, until the occurrence of a Business Combination. During such escrow period, such executive officers and directors will not be able to sell, or otherwise transfer, their respective shares of Common Stock, but will retain all other rights as shareholders of the Company, including, without limitation, the right to vote such shares of Common Stock.

Messrs. Frost, Hanna, Baxter and Rosenberg may be deemed to be "promoters" and "parents" of the Company, as such terms are defined under the

federal securities laws.

## CERTAIN TRANSACTIONS

As of the date of this Prospectus, the Company has issued an aggregate of 1,492,000 shares of Common Stock as follows: 362,000 shares to Richard B. Frost, the Company's Chief Executive Officer and Chairman of the Board of Directors; 362,000 shares to Mark J. Hanna, the Company's President and a member of the Board of Directors; 300,000 shares to Marshal E. Rosenberg, Ph.D., the Company's Vice President, Treasurer and a member of the Board of Directors; 100,000 shares to Donald H. Baxter, the Company's Vice President, Secretary and a member of the Board of Directors, for an aggregate purchase price of $112.40; and 368,000 shares to 13 other persons for an aggregate purchase price of $184,000 or $.50 per share.

The Company has obtained $1,000,000 "key man" policies insuring each of the lives of Messrs. Frost and Hanna. Such policies were purchased by the Company from The Marshal E. Rosenberg Organization, Inc. (the "Rosenberg Organization"), a firm in which Mr. Rosenberg is an officer, director and sole shareholder. In connection with the purchase by the Company of such policies, the Rosenberg Organization received a payment of approximately $2,700. No further commissions are contemplated to be earned in connection with the purchase of such key man life insurance policies.

The Company shall not make any loans to any officers or directors following this Offering. Further, the Company shall not borrow funds for the purpose of making payments to the Company's officers, directors, promoters, management or their affiliates or associates.



## DESCRIPTION OF SECURITIES

### GENERAL

The Company is authorized to issue 100,000,000 shares of Common Stock, par value $.0001 per share. Prior to this Offering, 1,492,000 shares of Common Stock were outstanding, held of record by 17 persons.

### COMMON STOCK

The holders of Common Stock are entitled to one vote for each share held of record on all matters to be voted on by shareholders. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors. The holders of Common Stock are entitled to receive dividends when, as and if declared by the Board of Directors out of funds legally available therefor. In the event of liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision has been made for each class of stock, if any, having preference over the Common Stock. Holders of shares of Common Stock, as such, have no conversion, preemptive or other subscription rights, and, except as noted herein, there are no redemption provisions applicable to the Common Stock. All of the outstanding shares of Common Stock are, and the shares of Common Stock offered hereunder, when issued and paid for as set forth in this Prospectus, will be, fully paid and nonassessable.

### DIVIDENDS

The Company has not paid any dividends on its Common Stock to date and does not presently intend to pay cash dividends prior to the consummation of a Business Combination. The payment of cash dividends in the future, if any, will be contingent upon the Company's revenues and earnings, if any, capital requirements and general financial condition subsequent to consummation of a Business Combination. The payment of any dividends subsequent to a Business Combination will be within the discretion of the Company's then Board of Directors. It is the present intention of the Board of Directors to retain all earnings, if any, for use in the Company's business operations and, accordingly, the Board does not anticipate paying any cash dividends in the foreseeable future.

### UNDERWRITER WARRANTS

In connection with this Offering, the Company has agreed to sell to the Representative, at an aggregate price of $170, warrants to purchase up to 170,000 shares of Common Stock (the "Stock Purchase Option" or "Underwriter Options"). The Underwriter Options are exercisable at a price of $7.20 per share (120% of offering price) for a period commencing one year, and ending five years, after the date of this Prospectus. In addition, the holders of the Underwriter Options will have certain registration rights with respect to the shares of Common Stock underlying the Underwriter Options.

### SECURITIES EXCHANGE ACT OF 1934

The Company has agreed, contemporaneous with the sale of the shares of Common Stock, that it will file an application with the Securities and Exchange Commission to register its Common Stock under the provisions of Section 12(g) of the Exchange Act, and that it will use it best efforts to continue to maintain such registration for a minimum of five years from the date of this Prospectus. Such registration will require the Company to comply with periodic

reporting, proxy solicitations and certain other requirements of the Exchange Act. If the Company seeks shareholder approval of a Business Combination at such time as the Company's securities are registered pursuant to Section 12(g) of the Exchange Act, the Company's proxy solicitation materials required to be transmitted to shareholders may be subject to prior review by the Securities and Exchange Commission. Under the federal securities laws, public companies must furnish certain information



about significant acquisitions, which information may require audited financial statements of an acquired company with respect to one or more fiscal years, depending upon the relative size of the acquisition. Consequently, if a prospective Acquired Business did not have available and was unable to reasonably obtain the requisite audited financial statements, the Company could, in the event of consummation of a Business Combination with such company, be precluded from (i) any public financing of its own securities for a period of as long as three years, as such financial statements would be required to undertake registration of such securities for sale to the public; and (ii) registration of its securities under the Exchange Act. Consequently, it is unlikely that the Company would seek to consummate a Business Combination with such an Acquired Business. See "Risk Factors."

CERTAIN PROVISIONS OF COMPANY'S ARTICLES OF INCORPORATION

The Company's Articles of Incorporation provide, among other things, that (i) officers and directors of the Company will be indemnified to the fullest extent permitted under Florida law; and (ii) the Company has elected not to be governed by the Anti-Takeover Sections, namely Sections 607.0901 and 607.0902 of the Florida Business Corporation Act and other laws relating thereto.

Because of the Company's election not to be governed by the Anti-Takeover Sections, the Company will not be subject to the provisions of Florida law which provide that certain transactions between the Company and an "interested shareholder" or any affiliate of the "interested shareholder" be approved by two-thirds of the Company's outstanding shares. An "interested shareholder" as defined in Section 607.0901 of the Florida Business Corporation Act is any person who is the beneficial owner of more than 10% of the outstanding shares of the company who is entitled to vote generally in the election of directors. In addition, because of the Company's election not to be governed by the Anti-Takeover Sections, the Company will not have the alleged assistance against unfriendly take-over attempts purportedly provided by that statute.

TRANSFER AGENT

The transfer agent for the Company's Common Stock is American Stock Transfer & Trust Company, 40 Wall Street, New York, New York 10005.

## SHARES ELIGIBLE FOR FUTURE SALE

Upon the consummation of this Offering, (without giving effect to the exercise of the over-allotment option or the Underwriter Options), the Company will have 3,192,000 shares of Common Stock outstanding. Of these shares, the 1,700,000 shares sold in this Offering will be freely tradeable without restriction or further registration under the Securities Act, except for any shares purchased by an "affiliate" of the Company (in general, a person who has a control relationship with the Company) which will be subject to limitations of Rule 144 promulgated by the Commission under the Securities Act. All of the remaining 1,492,000 shares are deemed to be "restricted securities," as that term is defined under Rule 144 promulgated under the Securities Act, in that such shares were issued in private transactions not involving a public offering. None of such shares will be eligible for sale under Rule 144, as currently in effect, prior to September 13, 1996. In addition, the shares of Common Stock owned as of the date hereof by Messrs. Frost, Hanna, Baxter and Rosenberg (an aggregate of approximately 75% of the outstanding Common Stock prior to this Offering) will be placed in escrow with American Stock Transfer & Trust Company, as escrow agent, until the occurrence of a Business Combination. During such escrow period, such persons will not be able to sell, or otherwise transfer, their respective shares of Common Stock, but will retain all other rights as shareholders of the Company, including, without limitation, the right to vote such shares of Common Stock. Additionally, the Underwriting Agreement entered into in connection with this Offering provides, among other things, that for a period of thirteen months after the consummation of the Offering or such earlier time that a Business Combination is consummated, neither the Company, nor any officer, director, affiliate or 2% (or greater) shareholder of restricted stock of



the Company shall offer, issue, sell, contract to sell, grant any option for the sale of or otherwise dispose of any securities of the Company, without the Representative's prior written consent.

In general, under Rule 144, as currently in effect, subject to the satisfaction of certain other conditions, a person, including an affiliate of the Company (or persons whose shares are aggregated), who has beneficially owned restricted shares of Common Stock for at least two years is entitled to

sell, within any three-month period, a number of shares that does not exceed the greater of 1% of the total number of outstanding shares of the same class or, if the Common Stock is not quoted on NASDAQ, the average weekly trading volume during the four calendar weeks preceding the sale. A person who has not been an affiliate of the Company for at least the three months immediately preceding the sale and who has beneficially owned restricted shares of Common Stock for at least three years is entitled to sell such shares under Rule 144 without regard to any of the limitations described above.

Prior to this Offering, there has been no market for the Common Stock, and no prediction can be made as to the effect, if any, that market sales of restricted shares of Common Stock or the availability of such shares for sale will have on the market prices prevailing from time to time. Nevertheless, the possibility that substantial amounts of Common Stock may be sold in the public market may adversely affect the price for the sale of the Company's equity securities in any trading market which may develop.

## UNDERWRITING

The Underwriters named below, represented by First Cambridge Securities Corporation, have severally agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase from the Company, and the Company has agreed to sell, the number of shares of Common Stock indicated below opposite their respective names at the initial public offering price less the underwriting discount set forth on the cover page of this Prospectus.

<TABLE>
<CAPTION>

| UNDERWRITER | NUMBER OF SHARES |
|---|---|
| <S> | <C> |
| First Cambridge Securities Corporation . . . . . | |
| [_____] . . . . . | |
| Total . . . . . | |

</TABLE>

The Underwriters initially propose to offer the Common Stock offered hereby to the public at the public offering price set forth on the cover of this Prospectus, and the Underwriters may allow certain dealers, who are members of the National Association of Securities Dealers, Inc. ("NASD"), concessions of not in excess of $___ per share of Common Stock.

The Underwriters are committed on a "firm commitment" basis to purchase all 1,700,000 of Common Stock offered hereby, if any, are purchased. The Underwriters will not sell the shares of Common Stock to any accounts for which they exercise discretionary authority.

The Company has granted an option to the Underwriters, exercisable during the 45 day period after the date of this Prospectus, to purchase up to an aggregate of 255,000 additional shares of Common Stock at the public offering price, less the underwriting discounts and commissions. The Underwriters may purchase such shares of Common Stock only to cover over-allotments made in connection with the sale of the shares of Common Stock offered hereby.



The Underwriting Agreement provides for reciprocal indemnification between the Company and the Underwriters against certain liabilities in connection with the Registration Statement, including liabilities under the Securities Act.

The Company has agreed to pay the Underwriters a non-accountable expense allowance of 3% of the aggregate offering price of the shares of Common Stock offered hereby (including any shares purchased pursuant to the Underwriters' over-allotment option), of which $35,000 has been paid to date.

The Company has also agreed to sell to the Underwriters or their designees, the Underwriters' Options to purchase 170,000 shares of Common Stock at a price of $.001 per option. The Underwriters' Options will be exercisable for a period of four years, commencing one year after the date this Offering is consummated. The exercise price of the Underwriters' Options is equal to 120% of the initial public offering price per share of Common Stock.

The Company has agreed that it will, on any one occasion during the four-year period commencing one year from the date hereof, register the Underwriters' Options and the underlying securities, at the Company's expense, at the request of holders of a majority of the shares of Common Stock issuable upon exercise of the shares of Common Stock underlying the Underwriters' Options. The Company has also agreed, during the six year period commencing one year from the date hereof, to certain "piggy-back" registration rights for holders of the Underwriters' Options and the underlying securities.

For the life of the Underwriters' Options, the holders are given, at nominal cost, the opportunity to profit upon exercise from a rise in the market

price for the Common Stock of the Company without assuming the risk of ownership, with a resulting dilution in the interest of other security holders upon exercise of such options. As long as the Underwriters' Options remain outstanding and unexercised, the terms under which the Company could obtain additional capital may be adversely affected. Moreover, the holders of the Underwriters' Options might be expected to exercise them at a time when the Company would, in all likelihood, be able to obtain needed capital by a new offering of its securities on terms more favorable than those provided by the Underwriters' Options. Additionally, if the Underwriters should exercise their registration rights to effect a distribution of the Underwriters' Options or underlying securities, the Underwriters, prior to and during such distribution, may be unable to make a market in the Company's securities. If the Underwriters must cease making a market in the Company's securities, the market and market price for the securities may be adversely affected and holders of the securities may be unable to sell the securities.

The Company has also agreed pursuant to the Underwriting Agreement that for a period of time from the date hereof until such time as the Company consummates a Business Combination, the Company shall use its best efforts to cause one individual selected by the Representative to be elected to the Board of Directors of the Company, provided that such person is reasonably acceptable to the Company. Initially, the Company and the Representative have agreed that [_____] shall serve as the Representative's designee to the Board of Directors. Alternatively, the Representative shall be entitled to designate a senior advisor to the Company who shall be invited to and be entitled to attend, all meetings of the Board of Directors. Pursuant to the Underwriting Agreement, the Company and the Representative have further agreed to enter into an agreement that provides that if the Representative, during the five-year period commencing on the date hereof, originates a financial transaction such as a merger, acquisition or joint venture to which the Company is a party, the Representative shall be entitled to receive 5% of the first $5,000,000 and 2 1/2% of the amount of the excess, if any, over $5,000,000 of the consideration paid in connection with business transactions between the Company and the entity introduced to the Company by the Representative. The Representative has also been granted an irrevocable preferential right for a period of three years from the date the Offering is completed to purchase for its own account or to sell for the account of the Company or any subsidiary of or successor to the Company or any of its officers, directors, affiliates or holders of 2% or more of the outstanding shares of Common Stock of the Company, determined immediately prior to the effectiveness of this Offering, any securities of the Company (excluding offerings solely consisting of debt) which the Company or any of the other aforementioned parties may seek to sell pursuant to a registration under the Securities Act. Additionally, the Representative



will be offered the opportunity to manage or co-manage any such underwriting on terms not more favorable to the Company or such other selling shareholders may otherwise have available. If the Representative fails to accept any such offer within 10 business days of the mailing of a notice contrary to such offer, then the Representative shall have no further claims or rights with respect to the proposed sale or underwriting.

The foregoing does not purport to be a complete statement of the terms and conditions of the Underwriting Agreement and related documents, copies of which are on file at the offices of the Underwriters, the Company and the Commission.

The public offering price of the Common Stock has been determined by arms' length negotiation between the Company and the Representative and is not necessarily related to the Company's value, net worth, or any other established criteria of value. Officers and directors of the Company may introduce the Representative to persons to consider this Offering either through the Representative, other Underwriters or through participating Broker-Dealers. In this connection, officers and directors will not receive any commissions or any other compensation.

The Representative was incorporated on November 20, 1987. Since its incorporation, the Representative has participated in only five initial public offerings of equity securities as an underwriter and has acted as lead manager once and as co-manager for four of the offerings. These initial public offerings were conducted between May 1995 and November 1996. The Offering is the second public offering in which the Representative has acted as lead manager. Prospective purchasers of Common Stock should consider the limited experience of the Representative in evaluating an investment in the Company.

See also, "Conflicts of Interest."

## LEGAL PROCEEDINGS

The Company is not a party to, nor is it aware of, any threatened litigation of a material nature.

## LEGAL MATTERS

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A., 150 West Flagler Street, Miami, Florida, 33130, has rendered an opinion (which is filed as an exhibit to the Registration Statement of which this Prospectus is a part) to the effect that the shares of Common Stock, when issued and paid for as described herein, will constitute legally issued securities of the Company, fully paid and non-assessable. Goldstein & DiGioia, LLP, 369 Lexington Avenue,

New York New York, 10017, has acted as counsel to the Underwriters in connection with this Offering.

## EXPERTS

The financial statements included in this Prospectus have been audited by Arthur Andersen LLP, independent certified public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said report. Reference is made to said report which includes an explanatory paragraph that describes that the Company's ability to commence operations is contingent upon obtaining adequate financial resources through a contemplated public offering, or otherwise, which raises substantial doubt about the Company's ability to continue as a going concern. Further, the financial statements do not include any adjustments relating to the recoverability of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.



## ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement on Form SB-2 (the "Registration Statement") under the Securities Act with respect to the shares of Common Stock. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits thereto. For further information with respect to the Company or such Common Stock, reference is made to such Registration Statement and the exhibits and schedules thereto, certain portions of which are omitted from this Prospectus as permitted by the rules and regulations of the Commission. Statements contained in this Prospectus regarding the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement or such other document, each such statement being qualified in all respects by such reference.

Upon completion of the Offering, the Company will be subject to the informational requirements of the Exchange Act, and, in accordance therewith, will file reports and other information with the Commission. Such reports and other information, as well as the Registration Statement and the exhibits and schedules thereto, may be inspected, without charge, at the public reference facility maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at Seven World Trade Center, Suite 1300, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material may also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Such information is also available on the internet at http:\\www.sec.gov.

The Company intends to furnish its shareholders with annual reports containing audited financial statements examined and reported upon, with an opinion expressed by independent certified public accountants, and quarterly reports containing unaudited financial information for the first three quarters of each year.



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Frost Hanna Capital Group, Inc.:

We have audited the accompanying balance sheet of Frost Hanna Capital Group, Inc. (a Florida corporation in the development stage) as of November 30, 1996, and the related statements of operations, changes in stockholders' equity and cash flows for the period from inception (February 2, 1996) to November 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frost Hanna Capital Group, Inc. as of November 30, 1996, and the results of its operations and its cash

flows for the period from inception (February 2, 1996) to November 30, 1996, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's ability to commence operations is contingent upon obtaining adequate financial resources through a contemplated public offering, or otherwise, which raises substantial doubt about its ability to continue as a going concern. If unsuccessful, the Company may be unable to continue in its present form. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

ARTHUR ANDERSEN LLP

Miami, Florida,
December 12, 1996 (except with respect
to the matter discussed in Note 7, as
to which the date is December 20, 1996).



FROST HANNA CAPITAL GROUP, INC.

(A Development Stage Corporation)

BALANCE SHEET

<TABLE>
<CAPTION>

| ASSETS | November 30, 1996 |
|---|---|
| <S> | <C> |
| CURRENT ASSETS: | |
| Cash and cash equivalents | $ 58,681 |
| PROPERTY AND EQUIPMENT | 3,180 |
| DEFERRED REGISTRATION COSTS | 95,000 |
| Total assets | $156,861 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | |
| CURRENT LIABILITIES: | |
| Accrued expenses | $ 2,433 |
| Accrued registration costs | 60,000 |
| Accrued officers' salaries | 22,000 |
| Total current liabilities | 84,433 |
| COMMITMENTS AND CONTINGENCIES (Notes 1 and 6) | |
| STOCKHOLDERS' EQUITY: | |
| Common stock, $.0001 par value, 100,000,000 shares authorized, 1,412,000 shares issued and outstanding | 141 |
| Additional paid-in capital | 143,971 |
| Deficit accumulated during development stage | (71,684) |
| Total stockholders' equity | 72,428 |
| Total liabilities and stockholders' equity | $156,861 |

</TABLE>

The accompanying notes to financial statements are an integral part of this balance sheet.



FROST HANNA CAPITAL GROUP, INC.

(A Development Stage Corporation)

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

| | For the Period From Inception (February 2, 1996) to November 30, 1996 |
|---|---|
| <S> | <C> |
| REVENUES | $ - |
| EXPENSES: | |
| Officers' salaries | 55,000 |
| General and administrative | 17,298 |
| Total operating expenses | 72,298 |
| INTEREST INCOME | 614 |
| Net loss | $ (71,684) |
| NET LOSS PER COMMON SHARE | $ (0.05) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 1,492,000 |

</TABLE>

The accompanying notes to financial statements are an integral part of this statement.



FROST HANNA CAPITAL GROUP, INC.

(A Development Stage Corporation)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE PERIOD FROM INCEPTION (FEBRUARY 2, 1996)

TO NOVEMBER 30, 1996

<TABLE>
<CAPTION>

| | Common Stock | | Additional Paid-In | Deficit Accumulated During the Development | |
|---|---|---|---|---|---|
| | Shares | Amount | Capital | Stage | Total |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Sale of common stock to promoters | 1,124,000 | $ 112 | $ - | $ - | $ 112 |
| Sale of common stock | 288,000 | 29 | 143,971 | - | 144,000 |
| Net loss for the period from inception (February 2, 1996) to November 30, 1996 | - | - | - | (71,684) | (71,684) |
| BALANCE, November 30, 1996 | 1,412,000 | $ 141 | $ 143,971 | $ (71,684) | $ 72,428 |

</TABLE>

The accompanying notes to financial statements are an integral part of this statement.



FROST HANNA CAPITAL GROUP, INC.

(A Development Stage Corporation)

STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

| | For the Period |
|---|---|

| | From Inception (February 2, 1996) to November 30, 1996 |
|---|---|
| <S> | <C> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Net loss | $(71,684) |
| Change in certain assets and liabilities- | |
| Increase in accrued expenses | 2,433 |
| Increase in accrued officers' salaries | 22,000 |
| Net cash used for operating activities | (47,251) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Capital expenditures | (3,180) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Proceeds from issuance of common stock | 144,112 |
| Deferred registration costs | (35,000) |
| Net cash provided by financing activities | 109,112 |
| Net increase in cash | 58,681 |
| CASH AND CASH EQUIVALENTS, beginning of period | - |
| CASH AND CASH EQUIVALENTS, end of period | $ 58,681 |

</TABLE>

The accompanying notes to financial statements are an integral part of this statement.



FROST HANNA CAPITAL GROUP, INC.

(A Development Stage Corporation)

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 1996

(1) GENERAL:

Frost Hanna Capital Group, Inc. (the "Company") was formed on February 2, 1996 to seek to effect a merger, exchange of capital stock, asset acquisition or similar business combination (a "Business Combination") with an operating or development stage business (an "Acquired Business"). The Company is currently in the development stage and is in the process of raising capital. All efforts of the Company to date have been limited to organizational activities.

The Company's ability to commence operations is contingent upon obtaining adequate financial resources through a contemplated public offering (the "Proposed Offering") or otherwise (see Note 3).

The Proposed Offering can be considered a "blank check" offering. Blank check offerings are characterized by an absence of substantive disclosures related to the use of the net proceeds of the offering. Although substantially all of the net proceeds of the Proposed Offering are intended to be utilized to effect a Business Combination, the net proceeds are not being designated for any more specific purpose. Moreover, since the Company has not yet identified an acquisition target, investors in the Proposed Offering will have virtually no substantive information available for advance consideration of any Business Combination. (See "Risk Factors" in the forepart of the SB-2 Registration Statement for additional information.)

Upon completion of the Proposed Offering, 80% of the net proceeds therefrom will be placed in an interest bearing escrow account (the "Escrow Fund"), subject to release upon the earlier of (i) written notification by the Company of its need for all or substantially all of the Escrow Fund for the purpose of implementing a Business Combination, or (ii) the exercise by certain shareholders of the Redemption Offer (as hereinafter defined). Any interest earned on the Escrow Fund shall remain in escrow and be used by the Company either (i) following a Business Combination in connection with the operations of an Acquired Business or (ii) in connection with the distribution to the shareholders through the exercise of the Redemption Offer or the liquidation of the Company. In the event the Company requires in excess of 20% of the Net Proceeds for operations, Messrs. Frost and Hanna have undertaken to waive their salaries until the consummation by the Company of a Business Combination. Investors' funds may be escrowed for an indefinite period of time following the consummation of this Offering. Further, there can be no assurances that the Company will ever consummate a Business Combination. In the event of the exercise of the Redemption Offer, investors may only recoup a portion of their investment. The Company currently has no expectation with regard to the Company's plans in the event a Business Combination is not consummated by a certain date.

The Company, prior to the consummation of any Business Combination, will submit such transaction to the Company's shareholders for their approval. In the event, however, that the holders of 30% or more of the shares of the Company's common stock sold in the Proposed Offering which are outstanding vote against approval of any Business Combination, the Company will not consummate such Business Combination. The shares of common stock to be sold in the Proposed Offering may sometimes be referred to as the "Public Shares" and the holders (whether current or future) of the Public Shares are referred to as "Public Shareholders". All of the officers and directors of the Company, who own in the aggregate approximately 75% of the common stock outstanding as of the date hereof, have agreed to vote their respective shares of common stock in accordance with the vote of the majority of the Public Shares with respect to any such Business Combination.

At the time the Company seeks shareholder approval of any potential Business Combination, the Company will offer (the "Redemption Offer") to each of the Public Shareholders who vote against the proposed Business Combination and affirmatively request redemption, for a twenty (20) day period, to redeem all, but not a portion of, their Public Shares, at a per share price equal to the Company's liquidation value on the record date for determination of shareholders entitled to vote upon the proposal to approve such Business Combination (the "Record Date") divided by the number of Public Shares. The Company's liquidation value will be equal to the Company's book value, as determined by the Company, calculated as of the Record Date. In no event, however, will the Company's liquidation value be less than the Escrow Fund, inclusive of any net interest income thereon. If the holders of less than 30% of the Public Shares held by Public Shareholders elect to have their shares redeemed, the Company may, but will not be required to, proceed with such Business Combination. If the Company elects to so proceed, it will redeem Public Shares, based upon the Company's liquidation value, from those Public Shareholders who affirmatively requested such redemption and who voted against the Business Combination. However, if the holders of 30% or more of the Public Shares held by Public Shareholders vote against approval of any potential Business Combination, the Company will not proceed with such Business Combination and will not redeem such Public Shares. If the Company determines not to pursue a Business Combination, even if the Public Shareholders of less than 30% of the Public Shares vote against approval of the potential Business Combination, no Public Shares will be redeemed.

As a result of its limited resources, the Company will, in all likelihood, have the ability to effect only a single Business Combination. Accordingly, the prospects for the Company's success will be entirely dependent upon the future performance of a single business.

The Company is in the development stage, has had no revenues to date and is entirely dependent upon the proceeds of the Proposed Offering to commence operations relating to selection of a prospective Acquired Business. The Company will not receive any revenues, other than interest income, until, at the earliest, the consummation of a Business Combination. In the event that the proceeds of the Proposed Offering prove to be insufficient for purposes of effecting a Business Combination, the Company will be required to seek additional financing. In the event no Business Combination is identified, negotiations are incomplete or no Business Combination has been consummated, and all of the proceeds of the Proposed Offering other than the Escrow Fund have been expended, the Company currently has no plans or arrangements with respect to the possible acquisition of additional financing which may be required to continue the operations of the Company.



Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting Estimates-

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents-

The Company considers all investments with an original maturity of three months or less as of the date of purchase to be cash equivalents.

Property and Equipment-

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years.

Income Taxes-

The Company is in a loss position for both financial reporting and tax purposes. The Company has adopted Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes", which requires, among other

things, recognition of future tax benefits measured at enacted rates attributable to deductible temporary differences between financial statement and income tax bases of assets and liabilities and to tax net operating loss carryforwards to the extent that realization of said benefits is more likely than not. The only item giving rise to such a deferred tax asset or liability is the loss carryforward as a result of the operating loss incurred for the period from inception (February 2, 1996) to November 30, 1996. However, due to the uncertainty of the Company's ability to generate income in the future, the deferred tax asset has been fully reserved.

Earnings per Common Share-

Pursuant to the Securities and Exchange Commission Staff Accounting Bulletins, common and common equivalent shares issued at prices below the public offering price during the twelve month period prior to a proposed public offering are required to be included in the calculation of earnings per share as if they were outstanding for all periods presented. Accordingly, the weighted average number of common shares outstanding have been adjusted to reflect the impact of the additional common equivalent shares attributable to the 80,000 shares of common stock issued on December 20, 1996. (see Note 7)



Primary and fully diluted earnings per share are the same.

(3) PROPOSED PUBLIC OFFERING OF SECURITIES:

The Proposed Offering calls for the Company to offer for public sale 1,700,000 shares of the Company's common stock, $.0001 par value at an estimated price of $6 per share.

The Company has granted to the underwriters a 45-day option to purchase up to 255,000 additional shares of common stock of the Company at an estimated price of $6 per share, solely to cover over-allotments, if any (the "Over-Allotment Option").

In connection with the Proposed Offering, the Company has agreed to sell to the underwriters (the "Underwriters"), at an aggregate price of $170, warrants (the "Underwriter Options") to purchase up to 170,000 shares of the Company's common stock. The Underwriter Options are exercisable at a price of 120% of the initial public offering price per share for a period commencing one year after, and ending five years after the effective date of the prospectus.

The Company has agreed that it will, on any one occasion during the four-year period commencing one year from the effective date of the prospectus, register the Underwriters' Options and the underlying securities, at the Company's expense, at the request of holders of a majority of the shares of Common Stock issuable upon exercise of the shares of Common Stock underlying the Underwriters' Options. The Company has also agreed, during the six year period commencing one year from the effective date of the prospectus, to certain "piggy-back" registration rights for holders of the Underwriter Options and the underlying securities.

The Company has also agreed pursuant to the underwriting agreement that for a period of time from the effective date of the prospectus until such time as the Company consummates a Business Combination, the Company shall use its best efforts to cause one individual selected by the managing underwriter ("Representative") to be elected to the Board of Directors of the Company, provided that such person is reasonably acceptable to the Company. Alternatively, the Representative shall be entitled to designate a senior advisor to the Company who shall be invited to and be entitled to attend, all meetings of the Board of Directors. Pursuant to the underwriting agreement, the Company and the Representative have further agreed to enter into an agreement that provides that if the Representative, during the five-year period commencing on the effective date of the prospectus, originates a financial transaction such as a merger, acquisition or joint venture to which the Company is a party, the Representative shall be entitled to receive 5% of the first $5,000,000 and 2 1/2 % of the amount of the excess, if any, over $5,000,000 of the consideration paid in connection with business transactions between the Company and the entity introduced to the Company by the Representative. The Representative has also been granted an irrevocable preferential right for a period of three years from the date the Offering is completed to purchase for its own account or to sell for the account of the Company or any subsidiary of or successor to the Company or any of its officers, directors, affiliates or holders of 2% or more of the outstanding shares of Common Stock of the Company, determined immediately prior to the effectiveness of this Offering, any securities of the Company (excluding offerings solely consisting of debt) which the Company or any of the



other aforementioned parties may seek to sell pursuant to a registration under the Securities Act. Additionally, the Representative will be offered the opportunity to manage or co-manage any such underwriting on terms not more favorable to the Company or such other selling shareholders may otherwise have available. If the Representative fails to accept any such offer within 10 business days of the mailing of a notice contrary to such offer, then the Representative shall have no further claims or rights with respect to the proposed sale or underwriting.

As of November 30, 1996, the Company has recorded deferred registration costs of $95,000 relating to estimated accounting, legal, underwriting and printing

and engraving expenses incurred to date in connection with the Proposed Offering. Upon consummation of the Proposed Offering, these costs will be charged to equity. Should the Proposed Offering prove to be unsuccessful, these costs, as well as any additional expenses incurred, will be charged to operations.

(4) COMMON STOCK:

The Company's Articles of Incorporation authorize the issuance of 100,000,000 shares of common stock. Upon completion of the Proposed Offering, there will be a minimum of 96,383,000 authorized but unissued shares of common stock available for issuance (after appropriate reserves for the issuance of common stock upon full exercise of the Over-Allotment Option and the Underwriter Options). The Company's Board of Directors has the power to issue any or all of the authorized but unissued common stock without stockholder approval. The Company currently has no commitments to issue any shares of common stock other than as described in the Proposed Offering; however, the Company will, in all likelihood, issue a substantial number of additional shares in connection with a Business Combination. To the extent that additional shares of common stock are issued, dilution of the interests of the Company's shareholders participating in the Proposed Offering may occur.

(5) RELATED-PARTY TRANSACTIONS:

The Company has obtained $1,000,000 "key man" policies insuring each of the lives of Messrs. Frost and Hanna. In connection with the purchase of such policies, The Marshal E. Rosenberg Organization, Inc., a firm affiliated with Dr. Rosenberg, a Vice President, Treasurer, Director of the Company received a payment of approximately $2,700.

Kenneth Orr, Chairman of the Board, Chief Executive Officer and the principal shareholder of the Representative, is indirectly related to Richard Frost, the Chairman of the Board, Chief Executive Officer and a principal shareholder of the Company. Additionally, an entity that may be deemed related to a participating underwriter in the Proposed Offering, currently owns 80,000 shares of Common Stock acquired at a cost of $0.50 per share.

(6) COMMITMENTS AND CONTINGENCIES:

The Company entered into employment agreements with Messrs. Frost and Hanna commencing on September 15, 1996 and requiring monthly salaries of $10,000 each plus monthly nonaccountable expense allowances of $1,000 each. Pursuant to the employment agreements, payment of salaries and nonaccountable expense allowances accruing during the period from November 1, 1996 to the date of consummation of the Proposed Offering will be deferred and ultimately paid from the proceeds of the Proposed Offering.

Commencing on January 15, 1997, the Company is moving its executive offices to a new location pursuant to a two-year lease agreement at an approximate cost per month of $2,000.



The Company shall reimburse its officers and directors for any accountable reasonable expenses incurred in connection with activities on behalf of the Company. There is no limit on the amount of such reimbursable expenses, and there will be no review of the reasonableness of such expenses by anyone other than the Board of Directors, all of the members of which are officers.

(7) SUBSEQUENT EVENT:

On December 20, 1996, the Company issued 80,000 shares of common stock for proceeds of $40,000 in a private placement transaction.



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No dealer, salesperson or any other individual has been authorized to give any information or to make any representations not contained in this Prospectus in connection with the Offering covered by this Prospectus. If given or made, such information and representations must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Common Stock in any jurisdiction where, or to any person to whom, it is unlawful to make such an offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has not been any change in the affairs of the Company or the information set forth in this Prospectus since the date hereof.

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<TABLE>
<CAPTION>

</TABLE>

_____

Until _____, 1997 (25 days after the date of this Prospectus), all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may by required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

==========

==========

1,700,000 Shares

FROST HANNA CAPITAL GROUP, INC.

Common Stock

_____

PROSPECTUS

_____

First Cambridge Securities Corporation

_____, 1997

==========

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 607.0831 of the Florida Business Corporation Act (the "Florida Act") provides that a director is not personally liable for monetary damages to the corporation or any person for any statement, vote, decision or failure to act regarding corporate management or policy, by a director, unless: (a) the director breached or failed to perform his duties as a director; and (b) the director's breach of, or failure to perform, those duties constitutes: (i) a violation of criminal law unless the director had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his conduct was unlawful; (ii) a transaction from which the director derived an improper personal benefit, either directly or indirectly; (iii) a circumstance under which the director is liable for an improper distribution; (iv) in a proceeding by, or in the right of the corporation to procure a judgment in its favor or by

or in the right of a shareholder, conscious disregard for the best interests of the corporation, or willful misconduct; or (v) in a proceeding by or in the right of someone other than the corporation or a shareholder, recklessness or an act or omission which was committed in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety or property.

Section 607.0850 of the Florida Act provides that a corporation shall have the power to indemnify any person who was or is a party to any proceeding (other than an action by, or in the right of, the corporation), by reason of the fact that he is or was a director, officer or employee or agent of the corporation against liability incurred in connection with such proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 607.0850 also provides that a corporation shall have the power to indemnify any person, who was or is a party to any proceeding by, or in the right of, the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, against expenses and amounts paid in settlement not exceeding, in the judgment of the board of directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Under Section 607.0850, indemnification is authorized if such person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue, or matter as to which such person is adjudged to be liable unless, and only to the extent that, the court in which such proceeding was brought, or any other court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court deems proper. To the extent that a director, officer, employee or agent has been successful on the merits or otherwise in defense of any of the foregoing proceedings, or in defense of any claim, issue or matter therein Section 607.0850 provides that, he shall be indemnified against expenses actually and reasonably incurred by him in connection therewith. Under Section 607.0850, any indemnification, unless pursuant to a determination by a court, shall be made by the corporation only as authorized in the specific case upon a determination that the indemnification of the director, officer, employee or agent is



proper under the circumstances because he has met the applicable standard of conduct. Notwithstanding the failure of a corporation to provide indemnification, and despite any contrary determination by the corporation in a specific case, Section 607.0850 permits a director, officer, employee or agent of the corporation who is or was a party to a proceeding to apply for indemnification to the appropriate court and such court may order indemnification if it determines that such person is entitled to indemnification under the applicable standard.

Section 607.0850 also provides that a corporation has the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of Section 607.0850.

The Registrant's articles of incorporation provide that it shall indemnify its officers and directors and former officers and directors to the full extent permitted by law.

The Underwriting Agreement, filed as Exhibit 1.1 to this Registration Statement, provides for indemnification by the Underwriter of the Registrant's directors, officers and controlling persons against certain liabilities that may be incurred in connection with the offering, including liabilities under the Securities Act of 1933, as amended.

## ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is a list of the estimated expenses (other than underwriting discounts and commissions and the Representative's non-accountable expense allowance) to be paid by the Registrant in connection with the issuance and distribution of the securities being registered herein.

<TABLE>

| <S> | <C> |
|---|---|
| SEC Registration Fee | $3,895.15 |
| NASD Filing Fee | 1,500.00 |
| NASDAQ National Market Quotation Fee | 5,000.00 |
| Legal Fees and Expenses* | 75,000.00 |
| Registrar and Transfer Agent Fees and Expenses* | 5,000.00 |
| Accounting Fees and Expenses* | 25,000.00 |
| Printing and Engraving Expenses* | 15,000.00 |
| Blue Sky Qualification Fees and Expenses | 10,000.00 |
| Miscellaneous | 4,074.54 |
| Total * | $144,469.69 |

</TABLE>

* Estimated

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

The following sets forth information relating to all securities of the Registrant sold by it since February 2, 1996, the date of the Registrant's inception:

<TABLE>
<CAPTION>

| NAME | DATE OF ISSUANCE | SHARES | CONSIDERATION PER SHARE |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| 3800 Plaza St., Inc. | October 6, 1996 | 80,000 | $.50 |
| Baxter, Donald H. | September 13, 1996 | 100,000 | $.0001 |
| Fernandez, Charles | October 6, 1996 | 20,000 | $.50 |
| Frost, Joel | October 6, 1996 | 4,000 | $.50 |
| Frost-Nevada, Limited Partnership | October 6, 1996 | 100,000 | $.50 |
| Frost, Richard | September 13, 1996 | 362,000 | $.0001 |
| Funk, Teresa | October 6, 1996 | 2,000 | $.50 |
| GAR Enterprises | December 20, 1996 | 80,000 | $.50 |
| Grout, Dianna | October 6, 1996 | 1,500 | $.50 |
| Hanna, Mark J. | September 13, 1996 | 362,000 | $.0001 |
| Jomaric Inc. | October 6, 1996 | 5,000 | $.50 |
| Lu, Emily | October 6, 1996 | 9,000 | $.50 |
| NAFA Equities | October 6, 1996 | 5,000 | $.50 |
| Orchard Investments Inc. | October 6, 1996 | 10,000 | $.50 |
| Rosenberg, Ph.D., Marshall E. | September 13, 1996 | 300,000 | $.0001 |
| Rosenberg, Donald | October 6, 1996 | 20,000 | $.50 |
| Topper, Linda | October 6, 1996 | 1,500 | $.50 |
| Wolf, Marie | October 6, 1996 | 30,000 | $.50 |

</TABLE>

Exemption from registration under the Securities Act of 1933, as amended (the "Act"), is claimed for the sales of Common Stock referred to above in reliance upon the exemption afforded by Section 4(2) and 3(b) of the Act for transactions not involving a public offering. Each certificate evidencing such shares of Common Stock bears an appropriate restrictive legend and "stop transfer" orders are maintained on Registrant's stock transfer records thereagainst. None of these sales involved participation by an underwriter or a broker-dealer.

ITEM 27. EXHIBITS

The following is a list of Exhibits filed herewith as part of the Registration Statement:

| Exhibits | Description |
|---|---|
| 1.1 | Form of Underwriting Agreement* |
| 3.1 | Articles of Incorporation of the Registrant |
| 3.2 | Bylaws of the Registrant |
| 4.1 | Form of Common Stock Certificate* |



| Exhibits | Description |
|---|---|
| 4.2 | Form of Warrant Agreement between Frost Hanna Capital Group, Inc. and the Representatives (including the form of Representatives' Warrant Certificate)* |
| 5.1 | Form of Opinion of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. |
| 10.1 | Form of Escrow Agreement by and between the Registrant and Fiduciary Trust International of the South* |
| 10.2 | Form of Escrow Agreement by and among Registrant, Richard B. Frost, Mark J. Hanna, Marshal E. Rosenberg, Ph.D., Donald H. Baxter and American Stock Transfer & Trust Company* |
| 10.3 | Form of Letter Agreement concerning conflicts of interests, finder's fees, negotiation for sale of management shares and relating to the vote by certain present shareholders of Registrant on a Business Combination.* |
| 10.4 | Form of Employment Agreement dated as of September 13, 1996, by and between Registrant and Richard B. Frost. |
| 10.5 | Form of Employment Agreement dated as of September 13, 1996, by and between Registrant and Mark J. Hanna |

| | | |
|---|---|---|
| 10.6 | Form of Consulting Agreement dated as of December ___, 1996, by and between Registrant and Representatives* |
| 10.7 | Form of Letter Agreement relating to redemption rights and other issues by the present shareholders of Registrant* |
| 23.1 | Consent of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. (included with Exhibit 5.1 to this Registration Statement) |
| 23.2 | Consent of Arthur Andersen LLP |
| 24.1 | Power of Attorney (included with signature pages to this Registration Statement) |

ITEM 28. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid



by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such name as required by the Underwriters to permit prompt delivery to each purchaser.



SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form SB-2 and authorizes this Registration Statement to be signed on its behalf by the undersigned in the city of Boca Raton, State of Florida, on December 20, 1996.

FROST HANNA CAPITAL GROUP, INC.

By: /s/ Mark J. Hanna
---
Mark J. Hanna, President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard B. Frost and Mark J. Hanna and each of them acting alone, his true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this Registration Statement, or any registration statement relating to this offering to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in

connection therewith, with the Securities and Exchange Commission granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

| SIGNATURE | TITLE | DATE |
|---|---|---|
| /s/ Richard B. Frost<br>Richard B. Frost | Chief Executive Officer,<br>Chairman of the Board | December 20, 1996 |
| /s/ Mark J. Hanna<br>Mark J. Hanna | President, Director | December 20, 1996 |
| /s/ Marshal E. Rosenberg, Ph.D.<br>Marshal E. Rosenberg, Ph.D. | Vice President, Treasurer<br>Principal Financial Officer, Director | December 20, 1996 |
| Donald H. Baxter<br>Donald H. Baxter | Vice President, Secretary,<br>Director | December 20, 1996 |

EXHIBIT 3.1

# ARTICLES OF INCORPORATION

OF

# FROST HANNA INVESTMENTS GROUP, INC.

## ARTICLE I - NAME

The name of this corporation is Frost Hanna Investments Group, Inc. (the "Corporation").

## ARTICLE II - PURPOSE

The Corporation is organized for the purpose of transacting any and all lawful business for which corporations may be organized under the laws of the United States and the laws of the State of Florida.

## ARTICLE III - CAPITAL STOCK

The Corporation is authorized to issue 100,000,000 shares of common stock, par value $.0001 per share. The Board of Directors may authorize the issuance of such stock to such persons upon such terms and for such consideration in cash, property or services as the Board of Directors may determine and as may be allowed by law. The just valuation of such property or services shall be fixed by the Board of Directors. All such stock when issued shall be fully paid and exempt from assessment.

## ARTICLE IV - REGISTERED OFFICE AND AGENT

The name of the registered agent of the Corporation and the street address of the registered office of this Corporation is:

CT Corporation System
1200 South Pine Island Road
Plantation, Florida 33324

## ARTICLE V - CORPORATE MAILING ADDRESS

The principal office and mailing address of the Corporation is:

7700 W. Camino Real
Suite 222
Boca Raton, Florida 33431

## ARTICLE VI - INCORPORATOR

The name and address of the incorporator of the Corporation is as follows:

| Name | Address |
| --- | --- |
| Tera S. Fewell | 660 East Jefferson Street |

ARTICLE VII - POWERS

The Corporation shall have all of the corporate powers enumerated under Florida law.

ARTICLE VIII - COMMENCEMENT

The Corporation shall commence on February 2, 1996.

ARTICLE IX - DIRECTOR - CONFLICTS OF INTEREST

No contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any other corporation, firm, association or other entity in which one or more of the directors are directors or officers, or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or her votes are counted for such purpose, if:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors, or a duly empowered committee thereof, which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for such purpose without counting the vote or votes of such interested director or directors; or

(b) The fact of such relationship or interest is disclosed or known to the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or

(c) The contract or transaction is fair and reasonable as to the Corporation at the time it is authorized by the Board, committee or the shareholders.



A director of the Corporation may transact business, borrow, lend, or otherwise deal or contract with the Corporation to the full extent and subject only to the limitations and provisions of the laws of the State of Florida and the laws of the United States.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

ARTICLE X - NO ANTI-TAKEOVER LAW GOVERNANCE

The Corporation shall not be governed by Sections 607.0901 or 607.0902 of the Florida Business Corporation Act or any laws related thereto.

ARTICLE XI - INDEMNIFICATION

The Corporation shall indemnify and shall advance expenses on behalf of its officers and directors to the fullest extent permitted by law in existence either now or hereafter.

ARTICLE XII - FISCAL YEAR

The fiscal year of this Corporation shall be the calendar year, unless otherwise established by the Board of Directors.

ARTICLE XIII - DURATION

The duration of the Corporation is perpetual, unless sooner liquidated or dissolved in accordance with law.

The undersigned has executed these Articles of Incorporation this 2nd day of February, 1996.

/s/ Tera S. Fewell
---
Tera S. Fewell, Incorporator



ACCEPTANCE OF REGISTERED AGENT

Having been named to accept service of process for FROST HANNA INVESTMENTS GROUP, INC. at the place designated in the Articles of Incorporation, CT CORPORATION SYSTEMS agrees to act in this capacity, and agrees to comply with the provisions of Section 607.0505, Fla. Stat. (1991), relative to keeping open such office until such time as he shall notify the Corporation of his resignation.

Dated this 2nd day of February, 1996.

_____
CT Corporation Systems



ARTICLES OF AMENDMENT

TO

ARTICLES OF INCORPORATION

OF

FROST HANNA INVESTMENTS GROUP, INC.

Pursuant to the provisions of Sections 607.1003 of the Florida Business Corporation Act, the Articles of Incorporation of FROST HANNA INVESTMENTS GROUP, INC., a Florida corporation (the "Corporation"), are hereby amended as follows:

1. Article I shall be deleted in its entirety and amended to read as follows:

"ARTICLE I - Name

The name of this Corporation is "FROST HANNA CAPITAL GROUP, INC."

2. The foregoing amendment was duly adopted and approved by all of the shareholders and all of the directors of the Corporation by unanimous written consent in lieu of meeting on September 13, 1996. The number of votes cast for the amendment was sufficient for approval.

Dated: September 30, 1996

FROST HANNA INVESTMENTS GROUP, INC.

By: /s/ Mark J. Hanna
---
Mark J. Hanna, President

EXHIBIT 3.2

# BYLAWS

OF

FROST HANNA CAPITAL GROUP, INC.
A FLORIDA CORPORATION

BYLAWS

OF

FROST HANNA CAPITAL GROUP, INC.
A FLORIDA CORPORATION

## ARTICLE I

## OFFICES

Section 1. The location of the registered office of the corporation shall be as stated in the Articles of Incorporation, which location may be changed from time to time by the board of directors.

Section 2. The corporation may also have offices or branches at such other places, both within and without the State of Florida, as the board of directors may from time to time determine or as the business of the corporation may require.

## ARTICLE II

## MEETINGS OF SHAREHOLDERS

Section 1. All meetings of the shareholders shall be held at the registered office of the corporation, or at such other place either within or without the State of Florida as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. Annual meetings of shareholders shall be during the third month of each fiscal year of the corporation, at such date as determined by the board of directors, or at such other date as the board of directors deems appropriate, and at such time and place as designated in the notice of the meeting. At the annual meeting, the shareholders shall elect a board of directors and transact such other business as may properly be brought before the meeting. If the annual meeting is not held on the date designated therefor, the board of directors shall cause the meeting to be held as soon thereafter as convenient.

Section 3. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the chairman of the board or president, and shall be called by the chairman of the board or president at the request in writing of a majority of the board of directors or at the request in writing of the holders of not less than 10% of all the shares entitled to vote at a meeting. Such request shall state the purpose or purposes of the proposed meeting.

Section 4. The officer or agent who has charge of the stock

transfer book for shares of the corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholders' meeting, or any adjournment thereof. Such list shall be arranged alphabetically and by voting group and shall show the address of each shareholder and the number of shares registered in the name of each shareholder. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder who is present.

Section 5. Except as may be provided by statute, written notice of an annual or special meeting of shareholders stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered, either personally or by first-class mail, not less than 10 nor more than 60 days before the date of the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the corporation with postage thereon prepaid.

Section 6. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise expressly required by statute or by the Articles of Incorporation. All shareholders present in person or represented by proxy at such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If, however, such quorum shall not be initially present at any meeting of shareholders, a majority of the shareholders entitled to vote thereat shall nevertheless have power to adjourn the meeting from time to time and to another place, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally called. If after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. Once a share is represented for any purpose at a meeting, it is deemed presented for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 7. When an action other than the election of directors is to be taken by vote of the shareholders, it shall be authorized if the votes cast favoring the action exceed the votes cast against the action, except as otherwise expressly required by the statutes or of the Articles of Incorporation, in which case



such express provision shall govern and control the decision of such question. "Shares represented at the meeting" shall be determined as of the time the existence of the quorum is determined. Except as otherwise expressly required by the Articles of Incorporation, directors shall be elected by a plurality of the votes cast at an election.

Section 8. Except as otherwise provided by law, each shareholder shall at every meeting of the shareholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such shareholder except as otherwise expressly required in the Articles of Incorporation. A vote may be cast either orally or in writing. Each proxy shall be in writing and signed by the shareholder or his authorized agent or representative. A proxy is not valid after the expiration of 11 months after

its date unless the person executing it specifies therein the length of time for which it is to continue in force. Unless prohibited by law, a proxy otherwise validly granted by telegram shall be deemed to have been signed by the granting shareholder. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the presiding officer of the meeting.

Section 9. Attendance of a person at a meeting of shareholders in person or by proxy constitutes a waiver of notice of the meeting except where the shareholder, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting.

Section 10. Unless otherwise provided by the Articles of Incorporation, any action required to be taken at any annual or special meeting of the shareholders, or any other action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all shares entitled to vote thereon were present and voted. Within 10 days after obtaining such authorization by written consent, notice shall be given to those shareholders who have not consented in writing. The notice shall fairly summarize the material features of the authorized action and, if the action is of a type for which dissenters' rights are provided for by statute, the notice shall contain a clear statement of the right of shareholders dissenting therefrom to be paid the fair value of their shares upon compliance with further provisions of such statute regarding the rights of dissenting shareholders.



## ARTICLE III

## DIRECTORS

Section 1. The business and affairs of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 2. The number of directors which shall constitute the whole board shall be not less than one nor more than seven. The number of directors shall be determined from time to time by resolution of the board of directors. In the absence of an express determination by the board, the number of directors, until changed by the board, shall be that number of directors elected at the most recently held annual meeting of shareholders or, if no such meeting has been held, the number elected by the incorporator in the initially filed Articles of Incorporation. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 3 of this article, and each director elected shall hold office until his successor is duly elected and qualified or until his death, resignation or removal. Directors need not be shareholders or officers of the corporation.

Section 3. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the directors then in office, though less than a quorum, or by a sole remaining director, or by the shareholders,

and the directors so chosen shall hold office until the next annual election of directors by the shareholders and until their successors are duly elected and qualified or until their death, resignation or removal. Any director may be removed, with or without cause, by the shareholders at a meeting of the shareholders called expressly for that purpose.

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Florida. Unless otherwise restricted by the Articles of Incorporation, members of the board of directors, or any committee designated by the board, may participate in a meeting of the board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

Section 5. Regular meetings of the board of directors may be held at such time and at such place as shall from time to time be determined by the board of directors or by the chairman of



the board or president. Any notice given of a regular meeting need not specify the business to be transacted or the purpose of the meeting.

Section 6. Special meetings of the board may be called by the chairman of the board or president on four days' notice to each director by mail or 24 hours' notice either personally or by telephone, telegram or facsimile transmission; special meetings shall be called by the chairman of the board or president in like manner and on like notice on the written request of two directors. The notice need not specify the business to be transacted or the purpose of the special meetings. The notice shall specify the place of the special meeting.

Section 7. At all meetings of the board, a majority of the number of directors then serving shall constitute a quorum for the transaction of business. At all meetings of a committee of the board a majority of the directors then members of the committee in office shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the board of directors or the committee, unless the vote of a larger number is specifically required by statute, by the Articles of Incorporation, or by these Bylaws. If a quorum shall not be present at any meeting of the board of directors or a committee, the members present thereat may adjourn the meeting from time to time and to another place without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Unless otherwise provided by the Articles of Incorporation, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if, before or after the action, all members of the board or committee consent thereto in writing. The written consents shall be filed with the minutes of proceedings of the board or committee. Such consents shall have the same effect as a vote of the board or committee for all purposes.

Section 9. A majority of the full board of directors may, by resolution, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such

committee, to the extent provided in the resolution of the board, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation; provided, however, such a committee shall not have the power or authority to:

(a) approve or recommend to shareholders actions or proposals required by statute to be approved by the shareholders,



(b) fill vacancies on the board of directors or any committee thereof,

(c) adopt, amend or repeal the Bylaws of the corporation,

(d) authorize or approve the reacquisition of shares unless pursuant to a general formula or method specified by the board of directors, or

(e) authorize or approve the issuance or sale or contract for the sale of shares, or determine the designation and relative rights, preferences and limitations of a voting group, except that the board of directors may authorize a committee (or a senior executive officer of the corporation) to do so within limits specifically prescribed by the board of directors.

Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. A committee, and each member thereof, shall serve at the pleasure of the board.

Section 10. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

Section 11. By resolution of the board of directors and irrespective of any personal interest of any director, the board may establish reasonable compensation of directors for services to the corporation as directors, officers or members of a committee. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. A director may resign by written notice to the corporation. The resignation is effective upon its delivery to the corporation or a subsequent time as set forth in the notice of resignation.

Section 13. Attendance of a director at a meeting constitutes a waiver of notice of the meeting except where a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

## ARTICLE IV

## NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws,

written notice is required to be given to any director, committee member or shareholder, such notice may be (but is not required to be) given in writing by mail (registered, certified or other first class mail) addressed to such director, shareholder or committee member at his address as it appears on the records of the corporation, with postage thereon prepaid. Such notice shall be deemed to be given at the time when the same shall be deposited in a post office or official depository under the exclusive care and custody of the United States postal service.

Section 2. Whenever any notice is required to be given under the provision of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors or a committee, need be specified in any written waiver of notice.

## ARTICLE V

## OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors at its first meeting after each annual meeting of shareholders. There shall be a president, a secretary and a treasurer. The board of directors may also create and fill the offices of chairman of the board and vice-chairman of the board, and may choose one or more vice-presidents, one or more assistant secretaries, and one or more assistant treasurers. Any number of offices may be held by the same person, but the board by resolution may require that at least two persons shall be officers for purposes of compliance with Article VI, Section 1, hereof.

Section 2. The board of directors may from time to time appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 3. The salaries of all officers of the corporation shall be fixed by the board of directors.

Section 4. The officers of the corporation shall hold office at the pleasure of the board of directors. Any officer elected or appointed by the board of directors may be removed at any time by the board of directors with or without cause whenever, in its judgment, the best interests of the corporation will be served thereby. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the board of directors. An officer may resign by written



notice to the corporation. The resignation is effective upon its delivery to the corporation or at a subsequent time specified in the notice of resignation.

Section 5. Unless otherwise provided by resolution of the board of directors, the president shall be the chief executive officer of the

corporation, shall, in the absence or non-election of a chairman or vice chairman of the board of directors, preside at all meetings of the shareholders and the board of directors (if he shall be a member of the board), shall have general and active management of the business and affairs of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect. He shall execute on behalf of the corporation, and may affix or cause the corporate seal (if adopted by the board of directors) to be affixed to, all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation, and he shall have the authority to vote any shares of stock owned by the corporation.

Section 6. The vice-presidents shall act under the direction of the president and in the absence or disability of the president shall perform the duties and exercise the powers of the president. They shall perform such other duties and have such other powers as the president or the board of directors may from time to time prescribe. The board of directors may designate one or more executive vice-presidents or may otherwise specify the order of seniority of the vice-presidents. The duties and powers of the president shall descend to the vice-presidents in such specified order of seniority.

Section 7. The secretary shall act under the direction of the president. Subject to the direction of the president he shall attend all meetings of the board of directors and all meetings of the shareholders and record the proceedings. He shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the president or the board of directors. He shall keep in safe custody the seal of the corporation, if a corporate seal is adopted by the board of directors. When authorized by the president or the board of directors, he shall cause the seal of the corporation to be affixed to any instrument requiring it. He shall be responsible for maintaining the stock transfer book and minute book of the corporation and shall be responsible for their updating.

Section 8. The assistant secretaries shall act under the direction of the president. In the order of their seniority in office, unless otherwise determined by the president or the board of directors, they shall, in the absence or disability of the



secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the president or the board of directors may from time to time prescribe.

Section 9. The treasurer shall act under the direction of the president. Subject to the direction of the president he shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the president or the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation. He may affix or cause to be affixed the seal of the corporation

to documents so requiring the seal, if a corporate seal is adopted by the board of directors.

Section 10. The assistant treasurers in the order of their seniority of office, unless otherwise determined by the president or the board of directors shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the president or the board of directors may from time to time prescribe.

Section 11. To the extent the powers and duties of the several officers are not provided from time to time by resolution or other directive of the board of directors or by the president (with respect to other officers), the officers shall have all powers and shall discharge the duties customarily and usually held and performed by like officers of the corporations similar in organization and business purposes to this corporation.

## ARTICLE VI

## CERTIFICATES OF STOCK AND SHAREHOLDERS OF RECORD

Section 1. The shares of stock of the corporation shall be represented by certificates signed by, or in the name of the corporation by, the president or a vice-president and by the secretary or an assistant secretary of the corporation. Each holder of stock in the corporation shall be entitled to have such a certificate certifying the number of shares owned by him in the corporation.



Section 2. Any of or all the signatures on the certificate may be a facsimile if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue. The seal of the corporation or a facsimile thereof may, but need not, be affixed to the certificates of stock.

Section 3. The board of directors may direct a new certificate for shares to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate, or his legal representative, to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its stock transfer book for shares of the corporation.

Section 5. In order that the corporation may determine the shareholders entitled to notice of, or to vote at, any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or for the purpose of any other action, the board of directors may fix, in advance, a date as a record date, which shall not be more than 70 nor less than 10 days before the date of such meeting, nor more than 70 days prior to any other action. The stock transfer books of the corporation shall not be closed.

If no record date is fixed:

(a) The record date for determining the shareholders of record entitled to notice of, or to vote at, a meeting of shareholders shall be at the close of business on the day on which notice is given, or, if no notice is given, at the close of business on the day next preceding the day on which the meeting is held; and



(b) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

A determination of shareholders of record entitled to notice or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered upon its stock transfer book for shares of the corporation as the owner of shares for all purposes, including voting and dividends, and shall not be bound to recognize any equitable or other claim to interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Florida.

## ARTICLE VII

## INDEMNIFICATION

Section 1. The corporation, to the fullest extent authorized or permitted by the provisions at 607.0850 Fl.Stat. (other than 607.0850(7)), Florida Business Corporation Act, as amended (or any amendment or successor provision thereof or any other statutory provision authorizing or permitting such indemnification or advancement of expenses which is adopted after the date this Article VII is adopted), shall indemnify against liability, and advance expenses to, any person, and his heirs, executors, administrators and legal representatives, who is or was a party to any proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise at the request of the corporation. Officers and directors who are so entitled to be indemnified shall be paid their expenses in advance of a final disposition of the proceeding to the maximum extent authorized or permitted by the provisions of 607.0850(6) Fl.Stat. or any amended or successor section.

Section 2. Article VII, Section 1 of these Bylaws shall not be construed to mean that indemnification and advancement of expenses by the

corporation pursuant to 607.0850(7) Fl.Stat. is not permitted. The corporation may indemnify and advance expenses to any person pursuant to Section 607.0850(7) Fl.Stat., or any amended or successor section, to the extent and in the manner desired by the corporation and permitted by law.



Section 3. Terms used in this Article VII shall have the meanings ascribed to them in 607.0850(11) Fl.Stat. or any amended or successor section.

## ARTICLE VIII

## GENERAL PROVISIONS

Section 1. All checks, drafts or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may from time to time designate.

Section 2. The fiscal year of the corporation shall be fixed from time to time by resolution of the board of directors, but shall end on December 31st of each year if not otherwise fixed by the board.

Section 3. The board of directors may adopt a corporate seal for the corporation. The corporate seal shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Florida." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Except as otherwise provided by law, the failure to affix the seal of the corporation to a document shall not affect the validity thereof.

Section 4. The corporation shall keep within or without the State of Florida books and records of account and minutes of the proceedings of its shareholders, board of directors and executive committee, if any. The corporation shall keep at its registered office or at the office of its transfer agent within or without the State of Florida a stock transfer book for shares of the corporation containing the names and addresses of all shareholders, the number, class and series of shares held by each and the dates when they respectively became holders of record thereof. Any of such stock transfer book, books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 5. These Bylaws shall govern the internal affairs of the corporation, but only to the extent they are consistent with law and the Articles of Incorporation. Nothing contained in the Bylaws shall, however, prevent the imposition by contract of greater voting, notice or other requirements than those set forth in these Bylaws.



## ARTICLE IX

## AMENDMENTS

Section 1. The Bylaws may be amended or repealed, or new Bylaws may be adopted, by action of either the shareholders or the board of directors. The shareholders may from time to time specify particular provisions of the Bylaws which may not be altered or repealed by the board of directors.

EXHIBIT 5.1

FORM OF LEGAL OPINION

December __, 1996

Mr. Richard B. Frost
Chief Executive Officer and
Chairman of Board of Directors
Frost Hanna Capital Group, Inc.
7700 West Camino Real, Suite 222
Boca Raton, Florida 33431

Re: Frost Hanna Capital Group, Inc.
Offering of Shares of Common Stock

Dear Mr. Frost:

As counsel to Frost Hanna Capital Group, Inc. (the "Corporation"), we have examined the Articles of Incorporation and Bylaws of the Corporation as well as such other documents and proceedings as we have considered necessary for the purposes of this opinion. We have also examined and are familiar with the proceedings taken by the Corporation to authorize the issuance of 1,955,000 shares of Common Stock of the Corporation, par value $.0001 per share (the "Common Stock"). In addition, we have examined a copy of the Prospectus dated December ___, 1996 (the "Prospectus") included in the Corporation's Registration Statement on Form SB-2, File No. 333-_____ (the "Registration Statement"), which is incorporated by reference into the Registration Statement.

In rendering this opinion, we have assumed, without independent investigation: (i) the authenticity of all documents submitted to us as originals; (ii) the conformity to original documents of all documents submitted to us as certified or photostatic copies; and (iii) the genuineness of all signatures. In addition, as to questions of fact material to the opinions expressed herein, we have relied upon such certificates of public officials, corporate agents and officers of the Corporation and such other certificates as we deemed relevant.

Based upon the foregoing, and having regard to legal considerations which we deem relevant, we are of the opinion that following the issuance and delivery of the Common Stock against payment of adequate consideration therefore in accordance with the terms of such Prospectus, the Common Stock will be validly issued, fully paid and non-assessable.



This opinion is intended solely for the Corporation's use in

connection with the registration of the shares and may not be relied upon for any other purpose or by any other person. This opinion may not be quoted in whole or in part or otherwise referred to or furnished to any other person except in response to a valid subpoena. This opinion is limited to the matters expressly stated herein, and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is rendered as of the date hereof and we assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in facts or law that may hereafter occur. We hereby consent to the inclusion of this opinion letter as an exhibit to the Registration Statement.

Very truly yours,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.

EXHIBIT 10.4

# EMPLOYMENT AGREEMENT

AGREEMENT, dated this_____ day of September, 1996, by and between Frost Hanna Capital Group, Inc. ("Employer"), and Richard B. Frost ("Employee").

RECITALS:

A. Employer desires to employ Employee as Chief Executive Officer.

B. Employee wishes to be employed by Employer upon the terms and conditions herein contained.

NOW, THEREFORE, in consideration of the covenants herein contained, the parties hereto hereby agree as follows:

1. Recitals. The above stated recitals are true and correct.

2. Employment. Employer shall employ Employee as Chief Executive Officer, with responsibility for the performance of such reasonable duties, commensurate with Employee's status as Chief Executive Officer, as may be from time to time assigned to him by the Board of Directors of Employer and subject to the terms and conditions herein contained. Employee hereby agrees that during the period of his employment hereunder, he shall devote approximately 50% of his business time, attention and skills to the business and affairs of Employer. During the period of his employment, Employee shall be subject to all the lawful policies, rules, and regulations applicable to executives of Employer and shall comply with all reasonable directions and instructions of the Board of Directors of Employer. Employee shall also serve without additional compensation as a director of Employer and if elected as

an officer or director of any subsidiaries and/or divisions of Employer, if any, if so elected or appointed, but if he is not so elected or appointed, his compensation hereunder shall in no way be affected.

3. Compensation. Subject to Employer's use of more than 20% of the Net Proceeds (as defined in Employer's Prospectus), from its initial public offering of securities (the "Offering"), Employer shall pay to Employee, and Employee shall accept, for all services which may be rendered by him pursuant to this Agreement, a salary at the rate of $120,000 per annum payable in equal installments not less frequently than monthly; provided, however, that all amounts to be paid by Employer to Employee hereunder that remain unpaid shall be payable retroactively to the date such amounts were due and payable and such amounts shall be accrued until the date of the closing of the Offering (the "Accrued Amount"). Contemporaneous with the closing of the Offering, Employer shall pay to Employee the Accrued Amount. In the event Employer requires in excess of 20% of the Net Proceeds (as defined in Employer's Prospectus) derived from the Offering for operations, Employee hereby waives his right to receive any compensation referenced hereunder until the consummation by Employer of a Business Combination (as defined in Employer's Prospectus).

4. Term of Employment. The employment by Employer of Employee pursuant hereto shall commence on the date hereof and terminate on the third

anniversary hereof. The term of this Agreement will automatically be extended for additional one-year periods commencing with the third anniversary hereof; provided,



however, if either party gives the other written notice of its intention not to extend this Agreement not less than 30 days before the date of renewal, this Agreement shall be terminated. Notwithstanding the foregoing provisions of this Section 4, the term stated herein will be subject to the provisions of Section 5 of this Agreement.

5. Premature Termination. Anything in this Agreement contained to the contrary notwithstanding: (i) Employee's employment hereunder shall terminate forthwith upon the death of Employee; (ii) Employee's employment hereunder shall terminate, at the option of Employer, in the event that Employee, within the sole discretion of Employer, becomes disabled, either mentally or physically, as to be unable to substantially perform his duties hereunder for a period of 90 days during any period of 6 consecutive months; (iii) Employee's employment hereunder may be terminated by either party in the event of a material failure on the part of the other party to perform his or its obligations hereunder, which failure is not remedied within 10 days after notice thereof is furnished by the party desiring to terminate this Agreement; (iv) Employee's employment hereunder shall terminate, at the option of Employer, in the event Employee commits an act involving moral turpitude or dishonesty, whether or not in connection with Employee's employment hereunder (including, without limitation, the commission by Employee of a felony as evidenced by his conviction thereof or a plea of nolo contendere thereof); and (v) Employee's employment hereunder shall terminate forthwith upon the



consummation of a Business Combination (as defined in Employer's Prospectus).

In the event of the termination of Employee's employment hereunder pursuant to the provisions of clauses (ii), (iii) or (iv) of this Section 5, not less than 10 days' written notice of such termination shall be given by the terminating party to the other party, which notice shall specify the basis for and the effective date of termination. The existence of a disability of Employee pursuant to clause (ii) of this Section 5 shall be determined by the Board of Directors in consultation with a reputable, licensed physician selected by Employer, and Employee shall cooperate in all reasonable respects to enable an examination to be made by such physician.

6. Payment Upon Premature Termination. In the event that Employee's employment hereunder is terminated pursuant to the provisions of clauses (i), (ii), (iv) or (v) of Section 5 of this Agreement, or by Employer properly pursuant to the provisions of clause (iii) of Section 5 of this Agreement, Employee shall be paid his compensation pursuant to Section 3 of this Agreement up to the effective date of termination, as payment in full of all amounts due and owing by Employer to Employee pursuant to this Agreement. In the event that Employee's employment hereunder is properly terminated by Employee pursuant to the provisions of clause (iii) of Section 5 of this Agreement, Employee shall continue to be paid his compensation pursuant to Section 3 of this Agreement for one full year or for the full unexpired term of this

Agreement, whichever is shorter, in the same manner and fashion, and at the



same time, as he would have been paid had his employment hereunder continued for the stated term of this Agreement as payment in full of all amounts due and owing by Employer to Employee pursuant to this Agreement.

7. Location of Employee's Activities. Employee's principal place of business in the performance of his duties shall be in the South Florida area. Notwithstanding the preceding sentence, Employee shall engage in such travel and spend such time in other places as may be necessary and appropriate in furtherance of his duties hereunder.

8. Expenses. Employer shall provide Employee with a non-accountable expense allowance of $1,000 per month (the "Non-Accountable Amount"); provided, however, that the Non-Accountable Amount shall be payable retroactively to the date such amounts were due and payable and such Non-Accountable Amount shall be accrued until the date of the closing of the Offering. Contemporaneous with the closing of the Offering, Employer shall pay to Employee the accrued Non-Accountable Amount. In addition, during the term hereof, upon submission of proper documentation in accordance with the guidelines established by Employer's Board of Directors, Employer shall reimburse Employee reasonable business expenses actually and necessarily paid or incurred by Employee on behalf of Employer in connection with the performance of services hereunder (the "Reimbursed Expenses"). The Reimbursed Expenses will not be disbursed from the Escrow Fund (as defined in Employer's Prospectus). In the event Employer requires in excess of 20% of the Net Proceeds (as defined in Employer's Prospectus) derived from



the Offering, Employee hereby waives his right to receive the Non-Accountable Amount until the consummation by Employer of a Business Combination (as defined in Employer's Prospectus).

9. Key Man Insurance. Employee agrees that Employer shall obtain a $1,000,000 "key man" life insurance policy on Employee's life, at Employer's sole expense and with Employer as the sole beneficiary thereof. Employee shall (i) cooperate fully with Employer in obtaining such life insurance, (ii) sign any necessary consents, applications and other related forms or documents, and (iii) take any required medical examinations.

10. Miscellaneous Provisions.

10.1 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

10.2 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed duly given when delivered by hand or mailed by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Employer, to:

Frost Hanna Capital Group, Inc.
7700 West Camino Real, Suite 222
Boca Raton, FL 33431

If to Employee, to:

Richard B. Frost
6727 Giralda Circle
Boca Raton, FL 33433



or to such other address as either party hereto shall have designated by like notice to the other party hereto.

10.3 Amendment. This Agreement may only be supplemented, abandoned, discharged or amended by a written instrument executed by each of the parties hereto.

10.4 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties hereto, oral and written, with respect to the subject matter hereof.

10.5 Applicable Law. This Agreement shall be governed by the laws of the State of Florida applicable to contracts made and to be wholly performed therein.

10.6 No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person or entity other than the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

10.7 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of the Agreement.

10.8 Binding Effect; Benefits. Employee may not delegate his duties or assign his rights hereunder. This Agreement shall inure to the benefit of, and be binding upon, the parties



hereto and their respective heirs, legal representatives, successors and permitted assigns.

10.9 Waiver, etc. The failure of either of the parties hereto at any time to enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor in any way affect the validity of this Agreement or any provision hereof or the right of either of the parties hereto thereafter to enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party against whom or which enforcement of such waiver is

sought; and no waiver of any such breach shall be construed or deemed to be a waiver of any other or subsequent breach.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the date first above written.

FROST HANNA CAPITAL GROUP, INC.

By:
---
Mark J. Hanna, President

---
Richard B. Frost

EXHIBIT 10.5

# EMPLOYMENT AGREEMENT

AGREEMENT, dated this_____ day of September, 1996, by and between Frost Hanna Capital Group, Inc. ("Employer"), and Mark J. Hanna ("Employee").

RECITALS:

A. Employer desires to employ Employee as President.

B. Employee wishes to be employed by Employer upon the terms and conditions herein contained.

NOW, THEREFORE, in consideration of the covenants herein contained, the parties hereto hereby agree as follows:

1. Recitals. The above stated recitals are true and correct.

2. Employment. Employer shall employ Employee as President, with responsibility for the performance of such reasonable duties, commensurate with Employee's status as President, as may be from time to time assigned to him by the Board of Directors of Employer and subject to the terms and conditions herein contained. Employee hereby agrees that during the period of his employment hereunder, he shall devote approximately 50% of his business time, attention and skills to the business and affairs of Employer. During the period of his employment, Employee shall be subject to all the lawful policies, rules, and regulations applicable to executives of Employer and shall comply with all reasonable directions and instructions of the Board of Directors of Employer. Employee shall also serve without additional compensation as a director of Employer and if elected as an officer or director of any subsidiaries and/or divisions of Employer, if

any, if so elected or appointed, but if he is not so elected or appointed, his compensation hereunder shall in no way be affected.

3. Compensation. Subject to Employer's use of more than 20% of the Net Proceeds (as defined in Employer's Prospectus), from its initial public offering of securities (the "Offering"), Employer shall pay to Employee, and Employee shall accept, for all services which may be rendered by him pursuant to this Agreement, a salary at the rate of $120,000 per annum payable in equal installments not less frequently than monthly; provided, however, that all amounts to be paid by Employer to Employee hereunder that remain unpaid shall be payable retroactively to the date such amounts were due and payable and such amounts shall be accrued until the date of the closing of the Offering (the "Accrued Amount"). Contemporaneous with the closing of the Offering, Employer shall pay to Employee the Accrued Amount. In the event Employer requires in excess of 20% of the Net Proceeds (as defined in Employer's Prospectus) derived from the Offering for operations, Employee hereby waives his right to receive any compensation referenced hereunder until the consummation by Employer of a Business Combination (as defined in Employer's Prospectus).

4. Term of Employment. The employment by Employer of Employee pursuant hereto shall commence on the date hereof and terminate on the third anniversary hereof. The term of this Agreement will automatically be extended for additional one-year periods commencing with the third anniversary hereof; provided, however, if either party gives the other written notice of its intention not to extend this Agreement not less than 30 days before

the date of renewal, this Agreement shall be terminated. Notwithstanding the foregoing provisions of this Section 4, the term stated herein will be subject to the provisions of Section 5 of this Agreement.

5. Premature Termination. Anything in this Agreement contained to the contrary notwithstanding: (i) Employee's employment hereunder shall terminate forthwith upon the death of Employee; (ii) Employee's employment hereunder shall terminate, at the option of Employer, in the event that Employee, within the sole discretion of Employer, becomes disabled, either mentally or physically, as to be unable to substantially perform his duties hereunder for a period of 90 days during any period of 6 consecutive months; (iii) Employee's employment hereunder may be terminated by either party in the event of a material failure on the part of the other party to perform his or its obligations hereunder, which failure is not remedied within 10 days after notice thereof is furnished by the party desiring to terminate this Agreement; (iv) Employee's employment hereunder shall terminate, at the option of Employer, in the event Employee commits an act involving moral turpitude or dishonesty, whether or not in connection with Employee's employment hereunder (including, without limitation, the commission by Employee of a felony as evidenced by his conviction thereof or a plea of nolo contendere thereof); and (v) Employee's employment hereunder shall terminate forthwith upon the consummation of a Business Combination (as defined in Employer's Prospectus).



In the event of the termination of Employee's employment hereunder pursuant to the provisions of clauses (ii), (iii) or (iv) of this Section 5, not less than 10 days' written notice of such termination shall be given by the terminating party to the other party, which notice shall specify the basis for and the effective date of termination. The existence of a disability of Employee pursuant to clause (ii) of this Section 5 shall be determined by the Board of Directors in consultation with a reputable, licensed physician selected by Employer, and Employee shall cooperate in all reasonable respects to enable an examination to be made by such physician.

6. Payment Upon Premature Termination. In the event that Employee's employment hereunder is terminated pursuant to the provisions of clauses (i), (ii), (iv) or (v) of Section 5 of this Agreement, or by Employer properly pursuant to the provisions of clause (iii) of Section 5 of this Agreement, Employee shall be paid his compensation pursuant to Section 3 of this Agreement up to the effective date of termination, as payment in full of all amounts due and owing by Employer to Employee pursuant to this Agreement. In the event that Employee's employment hereunder is properly terminated by Employee pursuant to the provisions of clause (iii) of Section 5 of this Agreement, Employee shall continue to be paid his compensation pursuant to Section 3 of this Agreement for one full year or for the full unexpired term of this Agreement, whichever is shorter, in the same manner and fashion, and at the same time, as he would have been paid had his employment hereunder continued for the stated term of this Agreement as payment in full



of all amounts due and owing by Employer to Employee pursuant to this Agreement.

7. Location of Employee's Activities. Employee's principal place of business in the performance of his duties shall be in the South Florida area. Notwithstanding the preceding sentence, Employee shall engage in such

travel and spend such time in other places as may be necessary and appropriate in furtherance of his duties hereunder.

8. Expenses. Employer shall provide Employee with a non-accountable expense allowance of $1,000 per month (the "Non-Accountable Amount"); provided, however, that the Non-Accountable Amount shall be payable retroactively to the date such amounts were due and payable and such Non-Accountable Amount shall be accrued until the date of the closing of the Offering. Contemporaneous with the closing of the Offering, Employer shall pay to Employee the accrued Non-Accountable Amount. In addition, during the term hereof, upon submission of proper documentation in accordance with the guidelines established by Employer's Board of Directors, Employer shall reimburse Employee reasonable business expenses actually and necessarily paid or incurred by Employee on behalf of Employer in connection with the performance of services hereunder (the "Reimbursed Expenses"). The Reimbursed Expenses will not be disbursed from the Escrow Fund (as defined in Employer's Prospectus). In the event Employer requires in excess of 20% of the Net Proceeds (as defined in Employer's Prospectus) derived from the Offering, Employee hereby waives his right to receive the Non-



Accountable Amount until the consummation by Employer of a Business Combination (as defined in Employer's Prospectus).

9. Key Man Insurance. Employee agrees that Employer shall obtain a $1,000,000 "key man" life insurance policy on Employee's life, at Employer's sole expense and with Employer as the sole beneficiary thereof. Employee shall (i) cooperate fully with Employer in obtaining such life insurance, (ii) sign any necessary consents, applications and other related forms or documents, and (iii) take any required medical examinations.

10. Miscellaneous Provisions.

10.1 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

10.2 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed duly given when delivered by hand or mailed by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Employer, to:

Frost Hanna Capital Group, Inc.
7700 West Camino Real, Suite 222
Boca Raton, FL 33431

If to Employee, to:

Mark J. Hanna
3800 South Ocean Drive, #612A
Hollywood, FL 33019

or to such other address as either party hereto shall have designated by like notice to the other party hereto.

10.3 Amendment. This Agreement may only be supplemented, abandoned, discharged or amended by a written instrument executed by each of the parties hereto.

10.4 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties hereto, oral and written, with respect to the subject matter hereof.

10.5 Applicable Law. This Agreement shall be governed by the laws of the State of Florida applicable to contracts made and to be wholly performed therein.

10.6 No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person or entity other than the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

10.7 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of the Agreement.

10.8 Binding Effect; Benefits. Employee may not delegate his duties or assign his rights hereunder. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.



10.9 Waiver, etc. The failure of either of the parties hereto at any time to enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor in any way affect the validity of this Agreement or any provision hereof or the right of either of the parties hereto thereafter to enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party against whom or which enforcement of such waiver is sought; and no waiver of any such breach shall be construed or deemed to be a waiver of any other or subsequent breach.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the date first above written.

FROST HANNA CAPITAL GROUP, INC.

By:

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Richard B. Frost,
Chief Executive Officer

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Mark J. Hanna

EXHIBIT 23.2

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

As independent certified public accountants, we hereby consent to the use of our report (and to all references to our Firm) included in or made a part of this registration statement.

ARTHUR ANDERSEN LLP

Miami, Florida,
January 6, 1997.