

Edgar Filing: MYRICK DONAL - Form SC 13D

MYRICK DONAL
Form SC 13D
March 18, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(RULE 13D-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED
PURSUANT TO RULE 13D-1(A) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13D-2(A)
(AMENDMENT NO. _____) SEE THE NOTES).

SPECTRUM SCIENCES & SOFTWARE HOLDINGS CORP.

(NAME OF ISSUER)

COMMON STOCK, \$.0001 PAR VALUE

(TITLE OF CLASS OF SECURITIES)

84764A 10 7

(CUSIP NUMBER)

DONAL MYRICK, 91 HILL AVENUE, NW, FORT WALTON BEACH, FL 32548 (850) 796-0909

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO RECEIVE NOTICES AND
COMMUNICATIONS)

OCTOBER 19, 2003

(DATE OF EVENT WHICH REQUIRES FILING OF THIS STATEMENT)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(c), 13d-1(f) or 13d-1(g), check the following box.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits.

See Rule 13d-7(b) for other parties to whom copies are to be sent.

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

(Page 1 of 5 Pages)

Edgar Filing: MYRICK DONAL - Form SC 13D

CUSIP No. 84764A 10 7 13D

1. NAMES OF REPORTING PERSONS.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY).
DONAL MYRICK

 2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) []
(b) []
 3. SEC USE ONLY
 4. SOURCE OF FUNDS N/A
 5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e) []
 6. CITIZENSHIP OR PLACE OF ORGANIZATION
USA
- NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
7. Sole Voting Power 2,500,000
 8. Shared Voting Power N/A
 9. Sole Dispositive Power 2,500,000
 10. Shared Dispositive Power N/A
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,500,000
 12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []
 11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 13.2%
 12. TYPE OF REPORTING PERSON IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

Page 2 of 5 Pages

ITEM 1. SECURITY AND ISSUER.

The title of the class of equity securities to which this statement relates is common stock, \$.0001 par value (the "Common Stock") of Spectrum Sciences & Software Holdings Inc., a Delaware corporation (the "Company"). The address of the principal executive offices of the Company is 91 Hill Avenue, NW, Fort Walton Beach, Florida 32548.

ITEM 2. IDENTITY AND BACKGROUND.

(a-c, f) This Schedule 13D is being filed by Donal Myrick (the "Reporting Person"). The business address of the Reporting Person is 91 Hill Avenue, NW, Fort Walton Beach, Florida 32548. The Reporting Person is the Chief Executive Officer of the Company.

(d) During the last five years, the Reporting Person has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Edgar Filing: MYRICK DONAL - Form SC 13D

(e) During the last five years, the Reporting Person was not a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which proceeding it was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The funds used to acquire the Company's common stock were the Reporting Person's capital stock of Spectrum Sciences & Software, Inc., a Florida corporation.

ITEM 4. PURPOSE OF TRANSACTION.

On March 24, 2003, the Company entered into an Amended and Restated Agreement and Plan of Merger pursuant to which Spectrum Sciences and Software, Inc., a Florida corporation merged with and into the Company's acquisition subsidiary. As a result, the Reporting Person was issued 1,250,000 shares of the Company's common stock. The Company subsequently effectuated a 2:1 forward stock split, whereby the Reporting Person's holding increased to 2,500,000.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) Reporting Person is the direct and beneficial owner of 2,500,000 shares of the Company's Common Stock, representing 13.2% of the issued and outstanding shares of the Company's Common Stock, based on 18,851,000 issued and outstanding shares.

(b) Reporting Person has the sole power to vote and the sole power to dispose of 2,500,000 shares of the Company's Common Stock held solely by it.

(d) No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities.

Page 3 of 5 Pages

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH THE ISSUER.

There is no contract, arrangement, understanding or relationship (legal or otherwise) between Reporting Person and the Company or any person with respect to any securities of the Company, including but not limited to, transfer of voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit A Amended and Restated Agreement and Plan of Merger Among Silva Bay International, Inc., SSS Acquisition Company, and Spectrum Sciences & Software, Inc. dated March 24, 2003.

Exhibit B Certificate of Merger filed with the Delaware Secretary of State.

Exhibit C Articles of Merger filed with the Florida Secretary of State.

Edgar Filing: MYRICK DONAL - Form SC 13D

Page 4 of 5 Pages

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

March 3, 2004

/s/ Donal Myrick

Donal Myrick

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative (other than an executive officer or general partner of the filing person), evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Attention. Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001.).

Page 5 of 5 Pages

Exhibit A

AMENDED AND RESTATED
AGREEMENT AND PLAN OF MERGER
AMONG
SILVA BAY INTERNATIONAL, INC.,
SSS ACQUISITION COMPANY,
AND
SPECTRUM SCIENCES & SOFTWARE, INC.

MARCH 24, 2003

TABLE OF CONTENTS

	PAGE

ARTICLE I. - DEFINITIONS	4
1.01 Affiliate.	4
1.02 Collateral Agreements.	4

Edgar Filing: MYRICK DONAL - Form SC 13D

1.03	Confidential Information	4
1.04	Contracts.	4
1.05	Damages.	5
1.06	Environmental Laws	5
1.07	SILVA BAY Shareholder.	5
1.08	Financial Statements	5
1.09	GAAP	5
1.10	Governmental Authorities	5
1.11	Inventory.	5
1.12	Knowledge.	5
1.13	Legal Requirements	5
1.14	Spectrum Capital Stock	5
1.15	Spectrum Stockholders.	5
1.16	Material Adverse Change (or Effect).	5
1.17	Permits.	6
1.18	Person	6
1.19	Properties	6
1.20	Permitted Encumbrances	6
1.21	Real Property.	6
1.22	Regulations.	6
1.23	Subsidiary	6
1.24	Taxes.	6
1.25	Tax Return	6
1.26	Trade Secrets.	6
1.27	Used	6
1.28	Working Capital.	6
	ARTICLE II. - THE MERGER	7
2.01	The Merger	7
2.02	Effective Time	7
2.03	Effects of the Merger.	7
2.04	Certificate of Incorporation and Bylaws.	7
2.05	Directors.	7
2.06	Officers	7
2.07	Effect on Capital Stock.	7
2.08	Exchange of Certificates	8
2.09	Record Date for Stockholder Action	9
	ARTICLE III. - CLOSING	9
3.01	Closing.	9
3.02	Deliveries by Spectrum	9
3.03	Deliveries by SILVA BAY.	10
3.04	Termination in Absence of Closing.	10
	ARTICLE IV. - SPECTRUM'S REPRESENTATIONS AND WARRANTIES.	11
4.01	Corporate Existence and Qualification.	11
4.02	Authority, Approval and Enforceability	11

TABLE OF CONTENTS

		PAGE

4.03	Capitalization and Corporate Records	11
4.04	Equity Interests	12

Edgar Filing: MYRICK DONAL - Form SC 13D

4.05 No Spectrum Defaults or Consents 12

4.06 No Governmental Proceedings. 12

4.07 Employee Matters 12

4.08 Financial Statements; Liabilities; Accounts Receivable; Inventories. 12

4.09 Absence of Certain Changes 13

4.10 Compliance with Laws 14

4.11 Litigation 14

4.12 Real Property. 15

4.13 Assets other than Real Property. 15

4.14 Commitments. 15

4.15 Intangible Rights. 15

4.16 Permits. 16

4.17 Banks. 16

4.18 Suppliers. 16

4.19 Transactions With Affiliates 16

4.20 Taxes. 16

4.21 Other Information. 16

4.22 No Brokers 17

ARTICLE V. - SILVA BAY'S REPRESENTATIONS AND WARRANTIES. 17

5.01 SILVA BAY: Corporate Existence and Qualification 17

5.02 SSS: Corporate Existence and Qualification 17

5.03 SILVA BAY: Authority, Approval and Enforceability. 17

5.04 SSS: Authority, Approval and Enforceability. 17

5.05 No Default or Consents 18

5.06 No Governmental Proceedings. 18

5.07 Litigation 18

5.08 Compliance with Laws 18

5.09 Tax Matters. 18

5.10 Permits. 19

5.11 Environmental Matters. 19

5.12 Other Information. 19

ARTICLE VI. - OBLIGATIONS PRIOR TO CLOSING

6.01 SILVA BAY's Access to Information. 19

6.02 Spectrum's Conduct of Business and Operations. 19

6.03 General Restrictions 20

6.04 Notice Regarding Changes 21

6.05 Ensure Conditions Met. 21

ARTICLE VII. - CONDITIONS TO SPECTRUM'S AND SILVA BAY'S OBLIGATIONS. . 21

7.01 Conditions to Obligations of Spectrum. 21

7.02 Conditions to SILVA BAY's Obligations. 22

ARTICLE VIII. - POST-CLOSING OBLIGATIONS. 23

8.01 Further Assurances 23

8.02 Publicity. 23

8.03 Name Change and Reincorporation. 23

8.04 Silva Bay Director and Officers after Closing. 23

8.05 Capital for the Surviving Corporation's Business 24

ARTICLE IX. - MISCELLANEOUS. 24

9.01 Indemnification. 24

9.02 Confidentiality. 24

9.03 Brokers. 24

9.04 Costs and Expenses 25

9.05 Notices. 25

9.06 Governing Law and Waiver of Jury Trial 25

9.07 Representations and Warranties 26

9.08 Agreement; No Third-Party Beneficiaries. 26

9.09 Binding Effect; Assignment 26

9.10 Severability 26

9.11 Counterparts 26

Edgar Filing: MYRICK DONAL - Form SC 13D

9.12 Attorneys' Fees. 26
9.13 Exhibits and Schedules 27
9.14 Construction 27
9.15 Rules of Interpretation. 27
9.16 Amendment; Waiver. 27

LIST OF SCHEDULES

SCHEDULE 2.08. . Spectrum - Shares Issuable to Spectrum Stockholders
SCHEDULE 4.01. . Spectrum - Jurisdictions and Good Standings
SCHEDULE 4.03. . Spectrum - Capital Structure Prior to Closing the Merger
SCHEDULE 4.05. . Spectrum - Consents and Defaults
SCHEDULE 4.07. . Spectrum - Number of Employees and Employment Classification
SCHEDULE 4.08(A) Spectrum - Financial Statement
SCHEDULE 4.08(B) Spectrum - Liabilities
SCHEDULE 4.08(C) Spectrum - Accounts Receivable
SCHEDULE 4.08(D) Spectrum - Inventory
SCHEDULE 4.09. . Spectrum - Certain Changes Since Last Balance Sheet
SCHEDULE 4.10. . Spectrum - Compliance with Laws
SCHEDULE 4.11. . Spectrum - Litigation
SCHEDULE 4.12. . Spectrum - Real Property
SCHEDULE 4.14. . Spectrum - Contracts and Commitments
SCHEDULE 4.15. . Spectrum - Intangible Rights
SCHEDULE 4.16. . Spectrum - Permits
SCHEDULE 4.17. . Spectrum - Financial Institutions and Authorized Personnel
SCHEDULE 4.18. . Spectrum - Principal Suppliers
SCHEDULE 4.19. . Spectrum - Transactions with Affiliates
SCHEDULE 4.20. . Spectrum - Tax Matters
SCHEDULE 7.02(C) SILVA BAY - Certain Changes Since Last Balance Sheet

AGREEMENT AND PLAN OF MERGER

This AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER (the "AGREEMENT")

made and entered into as of the 24th day of March 2003, is by and among (i)
SILVA BAY INTERNATIONAL, INC., a Delaware corporation ("SILVA BAY"), (ii) SSS

ACQUISITION COMPANY, a Delaware corporation and wholly owned subsidiary of SILVA
BAY ("SSS"), and (iii) SPECTRUM SCIENCES & SOFTWARE, INC. , a Florida

corporation ("SPECTRUM").

RECITALS

WHEREAS, SILVA BAY, SSS and Spectrum executed an Agreement and Plan of
Merger dated on or about July 2002 (the "Original Agreement") wherein SSS will
merge with and into Spectrum, such that as of the closing of the transaction
Spectrum shall be the surviving entity, wholly owned by SILVA BAY.

WHEREAS, SILVA BAY, SSS and Spectrum mutually desire to amend and restate
the Original Agreement in accordance with the terms and conditions of this

Edgar Filing: MYRICK DONAL - Form SC 13D

Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the parties agree as follows:

ARTICLE I.

DEFINITIONS

Capitalized terms used in this Agreement are used as defined in this Article I or elsewhere in this Agreement.

1.01 AFFILIATE. The term "AFFILIATE" shall mean, with respect to any person, any other person controlling, controlled by or under common control with such person. The term "CONTROL" as used in the preceding sentence means, with respect to a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to any person other than a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person.

1.02 COLLATERAL AGREEMENTS. The term "COLLATERAL AGREEMENTS" shall mean any or all of the exhibits to this Agreement and any and all other agreements, instruments or documents required or expressly provided for under this Agreement to be executed and delivered in connection with the transactions contemplated by this Agreement.

1.03 CONFIDENTIAL INFORMATION. The term "CONFIDENTIAL INFORMATION" shall mean confidential data and confidential information relating to the business of Spectrum (which does not rise to the status of a Trade Secret under applicable law) which has value to Spectrum and is not generally known to the competitors of Spectrum. Confidential Information shall not include any data or information that (i) has been voluntarily disclosed to the general public by Spectrum or its Affiliates, (ii) has been independently developed and disclosed to the general public by others, or (iii) otherwise enters the public domain through lawful means.

1.04 CONTRACTS. The term "CONTRACTS," when described as being those of or applicable to any person, shall mean any and all contracts, agreements, franchises, understandings, arrangements, leases, licenses, registrations, authorizations, easements, servitudes, rights of way, mortgages, bonds, notes, guaranties, liens, indebtedness, approvals or other instruments or undertakings to which such person is a party or to which or by which such person or the property of such person is subject or bound, excluding any Permits.

1.05 DAMAGES. The term "DAMAGES" shall mean any and all damages, liabilities, obligations, penalties, fines, judgments, claims, deficiencies, losses, costs, expenses and assessments (including without limitation income and other taxes, interest, penalties and attorneys' and accountants' fees and

Edgar Filing: MYRICK DONAL - Form SC 13D

disbursements).

1.06 ENVIRONMENTAL LAWS. The term "ENVIRONMENTAL LAWS" shall mean any applicable federal, state, local or foreign law, statute, ordinance, rule, regulation, code, order, judgment, decree or injunction relating to (x) the protection of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface or subsurface land) or (y) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, protection, release or disposal of, Hazardous Substances.

1.07 SILVA BAY SHAREHOLDER. The term "SILVA BAY SHAREHOLDER" shall mean any Person who holds shares of Silva Bay International, Inc. common stock prior to the Closing of the Merger.

1.08 FINANCIAL STATEMENTS. The term "FINANCIAL STATEMENTS" shall mean any or all of the financial statements, including balance sheets and related statements of income and statements of changes in financial position and the accompanying notes thereto, of the Spectrum's business prepared in accordance with generally accepted accounting principles consistently applied, except as may be otherwise provided herein.

1.09 GAAP. "GAAP" means generally accepted accounting principles in the United States.

1.10 GOVERNMENTAL AUTHORITIES. The term "GOVERNMENTAL AUTHORITIES" shall mean any nation or country (including but not limited to the United States) and any commonwealth, territory or possession thereof and any political subdivision of any of the foregoing, including but not limited to courts, departments, commissions, boards, bureaus, agencies, ministries or other instrumentalities.

1.11 INVENTORY. The term "INVENTORY" shall mean all goods, merchandise and other personal property owned and held for sale, and all raw materials, works-in-process, materials and supplies of every nature which contribute to the finished products of Spectrum in the ordinary course of its business, specifically excluding, however, damaged, defective or otherwise unsaleable items.

1.12 KNOWLEDGE. The term "KNOWLEDGE" shall mean, as to Spectrum, the actual knowledge of Donal Myrick or any of the other directors, or officers of Spectrum with respect to the matter in question, and such knowledge as Donal Myrick or any of the other directors or officers of Spectrum reasonably should have obtained upon diligent investigation and inquiry into the matter in question. The term "KNOWLEDGE" shall mean, as to SILVA BAY, the actual knowledge of Dyron Watford or any of the other directors, or officers of SILVA BAY with respect to the matter in question, and such knowledge as Dyron Watford or any of the other directors or officers of SILVA BAY reasonably should have obtained upon diligent investigation and inquiry into the matter in question.

1.13 LEGAL REQUIREMENTS. The term "LEGAL REQUIREMENTS," when described as being applicable to any person, shall mean any and all laws (statutory, judicial or otherwise), ordinances, regulations, judgments, orders, directives,

Edgar Filing: MYRICK DONAL - Form SC 13D

injunctions, writs, decrees or awards of, and any Contracts with, any Governmental Authority, in each case as and to the extent applicable to such person or such person's business, operations or properties.

1.14 SPECTRUM CAPITAL STOCK. The term "SPECTRUM CAPITAL STOCK" shall

mean Spectrum's common stock.

1.15 SPECTRUM STOCKHOLDERS. The term "SPECTRUM STOCKHOLDERS" shall

mean any Person that holds shares of Spectrum's Capital Stock prior to the Closing of the Merger.

1.16 MATERIAL ADVERSE CHANGE (OR EFFECT). The term "MATERIAL ADVERSE

CHANGE (OR EFFECT)" shall mean a change (or effect), in the condition (financial

or otherwise), properties, assets, liabilities, rights, obligations, operations, business or prospects of a Person which change (or effect), individually or in the aggregate, is materially adverse to such condition, properties, assets, liabilities, rights, obligations, operations, business or prospects.

1.17 PERMITS. The term "PERMITS" shall mean any and all permits,

rights, approvals, licenses, authorizations, legal status, orders or Contracts under any Legal Requirement or otherwise granted by any Governmental Authority.

1.18 PERSON. The term "PERSON" shall mean any individual, partnership,

joint venture, firm, corporation, association, limited liability company, trust or other enterprise or any governmental or political subdivision or any agency, department or instrumentality thereof.

1.19 PROPERTIES. The term "PROPERTIES" shall mean any and all

properties and assets (real, personal or mixed, tangible or intangible) owned or used by Spectrum or SILVA BAY, as the case may be.

1.20 PERMITTED ENCUMBRANCES. As to Real Property, the term "PERMITTED

ENCUMBRANCES" shall mean (A) any liens disclosed in the Financial Statements;

(B) liens for Taxes, assessments and other governmental charges not yet due and
--
payable or due but being contested in good faith by appropriate proceedings or not delinquent; (C) mechanics', workmen's, repairmen's, warehousemen's, Carriers', or other like liens arising or incurred in the ordinary course of business, original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; (D) with respect to real property, (i) easements, quasi-easements, licenses, covenants, rights-of-way and other similar restrictions, including, without limitation, any other agreements, conditions or restrictions which would be shown by a current title report or other similar report or listing which in any event do not unreasonably interfere with the present use of such property, (ii) any conditions that may be shown by a current survey, title report or physical inspection which in any event do not unreasonably interfere with the present use of such property and (iii) zoning, building and other similar restrictions which in any event do not unreasonably interfere with the present use of such property; (E) liens securing liabilities (with respect to such liens, no

Edgar Filing: MYRICK DONAL - Form SC 13D

default exists); and (F) liens which, individually or in the aggregate, would not have a Material Adverse Effect.

1.21 REAL PROPERTY. The term "REAL PROPERTY" shall mean the real

property used by either SILVA BAY or Spectrum, as the case may be, in the
conduct of their respective businesses.

1.22 REGULATIONS. The term "REGULATIONS" shall mean any and all

regulations promulgated by the Department of the Treasury pursuant to the
Internal Revenue Code.

1.23 SUBSIDIARY. The term "SUBSIDIARY" shall mean SSS Acquisition Company.

1.24 TAXES. The term "TAXES" shall mean all federal, state, local or

foreign taxes, including but not limited to income, gross receipts, windfall
profits, goods and services, value added, severance, property, production,
sales, use, license, excise, franchise, employment, withholding or similar
taxes, together with any interest, additions or penalties with respect thereto
and any interest in respect of such additions or penalties.

1.25 TAX RETURN. The term "TAX RETURN" shall mean any tax return,

filing or information statement required to be filed in connection with or with
respect to any Taxes.

1.26 TRADE SECRETS. The term "TRADE SECRETS" shall mean information of

Spectrum including, but not limited to, technical or non-technical data,
formulas, patterns, compilations, programs, financial data, financial plans,
product or service plans or lists of actual or potential customers or suppliers
which (i) derives economic value, actual or potential, from not being generally
known to, and not being readily ascertainable by proper means by, other persons
who can obtain economic value from its disclosure or use, and (ii) is the
subject of efforts that are reasonable under the circumstances to maintain its
secrecy.

1.27 USED. The term "USED" shall mean, with respect to Spectrum's

Properties, Contracts or Permits, those owned, leased, licensed or otherwise
held by Spectrum which were acquired for use or held for use by Spectrum in
connection with its business and operations, whether or not reflected on the its
books of account.

1.28 WORKING CAPITAL. The term "WORKING CAPITAL" shall mean the

difference between (i) Spectrum's current assets, including accounts receivable,
inventory, prepaid expenses and deposits, but excluding Available Cash, and (ii)
Spectrum's current liabilities, including accounts payable and accrued expenses,
but excluding Funded Indebtedness, in each case calculated in accordance with
GAAP.

ARTICLE II.

THE MERGER

Edgar Filing: MYRICK DONAL - Form SC 13D

2.01 THE MERGER. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware General Corporation Law ("DELAWARE LAW"), and the Florida Business Corporation Act ("FLORIDA LAW") SSS shall be merged with and into Spectrum at the Effective Time (as hereinafter defined) (the "MERGER"). Following the Effective Time, the separate corporate existence of SSS shall cease and Spectrum shall continue as the surviving corporation (the "SURVIVING CORPORATION") and shall succeed to and assume all the rights and obligations of SSS in accordance with Florida Law. At the election of SILVA BAY, any direct or indirect wholly owned subsidiary of SILVA BAY may be substituted for SSS as a constituent corporation in the Merger. In such event, the parties agree to execute an appropriate amendment to this Agreement in order to reflect the foregoing.

2.02 EFFECTIVE TIME. Subject to the provisions of this Agreement, as soon as practicable on or after the Closing Date (as hereinafter defined), the parties shall file a certificate of merger or other appropriate documents (in any such case, the "CERTIFICATE OF MERGER") executed in accordance with the relevant provisions of Delaware Law and Florida Law and shall make all other filings or recordings required under Delaware Law and Florida Law. The Merger shall become effective at such time as the Certificates of Merger are duly filed with the Secretaries of State of Delaware and Florida, or at such other time as SSS and Spectrum shall agree and specify in the Certificates of Merger (the time the Merger becomes effective being referred to herein as the "EFFECTIVE TIME").

2.03 EFFECTS OF THE MERGER. Upon the effectiveness of the Merger, (a) the Surviving Corporation shall own and possess all assets and property of every kind and description, and every interest therein, wherever located, and all rights, privileges, immunities, powers, franchises and authority of a public as well as of a private nature, of SSS and Spectrum (the "CONSTITUENT CORPORATION"), and all obligations owed to, belonging to or due to each of the Constituent Corporations, all of which shall be vested in the Surviving Corporation pursuant to Florida Law without further act or deed, and (b) the Surviving Corporation shall be liable for all claims, liabilities and obligations of the Constituent Corporations, all of which shall become and remain the obligations of the Surviving Corporation pursuant to Florida Law without further act or deed.

2.04 CERTIFICATE OF INCORPORATION AND BYLAWS. The Certificate of Incorporation of Spectrum as in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by Florida Law. The corporate name of the Surviving Corporation shall be "SPECTRUM SCIENCES & SOFTWARE, INC.." The bylaws of Spectrum as in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law.

2.05 DIRECTORS. The directors of the Surviving Corporation shall be

Edgar Filing: MYRICK DONAL - Form SC 13D

Donal Myrick as Chairman and Michael Black, Dyron Watford and Dwain Brannon until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be. Mr. Myrick shall also be appointed to serve as a member of the board of directors of SILVA BAY upon the Closing of the Merger.

2.06 OFFICERS. The officers of Spectrum immediately prior to the

Effective Time shall be the officers of the Surviving Corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be. Notwithstanding the foregoing, Mr. Myrick shall remain the President and Chief Executive Officer of the Surviving Corporation upon consummation of the Merger.

2.07 EFFECT ON CAPITAL STOCK. Notwithstanding any other provision in

this Agreement, SILVA BAY shall issue no more than 2,500,000 shares of its common stock to the Spectrum Stockholders. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of the outstanding capital of the Spectrum or SSS:

(a) Each issued and outstanding share of common stock of SSS shall be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.

(b) Each share of Spectrum's common stock ("SPECTRUMCOMMONSTOCK") that

is held in the treasury of Spectrum or by any wholly owned subsidiary of Spectrum shall automatically be canceled and returned and shall cease to exist and no consideration shall be delivered in exchange therefor.

(c) Each share of Spectrum Common Stock that is owned by SILVA BAY, SSS or any other subsidiary of SILVA BAY shall automatically be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(d) Subject to Section 2.07(h) hereof, each 600 shares of Spectrum

Common Stock issued and outstanding (other than shares of Spectrum Common Stock to be canceled in accordance with Sections 2.07(b) and 2.07(c) hereof) shall be

canceled and extinguished and converted into the right to receive one million two hundred fifty thousand (1,250,000) shares of SILVA BAY common stock ("SILVA

BAY COMMON"). As of the Effective Time, all such shares of Spectrum Common Stock

shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Spectrum Common Stock shall cease to have any rights with respect thereto.

(e) This left intentionally blank.

(f) This left intentionally blank.

(g) This left intentionally blank.

(h) Notwithstanding anything in this Agreement to the contrary, any issued and outstanding shares held by a person (a "DISSENTING STOCKHOLDER") who

objects to the Merger and complies with all the relevant provisions of Florida

Edgar Filing: MYRICK DONAL - Form SC 13D

Law concerning the right of holders of Spectrum Capital Stock to dissent from the Merger and require appraisal of their Shares ("DISSENTING SHARES") shall not

be converted as described in Section 2.07(d) but shall become the right to

receive such consideration as may be determined to be due to such Dissenting Stockholder pursuant to Florida Law. If, after the Effective Time, such Dissenting Stockholder withdraws his demand for appraisal or fails to perfect or otherwise loses his right of appraisal, in any case pursuant to Florida Law, his Shares shall be deemed to be converted as of the Effective Time into the right to receive the SILVA BAY Common. Spectrum shall give SILVA BAY (i) prompt notice of any demands for appraisal of Dissenting Shares received by Spectrum, and (ii) the opportunity to participate in all negotiations and proceedings with respect to any such demands. Spectrum shall not voluntarily make any payment with respect to any demands for appraisal and shall not, except with the prior written consent of SILVA BAY, settle or offer to settle any such demands.

(i) Spectrum shall cancel its employee stock option plan on or before the Closing. Subsequent to the Closing, SILVA BAY will adopt and implement a new employee stock plan and grant such stock options to Spectrum employees as the board of directors of SILVA BAY deems appropriate.

2.08 EXCHANGE OF CERTIFICATES. SILVA BAY designates Kaplan Gottbetter

& Levenson, LLP or any other Person reasonably acceptable to Spectrum to act as the exchange agent for the Merger (the "EXCHANGE AGENT"). The SILVA BAY Common

shall be delivered to the Exchange Agent immediately upon Closing. Spectrum shall send notice to each Spectrum Stockholder advising them on the procedure for exchanging their share certificates. SCHEDULE 2.08 sets forth the number of

shares of SILVA BAY Common issuable to each Spectrum Stockholder upon Closing of the Merger. The Exchange Agent shall deliver to the Spectrum Stockholders their pro rata share of the SILVA BAY Common (the "CONVERTED SHARES"), upon surrender

of their Spectrum share certificates to the Exchange Agent. No fractional shares shall be issued in connection with the exchange of Spectrum Capital Stock for SILVA BAY Common contemplated hereby.

2.09 RESTRICTION ON THE SALE OR OTHER TRANSFER TO THE CONVERTED SHARES.

None of the Converted Shares will be registered under the Securities Act of 1933, as amended (the "SECURITIES ACT"), or the securities laws of any state.

The Spectrum Stockholders are acquiring the Converted Shares for investment purposes only and not with a view towards distribution or resale, nor with the intention of selling, transferring or otherwise disposing of all or any part of such Converted Shares for any particular price, or at any particular time, or upon the happening of any particular event or circumstances, except selling, transferring, or disposing of the Converted Shares made in full compliance with all applicable provisions of the Securities Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, and applicable state securities laws. The Converted Shares must be held indefinitely unless they are subsequently registered under the Securities Act, or an exemption from such registration is available, which will require an opinion of counsel acceptable to SILVA BAY that registration is not required under the Securities Act or such state securities laws. The Converted Shares will be subject to the lock provisions set forth in this Section 2.09 and shares certificates

Edgar Filing: MYRICK DONAL - Form SC 13D

representing the Converted Shares will each bear a legend indicating that transfer of such Converted Shares has not been so registered and the legend may bear the following or similar words:

the securities represented hereby have not been registered under the securities act of 1933, as amended (the "act"), or any applicable state securities laws.

these securities have been acquired for investment purposes only and not with a view to distribution or resale, and may not be sold, offered for sale, pledged or hypothecated in the absence of a registration statement in effect with respect to the securities under such act and applicable laws or some other exemption from the registration requirements of such act and applicable laws or an opinion of counsel satisfactory to the Silva Bay group inc. and its counsel that such registration is not required.

the securities represented by this certificate are subject to certain lock-up restrictions which are set forth in more particularity in that certain amended and restated agreement and plan of merger dated as of March 24, 2003 (the "merger agreement") pursuant to which the holder is prohibited from selling or transferring the shares represented hereby for a period of twelve months following the effective date of the merger.

The Converted Shares may not be sold, pledged, hypothecated, or transferred in any manner or for any reason for a period of 12 months following the Effective Date.

2.10 RECORD DATE FOR STOCKHOLDER ACTION. Spectrum's board of directors shall cause March 24, 2003 to be the record date for any Spectrum Stockholder action necessary to approve this Agreement, the Merger or any of the transactions contemplated hereby and thereby.

ARTICLE III.

CLOSING

3.01 CLOSING. Immediately upon the execution of this Agreement, Spectrum shall (a) solicit the consent of and approval by its Stockholders of the Merger and this Agreement and (b) obtain evidence that the requisite number of Spectrum Stockholders are "accredited investors" (as such term is defined in the Securities Act of 1933, as amended, hereinafter referred to as the "SECURITIES ACT") for purposes of qualifying the share exchange under this Merger for an exemption from the registration requirements of the Securities Act pursuant to Section 506 thereunder (the foregoing shall be collectively referred to as the "PRE-CLOSING EVENTS"). Subject to the conditions stated in Article VII of this Agreement, the closing of the transactions contemplated hereby (the "CLOSING") shall be held at 9:00 a.m., New York time, two business days after the completion of the Pre-Closing Events, or, if the conditions set forth in Sections 7.01 and 7.02 have not been satisfied or waived on such date, on the fifth (5th) business day after all such conditions shall have been satisfied or waived, at the offices of Kaplan Gottbetter & Levenson, LLP, 630 Third Avenue,

Edgar Filing: MYRICK DONAL - Form SC 13D

New York, New York 10017. The date upon which the Closing occurs is hereinafter referred to as the "CLOSING DATE." The Closing shall be deemed completed as of

12:01 a.m. New York time on the morning of the Closing Date.

3.02 DELIVERIES BY SPECTRUM. At or prior to the Closing, Spectrum shall

deliver to SILVA BAY:

(a) the Certificate of Merger, duly executed by Spectrum;

(b) Spectrum's stock book, stock ledger and minute books;

(c) an officer's certificate stating that the conditions set forth in Sections 7.02(a) and 7.02(c) have been satisfied;

(d) possession of all originals and copies of agreements, instruments, documents, deeds, books, records, files and other data and information within the possession of Spectrum or any Affiliate of Spectrum (collectively, the "RECORDS"); provided, however, that Spectrum may retain (1) copies of any tax

returns and copies of Records relating thereto; (2) copies of any Records that Spectrum may reasonably need for complying with requirements of law; and (3) copies of any Records that in the reasonable opinion of the Chief Executive Officer of Spectrum shall be required in connection with the performance of Spectrum's obligations under Article IX hereof; and

(e) evidence satisfactory to SILVA BAY that SILVA BAY designees (which shall include Donal Myrick, Nancy Gonteric and Don Garison) shall be the only authorized signatories with respect to Spectrum's accounts set forth in SCHEDULE

4.17.

3.03 DELIVERIES BY SILVA BAY. At or prior to the Closing, SILVA BAY

shall deliver to Spectrum a certificate executed by an authorized officer of SILVA BAY, on behalf of SILVA BAY, to the effect that the conditions set forth in Section 7.0(c) and Section 7.01(h) have been satisfied.

3.04 TERMINATION IN ABSENCE OF CLOSING.

(a) Subject to the provisions of Section 3.04(b), if by the close of

business on April 5, 2003, the Closing has not occurred, then either SILVA BAY or Spectrum may thereafter terminate this Agreement after two business days by giving written notice to such effect, to the other parties hereto, without liability of or to any party to this Agreement or any stockholder, director, officer, employee or representative of such party unless the reason for the Closing having not occurred is (i) such party's willful breach of the provisions of this Agreement, or (ii) if all of the conditions to such party's obligations set forth in Article VII have been satisfied or waived in writing by the date

scheduled for the Closing pursuant to Section 2.01, the failure of such party to

perform its obligations under this Article III on such date; provided, however,

that the provisions of Sections 9.01 through 9.06 shall survive any such

termination; and provided further, however, that any termination pursuant to

this Section 3.04 shall not relieve any party hereto who was responsible for

Closing having not occurred as described in clauses (i) or (ii) above of any liability for (x) such party's willful breach of the provisions of this Agreement, or (y) if all of the conditions to such party's obligations set forth in Article VII have been satisfied or waived in writing by the date scheduled for

the Closing pursuant to Section 2.01, the failure of such party to perform its

obligations under this Article III on such date.

(b) Spectrum shall also have the right to terminate this Agreement without liability to any party by so notifying SILVA BAY at any time within fifteen (15) days after the date of this Agreement if, in Spectrum's sole discretion, any Schedule (or any instrument referred to therein) or requested information that was not furnished to Spectrum at least ten (10) business days prior to the date of this Agreement contains or refers to any matter that, or may cause or lead to any result that, in Spectrum's sole discretion and judgment, is adverse to Spectrum in any way; provided, however, that the

provisions of Sections 9.01 through 9.06 shall survive any such termination. In

addition, notwithstanding the approval of Spectrum Stockholders or its board of directors, this Agreement and the transactions contemplated herein may be terminated and abandoned at any time on or prior to the Closing Date by Spectrum if:

(i) any representation or warranty made herein for the benefit of Spectrum, or any certificate, schedule or document furnished to Spectrum pursuant to this Agreement is untrue in any material respect; or

(ii) SILVA BAY defaults in any material respect in the performance of any material obligation under this Agreement.

(c) Notwithstanding the approval of SILVA BAY shareholders or its board of directors, this Agreement and the transactions contemplated herein may be terminated and abandoned at any time on or prior to the Closing Date by SILVA BAY if:

(i) any representation or warranty made herein for the benefit of SILVA BAY, or any certificate, schedule or document furnished to SILVA BAY pursuant to this Agreement is untrue in any material respect; or

(ii) Spectrum defaults in any material respect in the performance of any material obligation under this Agreement; or

(iii) Spectrum fails to demonstrate, to the satisfaction of SILVA BAY, that the requisite number of Spectrum stockholders are "accredited investors" (as such term is defined in the Securities Act) for purposes of qualifying the share exchange under this Merger for an exemption from the registration requirements of the Securities Act pursuant to Section 506 thereunder; or

(iv) More than 35 Spectrum Stockholders timely and properly exercise their right to dissent to the Merger.

Edgar Filing: MYRICK DONAL - Form SC 13D

ARTICLE IV.

SPECTRUM'S REPRESENTATIONS AND WARRANTIES

Spectrum hereby represents and warrants to Silva Bay that to its Knowledge:

4.01 CORPORATE EXISTENCE AND QUALIFICATION. Spectrum (i) is a

corporation duly organized, validly existing and in good standing under the laws of the State of Florida; and (ii) has the corporate power to own, manage, lease and hold its Properties and to carry on its business as and where such Properties are presently located and such business is presently conducted. Neither the character of Spectrum's Properties nor the nature of Spectrum's business requires Spectrum to be duly qualified to do business as a foreign corporation in any jurisdiction outside those identified in SCHEDULE 4.01

attached hereto, and Spectrum is qualified as a foreign corporation and in good standing in each listed jurisdiction where the character of its properties or the nature of its business requires it to be so qualified.

4.02 AUTHORITY, APPROVAL AND ENFORCEABILITY. Subject to the approval

of Spectrum's stockholders, this Agreement has been duly executed and delivered by Spectrum, and Spectrum has all requisite power and legal capacity to execute and deliver this Agreement and all Collateral Agreements executed and delivered or to be executed and delivered in connection with the transactions provided for hereby, to consummate the transactions contemplated hereby and by the Collateral Agreements, and to perform its obligations hereunder and under the Collateral Agreements. The execution, delivery and performance of this Agreement and the consummation by Spectrum of the Merger and of the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Spectrum (subject to the approval of Spectrum's stockholders which requires the affirmative vote of the holders of a majority of all shares outstanding of Spectrum Capital Stock voting together as a single class) and no other corporate proceedings on the part of Spectrum are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement and each Collateral Agreement to which Spectrum is a party constitutes, or upon execution and delivery shall constitute, the legal, valid and binding obligation of such party, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

4.03 CAPITALIZATION AND CORPORATE RECORDS.

(a) SCHEDULE 4.03 sets forth Spectrum's capital stock structure prior

to Closing. Except as otherwise set forth in SCHEDULE 4.03, all of the

outstanding shares of Spectrum Capital Stock are duly authorized, validly issued, fully paid and non-assessable and were not issued in violation of (i) any preemptive or other rights of any Person to acquire securities of Spectrum, or (ii) any applicable federal or state securities laws, and the rules and regulations promulgated thereunder. Except as set forth on SCHEDULE 4.03, there

are no outstanding subscriptions, options, convertible securities, rights

Edgar Filing: MYRICK DONAL - Form SC 13D

(preemptive or otherwise), warrants, calls or agreements relating to any shares of capital stock of Spectrum.

(b) The copies of Spectrum's certificate of incorporation and bylaws provided to SILVA BAY are true, accurate, and complete and reflect all amendments made through the date of this Agreement. Spectrum's stock and minute books made available to SILVA BAY for review were correct and complete as of the date of such review, no further entries have been made through the date of this Agreement, and such minute books contain an accurate record of all stockholder and corporate actions of the stockholders and directors (and any committees thereof) of Spectrum taken by written consent or at a meeting since March 21, 2003. All corporate actions taken by Spectrum have been duly authorized or ratified. All accounts, books, ledgers and official and other records of Spectrum fairly and accurately reflect all of Spectrum's transactions, properties, assets and liabilities.

4.04 EQUITY INTERESTS. Spectrum does not have any subsidiaries and

does not directly or indirectly own any capital stock of or other equity interests in any corporation, partnership or other entity, and Spectrum is not a member of or participant in any partnership, joint venture or similar entity and is not obligated to become such a member or participant.

4.05 NO SPECTRUM DEFAULTS OR CONSENTS. Except as otherwise set forth

in SCHEDULE 4.05 attached hereto, neither the execution nor delivery of this

Agreement nor the carrying out of any of the transactions contemplated hereby shall:

(a) violate or conflict with any of the terms, conditions or provisions of the Spectrum's charter or bylaws;

(b) violate any Legal Requirements applicable to Spectrum;

(c) violate, conflict with, result in a breach of, constitute a default under (whether with or without notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or give any other party the right to terminate, any Contract or Permit binding upon or applicable to Spectrum;

(d) result in the creation of any lien, charge or other encumbrance on any Spectrum's Properties; or

(e) require Spectrum to obtain or make any waiver, consent, action, approval or authorization of, or registration, declaration, notice or filing with, any private non-governmental third party or any Governmental Authority.

4.06 NO GOVERNMENTAL PROCEEDINGS. No suit, action or other proceeding

is pending or, to the best of Spectrum's Knowledge, threatened before any Governmental Authority seeking to restrain Spectrum or the Subsidiary, or prohibit Spectrum's entry into this Agreement or prohibit the Closing, or seeking damages against Spectrum, the Subsidiary or Spectrum's Properties as a result of the consummation of this Agreement.

4.07 EMPLOYEE MATTERS. SCHEDULE 4.07 sets forth by number and

employment classification of Spectrum employees employed as of the date of this

Edgar Filing: MYRICK DONAL - Form SC 13D

Agreement, and, except as set forth therein, none of said employees are subject to union or collective bargaining agreements with Spectrum. In addition, SCHEDULE 4.07 sets forth each employees salary and benefits to which such

employee is entitled.
-

4.08 FINANCIAL STATEMENTS; LIABILITIES; ACCOUNTS RECEIVABLE; INVENTORIES.

(a) SCHEDULE 4.08(A) contains true and complete copies of unaudited

Financial Statements with respect to Spectrum and its business as of and for the year ended December 31, 2002. All of such Financial Statements present fairly the financial condition and results of operations of Spectrum for the dates or periods indicated thereon. All of such Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated. Within 60 days of the Closing, Spectrum shall provide SILVA BAY with audited Financial Statements as of and for the years ended December 31, 2001 and 2002 (the "POST-CLOSING AUDIT") and such other financial information requested

by SILVA BAY to enable SILVA BAY to file a Form 10-SB with the Securities and Exchange Commission with respect to the Merger.

(b) Except for (i) the liabilities reflected on Spectrum's December 31, 2002 balance sheet included with the Financial Statements attached as SCHEDULE

4.08(A), (ii) trade payables and accrued expenses incurred since December 31,

2002 in the ordinary course of business, none of which are material, (iii) executory contract obligations under (x) Contracts listed on SCHEDULE 4.14,

and/or (y) Contracts not required to be listed on SCHEDULE 4.14, and (iv) the

liabilities set forth in SCHEDULE 4.08(B) attached hereto, Spectrum does not

have any material liabilities or obligations (whether accrued, absolute, contingent, known or unknown).

(c) Except as otherwise set forth in SCHEDULE 4.08(C), the accounts

receivable reflected on the December 31, 2002 balance sheet included in the Financial Statements referenced in Section 4.08(a) and all of Spectrum's accounts receivable arising since December 31, 2002 (the "BALANCE SHEET DATE")

arose from bona fide transactions in the ordinary course of business, and the goods and services involved have been sold, delivered and performed to the account obligors, and no further filings (with governmental agencies, insurers or others) are required to be made, no further goods are required to be provided and no further services are required to be rendered in order to complete the sales and fully render the services and to entitle Spectrum to collect the accounts receivable in full. Except as set forth in SCHEDULE 4.08(C), no such

account has been assigned or pledged to any other person, firm or corporation, and, except only to the extent fully reserved against, as set forth in the December 31, 2002 balance sheet included in such Financial Statements, no defense or set-off to any such account has been asserted by the account obligor or exists.

Edgar Filing: MYRICK DONAL - Form SC 13D

(d) Except as otherwise set forth in SCHEDULE 4.08(D), Spectrum's

Inventory as of the Closing Date shall consist of items of quality, condition and quantity consistent with normal seasonally-adjusted Inventory levels of Spectrum and be usable and saleable in the ordinary and usual course of business for the purposes for which intended, except to the extent written down or reserved against on the Closing Date Balance Sheet. Except as otherwise set forth in SCHEDULE 4.08(D), Spectrum's Inventory is valued on Spectrum's books of

account in accordance with GAAP (on an average cost basis) at the lower of cost or market.

4.09 ABSENCE OF CERTAIN CHANGES.

(a) Except as otherwise set forth in SCHEDULE 4.09 attached hereto,

since the Balance Sheet Date, there has not been:

(i) any event, circumstance or change that had or might have a material adverse effect on the business, operations, prospects, Properties, financial condition or working capital of Spectrum;

(ii) any damage, destruction or loss (whether or not covered by insurance) that had or might have a material adverse effect on the business, operations, prospects, Properties or financial condition of Spectrum; or

(iii) any material adverse change in Spectrum's sales patterns, pricing policies, accounts receivable or accounts payable.

(b) Except as otherwise set forth in SCHEDULE 4.09 attached hereto,

since the Balance Sheet Date, Spectrum has not done any of the following:

(i) merged into or with or consolidated with, any other corporation or acquired the business or assets of any Person;

(ii) created, incurred, assumed, guaranteed or otherwise become liable or obligated with respect to any indebtedness, or made any loan or advance to, or any investment in, any Person, except in each case in the ordinary course of business;

(iii) entered into, amended or terminated any material agreement;

(iv) sold, transferred, leased, mortgaged, encumbered or otherwise disposed of, or agreed to sell, transfer, lease, mortgage, encumber or otherwise dispose of, any Properties except (i) in the ordinary course of business, or (ii) pursuant to any agreement specified in SCHEDULE 4.14;

(v) incurred or approved, or entered into any agreement or commitment to make, any expenditures in excess of \$25,000 (other than those arising in the ordinary course of business or those required pursuant to any agreement specified in SCHEDULE 4.14);

(vi) maintained its books of account other than in the usual, regular and ordinary manner in accordance with generally accepted accounting principles and on a basis consistent with prior periods or made any change in any of its accounting methods or practices that would be required to be disclosed under generally accepted accounting principles;

Edgar Filing: MYRICK DONAL - Form SC 13D

(vii) made any payment to any Affiliate or forgiven any indebtedness due or owing from any Affiliate to Spectrum;

(viii) (A) liquidated Inventory or accepted product returns other than in the ordinary course, (B) accelerated receivables, (C) delayed payables, or (D) changed in any material respect Spectrum's practices in connection with the payment of payables and/or the collection of receivables;

(ix) engaged in any one or more activities or transactions with an Affiliate or outside the ordinary course of business;

(x) issued any capital stock or other securities, or granted, or entered into any agreement to grant, any options, convertible rights, other rights, warrants, calls or agreements relating to its capital stock; or

(xi) committed to do any of the foregoing.

4.10 COMPLIANCE WITH LAWS. Except as otherwise set forth in SCHEDULE

4.10, Spectrum is and has been in compliance in all respects with any and all

material Legal Requirements applicable to Spectrum, other than failures to so
-
comply that would not have a material adverse effect on the business,
-
operations, prospects, Properties or financial condition of Spectrum. Except as
-
otherwise set forth in SCHEDULE 4.10, Spectrum (x) has not received or entered

into any citations, complaints, consent orders, compliance schedules, or other
similar enforcement orders or received any written notice from any Governmental
Authority or any other written notice that would indicate that there is not
currently compliance with all such material Legal Requirements, except for
failures to so comply that would not have an adverse effect on the business,
operations, prospects, Properties or financial condition of Spectrum, and (y) is
not in default under, and no condition exists (whether covered by insurance or
not) that with or without notice or lapse of time or both would constitute a
default under, or breach or violation of, any material Legal Requirement or
Permit applicable to Spectrum. Without limiting the generality of the
foregoing, Spectrum has not received notice of and there is no basis for, any
claim, action, suit, investigation or proceeding that might result in a finding
that Spectrum is not or has not been in compliance with material Legal
Requirements relating to (a) the development, testing, manufacture, packaging,
distribution and marketing of products, (b) employment, safety and health, (c)
environmental protection, building, zoning and land use and/or (d) the Foreign
Corrupt Practices Act and the rules and regulations promulgated thereunder.

4.11 LITIGATION. Except as otherwise set forth in SCHEDULE 4.11, there

are no claims, actions, suits, investigations or proceedings against Spectrum
pending or, to the best of Spectrum's Knowledge, threatened in any court or
before or by any Governmental Authority, or before any arbitrator, that might
have a material adverse effect (whether covered by insurance or not) on the
business, operations, prospects, Properties or financial condition of Spectrum
and there is no basis for any such claim, action, suit, investigation or
proceeding. SCHEDULE 4.11 also includes a true and correct listing of all

material actions, suits, investigations, claims or proceedings that were
pending, settled or adjudicated since January 1, 1992.

Edgar Filing: MYRICK DONAL - Form SC 13D

4.12 REAL PROPERTY. Except for Permitted Encumbrances, SCHEDULE -----

4.12 sets forth a list of all leases, licenses or similar agreements relating to Spectrum's use or occupancy of real estate owned by a third party ("LEASES"),

true and correct copies of which have previously been furnished to SILVA BAY, in each case setting forth (i) the lessor and lessee thereof and the commencement date, term and renewal rights under each of the Leases, and (ii) the street address and legal description of each property covered thereby (the "LEASED PREMISES"). The Leases and all guaranties with respect thereto, are in full

force and effect and have not been amended in writing or otherwise, and no party thereto is in default or breach under any such Lease. No event has occurred which, with the passage of time or the giving of notice or both, would cause a material breach of or default under any of such Leases. Neither the Spectrum nor its agents or employees have received written notice of any claimed abatements, offsets, defenses or other bases for relief or adjustment.

4.13 ASSETS OTHER THAN REAL PROPERTY. Spectrum has good and marketable -----

title to all tangible assets reflected on the Financial Statement or acquired after the date thereof, except those since sold or otherwise disposed of for fair value in the ordinary course of business, in each case free and clear of all liens. All the tangible personal property owned by Spectrum is in all material respects in good operating condition and repair, ordinary wear and tear excepted, and all personal property leased by Spectrum is in all material respects in the condition required of such property by the terms of the lease applicable thereto during the term of such lease and upon expiration thereof.

4.14 COMMITMENTS. -----

(a) Except as otherwise set forth in SCHEDULE 4.14, Spectrum is not a party to or bound by any of the following, whether written or oral:

(i) contract or commitment for capital expenditures by Spectrum in excess of \$50,000 per calendar quarter in the aggregate;

(ii) lease or license with respect to any Properties, real or personal, whether as landlord, tenant, licensor or licensee;

(iii) agreement, contract, indenture or other instrument relating to the borrowing of money or the guarantee of any obligation or the deferred payment of the purchase price of any Properties;

(iv) contract with any Affiliate of Spectrum relating to the provision of goods or services by or to Spectrum;

(v) agreement for the sale of any assets that in the aggregate have a net book value on Spectrum's books of greater than \$50,000;

(vi) agreement that purports to limit Spectrum's freedom to compete freely in any line of business or in any geographic area; or

(vii) other Contract that is material to Spectrum's business.

Edgar Filing: MYRICK DONAL - Form SC 13D

(b) All of the Contracts listed or required to be listed in SCHEDULE

4.14 are valid, binding and in full force and effect, and Spectrum has not been

notified or advised by any party thereto of such party's intention or desire to
terminate or modify any such Contract in any respect, except as disclosed in
SCHEDULE 4.14. Neither Spectrum nor, to the best of Spectrum's Knowledge, any

other party is in breach of any of the terms or covenants of any Contract listed
or required to be listed in SCHEDULE 4.14. Following the Closing, Spectrum

shall continue to be entitled to all of the benefits currently held by Spectrum
under each Contract listed or required to be listed in SCHEDULE 4.14.

4.15 INTANGIBLE RIGHTS. Set forth on SCHEDULE 4.15 is a list and

description of all material foreign and domestic patents, patent rights,
trademarks, service marks, trade names, brands and copyrights (whether or not
registered and, if applicable, including pending applications for registration)
owned, Used, licensed or controlled by Spectrum and all goodwill associated
therewith. Except as otherwise set forth in SCHEDULE 4.15, Spectrum owns or has

the right to use and shall as of the Closing Date own or have the right to use
any and all information, know-how, trade secrets, patents, copyrights,
trademarks, tradenames, software, formulae, methods, processes and other
intangible properties that are necessary or customarily Used by Spectrum for the
ownership, management or operation of its Properties ("INTANGIBLE RIGHTS")

including, but not limited to, the Intangible Rights listed on SCHEDULE 4.15.

4.16 PERMITS. Except as otherwise set forth in SCHEDULE 4.16, Spectrum

has all Permits necessary for Spectrum to own, operate, use and/or maintain its
Properties and to conduct its business and operations as presently conducted and
as expected to be conducted in the future. Except as otherwise set forth in
SCHEDULE 4.16, all such Permits are in effect, no proceeding is pending or, to

the best of Spectrum's Knowledge, threatened to modify, suspend or revoke,
withdraw, terminate, or otherwise limit any such Permits, and no administrative
or governmental actions have been taken or, to the best of Spectrum's Knowledge,
threatened in connection with the expiration or renewal of such Permits which
could adversely affect Spectrum's ability to conduct its business and operations
as presently conducted and as expected to be conducted in the future.

4.17 BANKS. SCHEDULE 4.17 sets forth (i) the name of each bank, trust

company or other financial institution and stock or other broker with which
Spectrum has an account, credit line or safe deposit box or vault, (ii) the
names of all persons authorized to draw thereon or to have access to any safe
deposit box or vault, (iii) the purpose of each such account, safe deposit box

or vault, and (iv) the names of all persons authorized by proxies, powers of
attorney or other like instrument to act on Spectrum's behalf in matters
concerning any of its business or affairs. Except as otherwise set forth in
SCHEDULE 4.17, no such proxies, powers of attorney or other like instruments are

irrevocable.

Edgar Filing: MYRICK DONAL - Form SC 13D

4.18 SUPPLIERS. SCHEDULE 4.18 sets forth the ten principal suppliers of Spectrum during fiscal year 2002. Except as otherwise set forth in SCHEDULE 4.18, Spectrum maintains good relations with all suppliers and customers listed or required to be listed in SCHEDULE 4.18 as well as with governments, partners, financing sources and other parties with whom Spectrum has significant relations, and no such party has canceled, terminated or made any threat to Spectrum to cancel or otherwise terminate its relationship with Spectrum or to materially decrease its services or supplies to Spectrum or its direct or indirect purchase or usage of Spectrum's products or services.

4.19 TRANSACTIONS WITH AFFILIATES. Except as set forth on SCHEDULE 4.19 and except for normal advances to employees consistent with past practices, payment of compensation for employment to employees consistent with past practices, and participation in scheduled plans or benefit programs and agreements by employees, Spectrum has not purchased, acquired or leased any property or services from, or sold, transferred or leased any property or services to, or loaned or advanced any money to, or borrowed any money from, or entered into or been subject to any management, consulting or similar agreement with, or engaged in any other significant transaction with Mr. Myrick or any other of Spectrum officer, director or stockholder or any of their respective Affiliates. Except as set forth on SCHEDULE 4.19 no Affiliate of Spectrum is indebted to Spectrum for money borrowed or other loans or advances, and Spectrum is not indebted to any such Affiliate.

4.20 TAXES. Except as set forth on SCHEDULE 4.20, all Tax Returns required to be filed prior to the date hereof with respect to Spectrum for its respective income, properties, franchises or operations have been timely filed, each such Tax Return has been prepared in compliance with all applicable laws and regulations, and all such Tax Returns are true and accurate in all material respects. All Taxes due and payable by or with respect to Spectrum have been paid or are accrued on its Balance Sheet. Spectrum has withheld and paid all Taxes to the appropriate Governmental Authority required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party. With respect to each taxable period of Spectrum: (i) no deficiency or proposed adjustment which has not been settled or otherwise resolved for any amount of Taxes has been asserted or assessed by any taxing authority against Spectrum; (ii) Spectrum has not consented to extend the time in which any Taxes may be assessed or collected by any taxing authority; (iii) there is no action, suit, taxing authority proceeding, or audit or claim for refund now in progress, pending or, to the Knowledge of Spectrum, threatened against or with respect to Spectrum regarding Taxes; and (iv) there are no Liens for Taxes (other than for current Taxes not yet due and payable) upon Spectrum's assets.

4.21 OTHER INFORMATION. The information furnished by Spectrum to SILVA BAY pursuant to this Agreement (including, without limitation, information contained in the Exhibits hereto, the Schedules identified herein, the instruments referred to in such Schedules and the certificates and other documents to be executed or delivered pursuant hereto by Spectrum at or prior to the Closing) is not, nor at the Closing shall be, false or misleading in any material respect, or contains, or at the Closing shall contain, any misstatement of material fact, or omits, or at the Closing shall omit, to state any material

Edgar Filing: MYRICK DONAL - Form SC 13D

fact required to be stated in order to make the statements therein not misleading.

4.22 NO BROKERS. Spectrum has not incurred any obligation for any

finder's or broker's or agent's fees or commissions or similar compensation in connection with the transactions contemplated hereby.

ARTICLE V.

SILVA BAY'S REPRESENTATIONS AND WARRANTIES

SILVA BAY and the SSS each hereby represents and warrants to Spectrum that to their Knowledge:

5.01 SILVA BAY: CORPORATE EXISTENCE AND QUALIFICATION. SILVA BAY is a

corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; has the corporate power to own, manage, lease and hold its properties and to carry on its business as and where such properties are presently located and such business is presently conducted; and is duly qualified to do business and is in good standing as a foreign corporation in each of the jurisdictions where the character of its properties or the nature of its business requires it to be so qualified.

5.02 SSS: CORPORATE EXISTENCE AND QUALIFICATION. SSS is a corporation

duly organized, validly existing and in good standing under the laws of the State of Delaware; has the corporate power to own, manage, lease and hold its properties and to carry on its business as and where such properties are presently located and such business is presently conducted; and is duly qualified to do business and is in good standing as a foreign corporation in each of the jurisdictions where the character of its properties or the nature of its business requires it to be so qualified.

5.03 SILVA BAY: AUTHORITY, APPROVAL AND ENFORCEABILITY. This Agreement

has been duly executed and delivered by SILVA BAY and SILVA BAY has all requisite corporate power and legal capacity to execute and deliver this Agreement and all Collateral Agreements executed and delivered or to be executed and delivered by SILVA BAY in connection with the transactions provided for hereby, to consummate the transactions contemplated hereby and by the Collateral Agreements, and to perform its obligations hereunder and under the Collateral Agreements. Upon the approval of this Agreement by SILVA BAY's Board of Directors, the execution and delivery of this Agreement and the Collateral Agreements and the performance of the transactions contemplated hereby and thereby shall be duly and validly authorized and approved by all corporate action necessary on SILVA BAY's behalf. Subject to such Board approval, this Agreement and each Collateral Agreement to which SILVA BAY is a party constitutes, or upon execution and delivery shall constitute, the legal, valid and binding obligation of SILVA BAY, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

5.04 SSS: AUTHORITY, APPROVAL AND ENFORCEABILITY. This Agreement has

Edgar Filing: MYRICK DONAL - Form SC 13D

been duly executed and delivered by SSS and SSS has all requisite corporate power and legal capacity to execute and deliver this Agreement and all Collateral Agreements executed and delivered or to be executed and delivered by SSS in connection with the transactions provided for hereby, to consummate the transactions contemplated hereby and by the Collateral Agreements, and to perform its obligations hereunder and under the Collateral Agreements. Upon the approval of this Agreement by SSS's Board of Directors, the execution and delivery of this Agreement and the Collateral Agreements and the performance of the transactions contemplated hereby and thereby shall be duly and validly authorized and approved by all corporate action necessary on SSS's behalf. Subject to such Board approval, this Agreement and each Collateral Agreement to which SSS is a party constitutes, or upon execution and delivery shall constitute, the legal, valid and binding obligation of SSS, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

5.05 NO DEFAULT OR CONSENTS. Neither the execution and delivery of -----
this Agreement nor the carrying out of the transactions contemplated hereby shall:

(i) violate or conflict with any of the terms, conditions or provisions of SILVA BAY's Articles of Incorporation or bylaws;

(ii) violate any Legal Requirements applicable to SILVA BAY;

(iii) violate, conflict with, result in a breach of, constitute a default under (whether with or without notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or give any other party the right to terminate, any contract or Permit applicable to SILVA BAY;

(iv) result in the creation of any lien, charge or other encumbrance on any of SILVA BAY's property; or

(v) require SILVA BAY to obtain or make any waiver, consent, action, approval or authorization of, or registration, declaration, notice or filing with, any private non-governmental third party or any Governmental Authority.

5.06 NO GOVERNMENTAL PROCEEDINGS. No suit, action or other proceeding -----
is pending or, to SILVA BAY's Knowledge, threatened before any Governmental Authority seeking to restrain SILVA BAY or prohibit its entry into this Agreement or prohibit the Closing, or seeking Damages against SILVA BAY or its properties as a result of the consummation of this Agreement.

5.07 LITIGATION. There are no claims, actions, suits, investigations -----
or proceedings against SILVA BAY pending or, to the best of SILVA BAY's Knowledge, threatened in any court or before or by any Governmental Authority, or before any arbitrator, that might have a material adverse effect (whether covered by insurance or not) on the business, operations, prospects, Properties or financial condition of SILVA BAY and there is no basis for any such claim, action, suit, investigation or proceeding.

5.08 COMPLIANCE WITH LAWS. SILVA BAY is and has been in compliance in

Edgar Filing: MYRICK DONAL - Form SC 13D

all respects with any and all material Legal Requirements applicable to SILVA BAY, other than failures to so comply that would not have a material adverse effect on the business, operations, prospects, Properties or financial condition of SILVA BAY. SILVA BAY (x) has not received or entered into any citations, complaints, consent orders, compliance schedules, or other similar enforcement orders or received any written notice from any Governmental Authority or any other written notice that would indicate that there is not currently compliance with all such material Legal Requirements, except for failures to so comply that would not have an adverse effect on the business, operations, prospects, Properties or financial condition of SILVA BAY, and (y) is not in default under, and no condition exists (whether covered by insurance or not) that with or without notice or lapse of time or both would constitute a default under, or breach or violation of, any material Legal Requirement or Permit applicable to SILVA BAY. Without limiting the generality of the foregoing, SILVA BAY has not received notice of and there is no basis for, any claim, action, suit, investigation or proceeding that might result in a finding that SILVA BAY is not or has not been in compliance with material Legal Requirements relating to (a) the development, testing, manufacture, packaging, distribution and marketing of products, (b) employment, safety and health, (c) environmental protection, building, zoning and land use and/or (d) the Foreign Corrupt Practices Act and the rules and regulations promulgated thereunder.

5.09 TAX MATTERS. All Tax Returns required to be filed prior to the

date hereof with respect to SILVA BAY for its respective income, properties, franchises or operations have been timely filed, each such Tax Return has been prepared in compliance with all applicable laws and regulations, and all such Tax Returns are true and accurate in all material respects. All Taxes due and payable by or with respect to SILVA BAY have been paid or are accrued on its Balance Sheet. SILVA BAY have withheld and paid all Taxes to the appropriate Governmental Authority required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party. With respect to each taxable period of SILVA BAY: (i) no deficiency or proposed adjustment which has not been settled or otherwise resolved for any amount of Taxes has been asserted or assessed by any taxing authority against SILVA BAY; (ii) SILVA BAY has not consented to extend the time in which any Taxes may be assessed or collected by any taxing authority; (iii) there is no action, suit, taxing authority proceeding, or audit or claim for refund now in progress, pending or, to the Knowledge of SILVA BAY, threatened against or with respect to SILVA BAY regarding Taxes; and (iv) there are no liens for Taxes (other than for current Taxes not yet due and payable) upon SILVA BAY's assets.

5.10 PERMITS. SILVA BAY has all Permits necessary for SILVA BAY to

own, operate, use and/or maintain its Properties and to conduct its business and operations as presently conducted and as expected to be conducted in the future. All such Permits are in effect, no proceeding is pending or, to the best of SILVA BAY's Knowledge, threatened to modify, suspend or revoke, withdraw, terminate, or otherwise limit any such Permits, and no administrative or governmental actions have been taken or, to the best of SILVA BAY's Knowledge, threatened in connection with the expiration or renewal of such Permits which could adversely affect SILVA BAY's ability to conduct its business and operations as presently conducted and as expected to be conducted in the future.

5.11 ENVIRONMENTAL MATTERS. Since its inception, SILVA BAY has not

owned, leased or otherwise occupied any Real Property and therefore, neither

Edgar Filing: MYRICK DONAL - Form SC 13D

SILVA BAY nor any of its Affiliates has any liability under, and each are presently in compliance in all material respects with all Environmental Laws.

5.12 OTHER INFORMATION. The information furnished by SILVA BAY to

Spectrum pursuant to this Agreement (including, without limitation, information contained in the Exhibits hereto, the Schedules identified herein, the instruments referred to in such Schedules and the certificates and other documents to be executed or delivered pursuant hereto by SILVA BAY at or prior to the Closing) is not, nor at the Closing shall be, false or misleading in any material respect, or contains, or at the Closing shall contain, any misstatement of material fact, or omits, or at the Closing shall omit, to state any material fact required to be stated in order to make the statements therein not misleading. In addition, SILVA BAY represents and warrants that, prior to the Effective Time, it did not have any business operations.

ARTICLE VI.

OBLIGATIONS PRIOR TO CLOSING

From the date of this Agreement through the Closing:

6.01 SILVA BAY'S ACCESS TO INFORMATION. Spectrum shall permit SILVA

BAY and its authorized employees, agents, accountants, legal counsel and other representatives to have access to the books, records, employees, counsel, accountants, engineers and other representatives of Spectrum at all times reasonably requested by SILVA BAY for the purpose of conducting an investigation of Spectrum's financial condition, corporate status, operations, prospects and business. Spectrum shall make available to SILVA BAY for examination and reproduction all documents and data of every kind and character relating to Spectrum in possession or control of, or subject to reasonable access by, Spectrum, including, without limitation, all files, records, data and information relating to the Properties (whether stored in paper, magnetic or other storage media) and all agreements, instruments, contracts, assignments, certificates, orders, and amendments thereto. Also, Spectrum shall allow SILVA BAY access to, and the right to inspect, the Properties, except to the extent that such Properties are operated by a third-party operator, in which case Spectrum shall use its best efforts to cause the operator of such Properties to allow SILVA BAY access to, and the right to inspect, such Properties.

6.02 SPECTRUM'S CONDUCT OF BUSINESS AND OPERATIONS. Spectrum shall

keep SILVA BAY advised as to all material operations and proposed material operations relating to Spectrum. Spectrum shall (a) conduct its business in the ordinary course, (b) keep available the services of present employees, (c) maintain and operate its Properties in a good and workmanlike manner, (d) pay or cause to be paid all costs and expenses (including but not limited to insurance premiums) incurred in connection therewith in a timely manner, (e) use reasonable efforts to keep all Contracts listed or required to be listed on SCHEDULE 4.14 in full force and effect, (f) comply with all of the covenants

contained in all such material Contracts, (g) maintain in force until the Closing Date insurance policies equivalent to those in effect on the date hereof, and (h) comply in all material respects with all applicable Legal Requirements. Except as otherwise contemplated in this Agreement, Spectrum

Edgar Filing: MYRICK DONAL - Form SC 13D

shall use its best efforts to preserve the present relationships of Spectrum with persons having significant business relations therewith.

6.03 GENERAL RESTRICTIONS.

A. PROHIBITED TRANSACTIONS. Except as otherwise expressly permitted in

this Agreement, Spectrum shall not:

(i) declare, set aside or pay any dividends, or make any distributions or other payments in respect of its equity securities, or repurchase, redeem or otherwise acquire any such securities;

(ii) merge into or with or consolidate with, any other corporation or acquire the business or assets of any person;

(iii) purchase any securities of any person;

(iv) amend its charter or bylaws;

(v) issue any capital stock or other securities, or grant, or enter into any agreement to grant, any options, convertibility rights, other rights, warrants, calls or agreements relating to its securities, except in furtherance with this Agreement; or

(vi) create, incur, assume, guarantee or otherwise become liable or obligated with respect to any indebtedness, or make any loan or advance to, or any investment in, any person, except in each case in the ordinary course of business;

B. TRANSACTIONS REQUIRING CONSENT. Except as otherwise expressly

permitted in this Agreement, without SILVA BAY's prior written consent, which consent shall not be unreasonably withheld, Spectrum shall not:

(i) make any change in any existing election, or make any new election, with respect to any tax law in any jurisdiction which election could have an effect on the tax treatment of Spectrum or Spectrum's business operations;

(ii) enter into, amend or terminate any material agreement;

(iii) sell, transfer, lease, mortgage, encumber or otherwise dispose of, or agree to sell, transfer, lease, mortgage, encumber or otherwise dispose of, any Properties except (i) in the ordinary course of business, or (ii) pursuant to any agreement specified in SCHEDULE 4.14;

(iv) other than in the ordinary course of business consistent with past practices, incur or approve, or enter into any agreement or commitment to

Edgar Filing: MYRICK DONAL - Form SC 13D

make, any expenditures in excess of \$25,000 (other than those required pursuant to any agreement specified in SCHEDULE 4.14);

(v) maintain its books of account other than in the usual, regular and ordinary manner in accordance with generally accepted accounting principles and on a basis consistent with prior periods or make any change in any of its accounting methods or practices;

(vi) make any change, whether written or oral, to any agreement or understanding with any of the suppliers listed or required to be listed on SCHEDULE 4.18;

(vii) accelerate or delay collection of any notes or accounts receivable in advance of or beyond their regular due dates or the dates when they would have been collected in the ordinary course of business consistent with past practices;

(viii) delay or accelerate payment of any accrued expense, trade payable or other liability beyond or in advance of its due date or the date when such liability would have been paid in the ordinary course of business consistent with past practices;

(ix) allow its levels of inventory to vary in any material respect from the levels customarily maintained;

(x) become a party to or bound by any of the arrangements described in SECTION 4.14, whether written or oral;

(xi) enter into any transaction or make any commitment which could result in any of the representations, warranties or covenants of Spectrum contained in this Agreement not being true and correct after the occurrence of such transaction or event; or

(xii) commit to do any of the foregoing.

6.04 NOTICE REGARDING CHANGES. Spectrum shall promptly inform SILVA

BAY in writing of any change in facts and circumstances that could render any of the representations and warranties made herein by Spectrum inaccurate or misleading if such representations and warranties had been made upon the occurrence of the fact or circumstance in question. SILVA BAY shall promptly inform Spectrum in writing of any change in facts and circumstances that could render any of the representations and warranties made herein by it inaccurate or misleading if such representations and warranties had been made upon the occurrence of the fact or circumstance in question.

6.05 ENSURE CONDITIONS MET. Subject to the terms and conditions of

this Agreement, each party hereto shall use all reasonable commercial efforts to take or cause to be taken all actions and do or cause to be done all things required under applicable Legal Requirements in order to consummate the transactions contemplated hereby, including, without limitation, (i) obtaining all Permits, authorizations, consents and approvals of any Governmental Authority or other Person which are required for or in connection with the consummation of the transactions contemplated hereby and by the Collateral Agreements, (ii) taking any and all reasonable actions necessary to satisfy all

Edgar Filing: MYRICK DONAL - Form SC 13D

of the conditions to each party's obligations hereunder as set forth in Article VII, and (iii) executing and delivering all agreements and documents required by the terms hereof to be executed and delivered by such party on or prior to the Closing.

ARTICLE VII.

CONDITIONS TO SPECTRUM'S AND SILVA BAY'S OBLIGATIONS

7.01 CONDITIONS TO OBLIGATIONS OF SPECTRUM. Spectrum's obligations to carry out the transactions contemplated by this Agreement are subject, at Spectrum's option, to the satisfaction or waiver of the following conditions:

(a) SILVA BAY's board of directors and SSS's board of directors and stockholders shall have approved this Agreement and the Merger contemplated hereby.

(b) At Closing, SILVA BAY shall deliver an officer's certificate certifying and attaching: (1) a true and correct copy of all necessary corporate action on its behalf approving this Agreement; (2) a true and correct copy of SILVA BAY's Certificate of Incorporation and all designations and amendments thereto; (3) a true and correct copy of SILVA BAY's By-laws; and (4) a certificate of good standing from the Delaware Secretary of State.

(c) All representations and warranties of SILVA BAY contained in this Agreement shall be true and correct in all material respects at and as of the Closing, and SILVA BAY shall have performed and satisfied in all material respects all covenants and agreements required by this Agreement to be performed and satisfied by SILVA BAY at or prior to the Closing.

(d) As of the Closing Date, no suit, action or other proceeding (excluding any such matter initiated by or on Spectrum's behalf or any of the stockholders) shall be pending or threatened before any Governmental Authority seeking to restrain SILVA BAY or prohibit the Closing or seeking Damages against SILVA BAY as a result of the consummation of this Agreement.

(e) At Closing, SILVA BAY shall cause the Funding Requirement to be delivered pursuant to the provisions of Section 8.05 if such Funding Requirements have not yet been delivered pursuant to the Original Agreement.

(f) SILVA BAY shall have entered into the employment contract with Mr. Myrick in form and substance substantially similar to the agreement attached hereto as EXHIBIT A.

(g) This intentionally left blank.

(h) Prior to the Closing Date, SILVA BAY shall have amended its bylaws, and adopted the appropriate board resolutions, for a period of three years, to grant unanimity to SILVA BAY's board of directors to permit SILVA BAY to pursue financing plans for debt in excess of \$100,000, and which allows SILVA BAY to

Edgar Filing: MYRICK DONAL - Form SC 13D

grant stock options in excess of 50,000 shares at the board's sole discretion.

(i) At Closing, SILVA BAY shall deliver an opinion of its counsel, customary for transactions as contemplated in this Agreement, in form and substance reasonably satisfactory to Spectrum's counsel.

7.02 CONDITIONS TO SILVA BAY'S OBLIGATIONS. SILVA BAY's obligation to

carry out the transactions contemplated by this Agreement are subject, at SILVA BAY's option, to the satisfaction, or waiver by SILVA BAY, of the following conditions:

(a) All representations and warranties of Spectrum contained in this Agreement shall be true and correct in all material respects at and as of the Closing, and Spectrum shall have performed and satisfied in all material respects all agreements and covenants required by this Agreement to be performed and satisfied by them at or prior to the Closing.

(b) As of the Closing Date, no suit, action or other proceeding (excluding any such matter initiated by or on SILVA BAY's behalf or any of the stockholders) shall be pending or threatened before any court or governmental agency seeking to restrain Spectrum or prohibit the Closing or seeking Damages against Spectrum as a result of the consummation of this Agreement.

(c) Except for matters disclosed in SCHEDULE 7.02(C) attached hereto,

since the Balance Sheet Date and up to and including the Closing, there shall not have been any event, circumstance, change or effect that, individually or in the aggregate, had or might have a material adverse effect on Spectrum's business, operations, prospects, Properties or financial condition.

(d) At Closing, Spectrum shall deliver an officer's certificate certifying and attaching (1) a true and correct copy of all necessary corporate action on its behalf approving this Agreement; and (2) a certificate of good standing from the Florida Secretary of State.

(e) All agreements, commitments and understandings between Spectrum and any Spectrum Stockholder (or any other Affiliate of Spectrum or any Spectrum Stockholder) shall have been terminated in all respects on terms satisfactory to SILVA BAY, and all obligations, claims or entitlements thereunder shall be unconditionally waived and released and written evidence thereof satisfactory in form and substance to SILVA BAY shall have been delivered to SILVA BAY.

(f) Spectrum's board of directors and stockholders shall have approved this Agreement and the Merger contemplated hereby.

(g) No proceeding in which Spectrum shall be a debtor, defendant or party seeking an order for its own relief or reorganization shall have been brought or be pending by or against such person under any United States or state bankruptcy or insolvency law.

(h) SILVA BAY shall be satisfied that it shall be able to obtain, not later than 60 days after the Closing Date, the Post-Closing Audit and unaudited pro forma Financial Statements with respect to Spectrum, if any, together with any required consent of Spectrum's independent public accountants.

(i) This intentionally left blank.

(j) At Closing, Spectrum shall deliver a detailed budget that is

Edgar Filing: MYRICK DONAL - Form SC 13D

satisfactory to SILVA BAY which sets out Spectrum's intended use of the Funding Requirement described in Section 8.05, if not already provided pursuant to the Original Agreement.

(k) At Closing, Spectrum shall have disposed of any and all obligations to preferred stockholders, option holders and warrant holders.

(l) Spectrum shall have provided to SILVA BAY an unaudited balance sheet and the related unaudited statements of income, stockholders' equity and cash flows for the period from the date of the Financial Statements through the end of the most recent month ending at least 30 days prior to the Closing Date (the "CLOSING FINANCIAL STATEMENTS"), accompanied by the unqualified

certification of the Chief Executive Officer of Spectrum and the Chief Financial

Officer of Spectrum to the effect that the Closing Financial Statements have been prepared from and in accordance with the books and records of Spectrum, have been prepared in conformity with GAAP (subject to normal, recurring year-end adjustments and the lack of required footnotes) and fairly present in all material respects the financial condition of Spectrum as of the date thereof and the results of its operations for the period then ended, and there shall have been no material adverse change in the financial condition of Spectrum from the date of the Financial Statements to the date of the Closing Financial Statement which would have a material adverse effect on the financial condition of Spectrum.

(m) At Closing, Spectrum shall deliver an opinion of its counsel customary for transactions as contemplated in this Agreement in form and substance reasonably satisfactory to SILVA BAY's counsel.

ARTICLE VIII.

POST-CLOSING OBLIGATIONS

8.01 FURTHER ASSURANCES. Following the Closing, Spectrum and SILVA BAY shall execute and deliver such documents, and take such other action, as shall be reasonably requested by any other party hereto to carry out the transactions contemplated by this Agreement.

8.02 PUBLICITY. None of the parties hereto shall issue or make, or cause to have issued or made, any public release or announcement concerning this Agreement or the transactions contemplated hereby, without the advance approval in writing of the form and substance thereof by each of the other parties, except as required by law (in which case, so Silva Bay as possible, there shall be consultation among the parties prior to such announcement), and the parties shall endeavor jointly to agree on the text of any announcement or circular so approved or required.

8.03 NAME CHANGE AND REINCORPORATION. After Closing, SILVA BAY shall take the necessary board of directors action and use its best efforts to obtain the necessary shareholder approval to change its corporate name from Silva Bay International, Inc. to "SPECTRUM SCIENCES & SOFTWARE HOLDINGS CORP."

Edgar Filing: MYRICK DONAL - Form SC 13D

8.04 SILVA BAY DIRECTORS AND OFFICERS AFTER CLOSING. SILVA BAY shall

use its best efforts to have the securities of SILVA BAY trade on the Over The Counter Bulletin Board (OTC BB) or equivalent within 150 days from Closing.

8.05 CAPITAL FOR THE SURVIVING CORPORATION'S BUSINESS. SILVA BAY shall

provide the Surviving Corporation, if not already provided pursuant to the Original Agreement, without restriction and in immediately available funds, the following amounts to be used to conduct its business according to the following schedule (the "FUNDING REQUIREMENT"): (i) \$200,000 on June 24, 2003; (ii) \$150,000 on June 28, 2003; and (iii) \$150,000 on or before August 1, 2003. This funding will be in the form of a loan to Spectrum.

ARTICLE IX.

MISCELLANEOUS

9.01 INDEMNIFICATION. SILVA BAY shall defend, indemnify and hold

harmless the Surviving Corporation and the Spectrum Stockholders from, against and in respect of any and all claims, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties, fines and reasonable attorneys' fees, that the Surviving Corporation and/or the Spectrum Stockholders may incur, sustain or suffer including without limitation any audit costs incurred by an Internal Revenue Service audit of the Company and/or any of the Target Companies which results in a tax deficiency for the tax year(s) audited ("LOSSES") as a result of any breach of, or failure by

the SILVA BAY to perform, any of the representations, warranties, covenants or agreements of SILVA BAY contained in this Agreement or in any Schedule(s) furnished by or on behalf of SILVA BAY under this Agreement.

9.02 CONFIDENTIALITY.

(a) Prior to the Closing, SILVA BAY shall, and shall cause its Affiliates and its and their employees, agents, accountants, legal counsel and other representatives and advisers to, hold in strict confidence all, and not divulge or disclose any, information of any kind concerning Spectrum and its business; provided, however, that the foregoing obligation of confidence shall not apply to (i) information that is or becomes generally available to the public other than as a result of a disclosure by SILVA BAY or its Affiliates or any of its or their employees, agents, accountants, legal counsel or other representatives or advisers, (ii) information that is or becomes available to SILVA BAY or its Affiliates or any of its or their employees, agents, accountants, legal counsel or other representatives or advisers on a non-confidential basis prior to its disclosure by SILVA BAY or its Affiliates or any of its or their employees, agents, accountants, legal counsel or other representatives or advisers and (iii) information that is required to be disclosed by SILVA BAY or its Affiliates or any of its or their employees, agents, accountants, legal counsel or other representatives or advisers as a result of any applicable law, rule or regulation of any Governmental Authority; and provided further that SILVA BAY promptly shall notify Spectrum of any disclosure pursuant to clause (iii) of this Section 9.01(a); and, provided,

further, that the foregoing obligation of confidence shall not apply to the furnishing of information by SILVA BAY in bona fide discussions or negotiations with prospective lenders.

Edgar Filing: MYRICK DONAL - Form SC 13D

(b) Spectrum shall cause its Affiliates, employees, agents, accountants, legal counsel and other representatives and advisers to, hold in strict confidence all, and not divulge or disclose any, information of any kind concerning the transactions contemplated by this Agreement, Spectrum, SILVA BAY or their respective businesses; provided, however, that the foregoing obligation of confidence shall not apply to (i) information that is or becomes generally available to the public other than as a result of a disclosure by Spectrum or any of its Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers, (ii) information that is or becomes available to Spectrum or any of its Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers after the Closing on a non-confidential basis prior to its disclosure by Spectrum or any of its Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers and (iii) information that is required to be disclosed by Spectrum or any of its Affiliates, employees, agents, accountants, legal counsel or other representatives or advisers as a result of any applicable law, rule or regulation of any Governmental Authority; and provided further that Spectrum shall promptly notify SILVA BAY of any disclosure pursuant to clause (iii) of this Section 9.01(b).

9.03 BROKERS. Regardless of whether the Closing shall occur, SILVA BAY

shall indemnify and hold Spectrum harmless from and against any and all liability for any brokers' or finders' fees arising in respect to brokers or finders retained or engaged by SILVA BAY with respect of the transactions contemplated by this Agreement.

9.04 COSTS AND EXPENSES. Each of the parties to this Agreement shall

bear its own expenses incurred in connection with the negotiation, preparation, execution and closing of this Agreement and the transactions contemplated hereby (the "TRANSACTION EXPENSES").

9.05 NOTICES. Any notice, demand, request, offer, consent, approval or

communications (collectively, a "NOTICE") to be provided under this Agreement

shall be in writing and sent by one of the following methods: (i) postage prepaid, United States certified or registered mail with a return receipt requested, addressed to SILVA BAY or Spectrum, as appropriate, at the addresses set forth below; (ii) overnight delivery with a nationally recognized and reputable air courier (with electronic tracking requested) addressed to SILVA BAY or Spectrum, as appropriate, at the addresses set forth below; (iii) personal delivery to SILVA BAY or Spectrum, as appropriate, at the addresses set forth below; or (iv) by confirmed facsimile or telecopier transmission to SILVA BAY or Spectrum, as appropriate, at the facsimile numbers set forth below and in such case of facsimile transmission, a copy must also be contemporaneously sent by one of the methods described in the preceding clause (i), (ii) or (iii) of this Section 9.05 (it being understood and agreed, however, that such Notice

shall be deemed received upon receipt of electronic transmission). Any such Notice shall be deemed given upon receipt thereof, or, in case of any Notice sent pursuant to clause (i), (ii) or (iii) above, the refusal thereof by the intended recipient. Notwithstanding the foregoing, in the event any Notice is sent by overnight delivery or personal delivery and it is received (or delivery is attempted) during non-business hours (i.e., other than during 8:30 a.m. to

Edgar Filing: MYRICK DONAL - Form SC 13D

5:30 p.m. [EST/EDT] Monday through Friday, excluding holidays), then such Notice shall not be deemed to have been received until the next business day. Either party may designate a different address for receiving Notices hereunder by notice to the other party in accordance with the provisions of this Section

9.05. Further notwithstanding the foregoing, if any Notice is sent by either party hereto to the other and such Notice has not been sent in compliance with this Section 9.05 but has in fact actually been received by the other party,

then such Notice shall be deemed to have been duly given by the sending party and received by the recipient party effective as of such date of actual receipt.

IF TO SILVA BAY OR SSS:
KAPLAN GOTTBETTER & LEVENSON, LLP
630 Third Avenue
New York, New York 10017
Attn: Adam S. Gottbetter, Esq.
Telephone No: (212) 983-6900
Telecopy No.: (212) 983-9210

IF TO SPECTRUM:
SPECTRUM SCIENCES & SOFTWARE, INC.
91 Hill Avenue
Fort Walton Beach, Florida 32548
Attention: Donal Myrick
Telephone No: (850) 796-0909
Telecopy No.: (407) 244-9560

Notwithstanding anything in this Section to the contrary, any Notice delivered in accordance herewith to the last designated address of any person or party to which a Notice may be or is required to be delivered pursuant to this Agreement shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the Notice is directed or the failure or refusal of such person or party to accept delivery of the Notice.

9.06 GOVERNING LAW AND WAIVER OF JURY TRIAL. this agreement is made in

and shall be governed by the laws of the state of new york, and any legal action relating to or arising out of this agreement shall be resolved only in federal or state court located in new york county. the parties hereto expressly waive any claim or defense therein that such courts constitute an inconvenient forum. the parties hereto expressly waive all rights to trial by jury regarding all matters or disputes arising out of or related to this agreement. in no event shall any party be liable for any indirect, special, exemplary, punitive or consequential damages arising out of or relating to this agreement.

9.07 REPRESENTATIONS AND WARRANTIES. Each of the representations and

warranties of each of the parties to this Agreement shall be deemed to have been made and shall be deemed to constitute the making of such representations and warranties, again at and as of the Closing by and on behalf of the party on behalf of whom such certificates are delivered.

9.08 AGREEMENT; NO THIRD-PARTY BENEFICIARIES. This Agreement

(including the exhibits and schedules attached hereto) and such other documents expressly intended by the terms hereof to be delivered subsequent to the execution of this Agreement, contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and

Edgar Filing: MYRICK DONAL - Form SC 13D

understandings (oral or written) between or among the parties with respect to such subject matter. The parties agree that prior drafts of this Agreement shall not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the parties with respect thereto. The exhibits and schedules constitute a part hereof as though set forth in full above. This Agreement is not intended to confer upon any person, other than the parties hereto, any rights or remedies hereunder.

9.09 BINDING EFFECT; ASSIGNMENT. The rights and obligations of this

Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns. Nothing expressed or implied herein shall be construed to give any other person any legal or equitable rights hereunder. The rights and obligations of this Agreement may not be assigned except by mutual written consent of the parties hereto.

9.10 SEVERABILITY. If any clause or provision of this Agreement is

illegal, invalid or unenforceable under applicable present or future Laws effective during the Term, the remainder of this Agreement shall not be affected. In lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there shall be added as a part of this Agreement a clause or provision as nearly identical as may be possible and as may be legal, valid and enforceable. In the event any clause or provision of this Agreement is illegal, invalid or unenforceable as aforesaid and the effect of such illegality, invalidity or unenforceability is that either party no longer has the substantial benefit of its bargain under this Agreement and a clause or provision as nearly identical as may be possible cannot be added, then, in such event, such party may in its discretion cancel and terminate this Agreement provided such party exercises such right within a reasonable time after such occurrence. The amendment or modification to this Agreement pursuant to this Section 9.10 shall require the consent of all parties hereto prior to

the effectiveness of any such amendment or modification.

9.11 COUNTERPARTS. This Agreement may be executed in any number of

counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument. A telecopy signature of any party shall be considered to have the same binding legal effect as an original signature.

9.12 ATTORNEYS' FEES. Notwithstanding the foregoing, in the event

either party employs an attorney or brings an action against the other arising out of the terms of this Agreement, the prevailing party (whether such prevailing party has been awarded a money judgment or not) shall receive from the other party (and the other party shall be obligated to pay) the prevailing party's reasonable legal fees and expenses (including the fees and expenses of

experts and para-professionals), whether such fees and expenses are incurred before, during or after any trial, re-trial, re-hearing, mediation or arbitration, administrative proceedings, appeals or bankruptcy or insolvency proceedings, and irrespective of whether the prevailing party would have been entitled to such fees and expenses under applicable law in the absence of this Section. Without limiting the generality of the foregoing, the term "EXPENSES"

shall include expert witness fees, bonds, filing fees, administrative fees, transcriptions, depositions or proceedings, costs of discovery and travel costs. The term "PREVAILING PARTY" as used in this Section shall mean that party whose

positions substantially prevail in such action or proceeding, and any action or proceeding brought by either party against the other as contemplated in this Section may include a plea or request for judicial determination of the "prevailing party" within the meaning of this Section. In the event neither party substantially prevails in its positions in such action or proceeding, the court may rule that neither party has so substantially prevailed, in which event each party shall be responsible for its own fees and expenses in connection therewith. In addition, the fees and expenses for the services of "in-house" counsel (if any) shall be included within the prevailing party's fees and expenses as fully as if such in-house legal services were provided by an "outside" attorney or law firm as contemplated within this Section, irrespective of whether "outside" legal services are obtained in connection with such matter. The fees and expenses on the part of in-house counsel as aforesaid shall be determined based upon the prevailing hourly rates, fees and expenses for an attorney(s) of comparable experience in the central, Florida area.

9.13 EXHIBITS AND SCHEDULES. The Exhibits and Schedules referred to

herein are attached hereto and incorporated herein by this reference. Disclosure of a specific item in any one Schedule shall be deemed restricted only to the Section to which such disclosure specifically relates except where (i) there is an explicit cross-reference to another Schedule, and (ii) SILVA BAY could reasonably be expected to ascertain the scope of the modification to a representation intended by such cross-reference.

9.14 CONSTRUCTION. The parties agree and acknowledge that they have

jointly participated in the negotiation and drafting of this Agreement and that this Agreement has been fully reviewed and negotiated by the parties and their respective counsel. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. If any party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty, or covenant.

9.15 RULES OF INTERPRETATION. Except as otherwise expressly provided

in this Agreement, the following rules shall apply hereto: (i) the singular includes the plural and plural includes the singular; (ii) "or" is not exclusive and "include" and "including" are not limiting; (iii) a reference to any agreement or other contract includes any permitted supplements and amendments; (iv) a reference in this Agreement to a section or exhibit is a reference to a section or exhibit within or attached to this Agreement unless otherwise expressly provided; (v) a reference to a section or paragraph in this Agreement shall, unless the context clearly indicates to the contrary, refer to all sub-parts or sub-components of any said section or paragraph; (vi) words such as "hereunder", "hereto", "hereof", and "herein", and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement and not to any particular clause hereof; (vii) the headings of the articles or sections and the ordering or position thereof are for convenience only and shall not in any way be deemed to affect the meaning of this Agreement; (viii) a reference in this Agreement to a "person" or "party" (whether in the singular or the plural) shall (unless otherwise indicated herein) include both natural persons and unnatural persons (including, but not

Edgar Filing: MYRICK DONAL - Form SC 13D

limited to, corporations, partnerships, limited liability companies or partnerships, trusts, etc.); (ix) all accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with GAAP; and (x) any reference in this Agreement to a "BUSINESS DAY" shall include each Monday,

Tuesday, Wednesday, Thursday and Friday that is not a day on which national banks in Orlando, Florida are closed.

9.16 AMENDMENT; WAIVER. This Agreement may not be modified, amended, -----
supplemented, canceled or discharged, except by written instrument executed by all parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other except as may be specifically limited herein.

EXECUTED as of the date first written above.

SILVA BAY INTERNATIONAL, INC.

By: /s/ Dyron Watford

DYRON WATFORD, PRESIDENT

SSS ACQUISITION CO.

By: /s/ Dyron Watford

DYRON WATFORD, PRESIDENT

SPECTRUM SCIENCES & SOFTWARE, INC.

By: /s/ Donal Myrick

DONAL MYRICK, PRESIDENT
AND CHIEF EXECUTIVE
OFFICER

Edgar Filing: MYRICK DONAL - Form SC 13D

Schedule 2.08	Spectrum - Shares Issuable to Spectrum Stockholders
Schedule 4.01	Spectrum - Jurisdictions and Good Standings
Schedule 4.03	Spectrum Capital Structure Prior to Closing the Merger
Schedule 4.05	Spectrum - Consents and Defaults
Schedule 4.07 Classification	Spectrum - Number of Employees and Employment
Schedule 4.08(a)	Spectrum - Financial Statement
Schedule 4.08(b)	Spectrum - Liabilities
Schedule 4.08(c)	Spectrum - Accounts Receivable
Schedule 4.08(d)	Spectrum - Inventory
Schedule 4.09	Spectrum - Certain Changes Since Last Balance Sheet
Schedule 4.10	Spectrum - Compliance with Laws
Schedule 4.11	Spectrum Litigation
Schedule 4.12	Spectrum - Real Property
Schedule 4.14	Spectrum - Contracts and Commitments
Schedule 4.15	Spectrum Intangible Rights

Edgar Filing: MYRICK DONAL - Form SC 13D

Schedule 4.16 Spectrum - Permits

Schedule 4.17 Spectrum - Financial Institutions and Authorized
Personnel

Schedule 4.18 Spectrum - Principal Suppliers

Schedule 4.19 Spectrum - Transactions with Affiliates

Schedule 4.20 Spectrum - Tax Matters

SCHEDULE 7.02 (C) SILVA BAY - CERTAIN CHANGES SINCE LAST BALANCE SHEET

Exhibit B

CERTIFICATE OF MERGER

OF

SSS ACQUISITION COMPANY

AND

SPECTRUM SCIENCES & SOFTWARE, INC.

It is hereby certified that:

1. The constituent business corporations participating in the merger herein certified are:

(i) SSS Acquisition Company, which is incorporated under the laws of the State of Delaware; and

(ii) Spectrum Sciences & Software, Inc., which is incorporated under the laws of the State of Florida.

2. An Amended and Restated Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by each of the aforesaid constituent corporations in accordance with the provisions of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware, to wit, by SSS Acquisition Company in the same manner as is provided in Section 251 of the General Corporation Law of the State of Delaware and by Spectrum Sciences & Software, Inc. in accordance with the laws of the State of its incorporation.

3. The name of the surviving corporation in the merger herein

Edgar Filing: MYRICK DONAL - Form SC 13D

certified is Spectrum Sciences & Software, Inc., which will continue its existence as said surviving corporation under its present name upon the effective date of said merger pursuant to the provisions of the laws of the State of its incorporation.

4. The certificate of incorporation of Spectrum Sciences & Software, Inc. as now in force and effect, shall continue to be the certificate of incorporation of said surviving corporation until amended and changed pursuant to the provisions of the laws of the State of its incorporation.

5. The executed Amended and Restated Agreement and Plan of Merger between the aforesaid constituent corporations is on file at an office of the aforesaid surviving corporation, the address of which is as follows: 91 Hill Avenue, Ft. Walton Beach, Florida 32548.

6. A copy of the aforesaid Amended and Restated Agreement and Plan of Merger will be furnished by the aforesaid surviving corporation, on request, and without cost, to any stockholder of each of the aforesaid constituent corporations.

7. The aforesaid surviving corporation does hereby agree that it may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of SSS Acquisition Company, as well as for enforcement of any obligation of said surviving corporation arising from the merger herein certified, including any suit or other proceeding to enforce the right, if any, of any stockholder of SSS Acquisition Company as determined in appraisal proceedings pursuant to the provisions of Section 262 of the General Corporation Law of the State of Delaware; does hereby irrevocably appoint the Secretary of State of the State of Delaware as its agent to accept service of process in any such suit or other proceedings; and does hereby specify the following as the address to which a copy of such process shall be mailed by the Secretary of State of the State of Delaware: 91 Hill Avenue, Ft. Walton Beach, Florida 32548.

8. The Agreement of Merger between the aforesaid constituent corporations provides that the merger herein certified shall be effective on the date of filing this certificate.

Dated: March 24, 2003

SSS Acquisition Company

By: /s/ Dyron Watford

Name: Dyron Watford
Capacity: President

Dated: March 24, 2003

Spectrum Sciences & Software, Inc.

By: /s/ Donal R. Myrick

Name: Donal R. Myrick
Capacity: President

Edgar Filing: MYRICK DONAL - Form SC 13D

Exhibit C

ARTICLES OF MERGER

OF

SSS ACQUISITION COMPANY

AND

SPECTRUM SCIENCES & SOFTWARE, INC.

To the Secretary of State
State of Florida

Pursuant to the provisions of the Florida Business Corporation Act, the foreign business corporation and the domestic business corporation herein named do hereby submit the following Articles of Merger.

1. Annexed hereto and made a part hereof is the Amended and Restated Agreement and Plan of Merger for merging SSS Acquisition Company with and into Spectrum Sciences & Software, Inc.

2. The merger of SSS Acquisition Company with and into Spectrum Sciences & Software, Inc. is permitted by the laws of the jurisdiction of organization of SSS Acquisition Company and is in compliance with said laws. The date of adoption of the Amended and Restated Plan of Merger by the shareholders of SSS Acquisition Company was March 24, 2003.

3. The shareholders of Spectrum Sciences & Software, Inc. entitled to vote thereon approved and adopted the aforesaid Amended and Restated Agreement and Plan of Merger by written consent given on in accordance with the provisions of Section 607.0704 of the Florida Business Corporation Act.

4. The effective time and date of the merger herein provided for in the State of Florida shall be the time of filing.

Executed on March 24, 2003

SSS Acquisition Company

By: /s/ Dyron Watford

Name: Dyron Watford
Capacity: President

Spectrum Sciences & Software, Inc.

By: /s/ Donal R. Myrick

Name: Donal R. Myrick
Capacity: President

