

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1999-08-13** | Period of Report: **1999-06-30**
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FILER

RUSHMORE FINANCIAL GROUP INC

CIK: **884892** | IRS No.: **752375969** | State of Incorporation: **TX** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-24057** | Film No.: **99688571**
SIC: **6411** INSURANCE AGENTS, BROKERS & SERVICE

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 1999

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition Period from _____ to _____

Commission file number 000-24057

Rushmore Financial Group, Inc.

(Exact name of registrant as specified in its charter)

Texas

75-2375969

(State of Incorporation)

(I.R.S. Employer Identification No.)

13355 Noel Road, Suite 650, Dallas, Texas 75240

972-450-6000

(Issuer's telephone number, including area code)

Check whether the issuer filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by the court.

Yes No

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

State the number of shares outstanding of each of the issuer's classes of common equity as of June 30, 1999: 3,007,499 shares of common stock, \$0.01 par value.

Transitional Small Business Disclosure Format;

Yes No X

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (Unaudited)

<TABLE> <CAPTION>

	JUNE 30, 1999	DECEMBER 31, 1998
<S>	<C>	<C>
ASSETS		
Investments:		
Cash and cash equivalents	\$ 648,021	\$ 613,814
Certificates of deposit	703,903	1,201,284
Amounts on deposit with reinsurer	4,536,299	32,785,657
Bonds available for sale; amortized cost \$203,883 at December 31, 1998	--	204,641
Equity securities available for sale; cost of \$50,000	50,000	--
Total investments	5,938,223	34,805,396
Deferred policy acquisitions costs	48,240	1,989,174
Accounts receivable and due from reinsurers	571,440	1,328,659
Prepaid expenses and deposits	263,997	270,894
Equipment, net of accumulated depreciation	445,927	470,837
Deferred federal income taxes	--	91,674
Goodwill	28,624	246,326
Other assets	383	628
Total assets	\$ 7,296,834	\$ 39,203,588
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Future policy benefits	\$ 5,113	\$ 87,393
Universal life contract liabilities	4,510,115	34,189,968
Present value of future profits	--	610,519
Claims payable	--	128,216
Notes payable	64,621	60,352
Due to reinsurers	88,377	1,127,099
Accrued expenses & other liabilities	330,360	383,291
Total liabilities	4,998,586	36,586,838
Shareholders' Equity:		
Preferred stock-9% cumulative preferred stock, \$10 par value, 2,000 shares issued and outstanding	20,000	20,000
Preferred stock-Series A cumulative preferred stock, \$10 par value; 13,687 shares issued and outstanding	136,870	136,870
Common stock-\$0.01 par value, 10,000,000 shares authorized, 3,096,972 shares issued and 3,007,499 outstanding at June 30, 1999; 10,000,000 shares authorized and 3,066,597 issued and 2,977,124 shares outstanding at December 31, 1998	30,970	30,666
Common stock subscribed-8,000 shares at \$0.01 at June 30, 1999; 10,000 shares at \$0.01 at December 31, 1998	80	100
Additional paid in capital	6,114,187	6,086,850
Treasury stock; 89,473 shares at cost	(116,345)	(116,345)
Retained earnings (deficit)	(3,849,084)	(3,453,470)
Accumulated other comprehensive income	--	758
Shareholder/subscription receivables:		
Common stock subscriptions receivable	(38,430)	(43,920)
Shareholder loans	--	(44,759)
Total shareholders' equity	2,298,248	2,616,750
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 7,296,834	\$ 39,203,588

</TABLE>

See accompanying notes to consolidated financial statements

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RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Six Months Ended June 30, 1999 and 1998
(Unaudited)

<TABLE>
<CAPTION>

FOR THE THREE MONTHS
ENDED JUNE 30,

FOR THE SIX MONTHS
ENDED JUNE 30,

	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Revenue:				
Revenue from Insurance Services:				
Insurance policy income	\$ 290,782	\$ 812,699	\$ 419,095	\$ 1,674,782
Net Investment income	94,064	550,101	187,055	1,074,018
Agency Management fee	86,595	3,877	126,833	4,581
Gain on sale of insurance block	--	--	1,016,268	--
Revenue from Investment Services:				
Commissions and fees	872,183	616,806	1,552,446	1,116,630
Asset management	73,431	53,823	139,053	99,478
Other	1,153	52,341	12,473	68,337
Total revenues	1,418,208	2,089,647	3,453,223	4,037,826
Expenses:				
Insurance Services Expenses:				
Other insurance services expenses	249,699	270,309	383,329	584,747
Policyholder benefits	110,806	686,636	178,906	1,128,575
Amortization of deferred policy acquisition costs	23,451	210,320	116,315	428,863
Amortization of present value of insurance in force	--	369,932	--	702,147
Investment services expenses:				
Commission expense	719,780	518,611	1,323,173	978,069
Other investment services expenses	80,394	29,299	124,133	54,183
General and administrative	854,519	503,273	1,566,303	793,606
Total expenses	2,038,649	2,588,380	3,692,159	4,670,190
Operating loss	(620,441)	(498,733)	(238,936)	(632,364)
Interest expense	3,760	5,144	3,931	13,408
Loss before income taxes	(624,201)	(503,877)	(242,867)	(645,772)
Provision for income taxes	(10,636)	2,760	152,747	2,760
Net loss	\$ (613,565)	\$ (506,637)	\$ (395,614)	\$ (648,532)
Net loss applicable to common shareholders	\$ (617,095)	\$ (510,707)	\$ (402,673)	\$ (656,673)
Basic and diluted:				
Net loss per share of common stock, after dividends on preferred stock	\$ (0.20)	\$ (0.17)	\$ (0.13)	\$ (0.26)
Weighted average common shares outstanding	3,004,659	2,984,617	3,006,079	2,566,240

</TABLE>

See accompanying notes to consolidated financial statements

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RUSHMORE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS For the
Six Months Ended June 30, 1999 and 1998
(Unaudited)

<TABLE>
<CAPTION>

	1999	1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (395,614)	\$ (648,532)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Gain on sale of insurance block net of federal income tax	(806,637)	--
Realized (gains) and losses net	(3,933)	--
Depreciation and amortization	59,150	6,694
CHANGE IN ASSETS AND LIABILITIES, NET OF EFFECTS OF SALE OF INSURANCE BLOCK:		
(Increase) decrease in assets:		
Accounts receivable and due from reinsurers	(238,502)	(107,008)
Prepaid expenses and deposits	6,897	(69,722)
Deferred policy acquisition costs	37,638	151,877
Amounts on deposit with reinsurer	(162,688)	170,499
Net deferred federal income taxes	--	(77,464)

Increase (decrease) in liabilities:		
Accrued expenses and other liabilities	63,108	(119,364)
Due to reinsurers	152,301	(544,675)
Future policy benefits	500	3,787
Universal Life liabilities	117,496	(197,763)
Present value of future profits	--	702,147
Claims payable	--	(136,906)
	-----	-----
Net cash flows (used) by operating activities	(1,170,284)	(866,430)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(32,845)	(29,169)
Purchase of equity securities available for sale	(50,000)	(111,283)
Purchase of bonds available for sale	--	(803,638)
Decrease in certificates of deposit	497,381	--
Sales of bonds available for sale	207,816	--
Cash received on sale of insurance block	500,000	--
	-----	-----
Net cash flows provided (used) by investing activities	1,122,352	(944,090)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans to officers and affiliate	44,759	(45,036)
Proceeds from sale of Common Stock, net of offering cost	40,170	3,766,141
Preferred Stock dividends paid	(7,059)	(8,141)
Preferred Stock redeemed	--	(24,050)
Payments on notes payable	(30,991)	(85,000)
Proceeds from notes payable	35,260	--
	-----	-----
Net cash flows provided by financing activities	82,139	3,603,914
	-----	-----
Change in cash and cash equivalents	34,207	1,793,394
Cash and cash equivalents at beginning of period	613,814	1,222,820
	-----	-----
Cash and cash equivalents at end of period	\$ 648,021	\$ 3,016,214
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 4,582	\$ 9,361
Cash paid for income taxes	\$ --	\$ 86,558

</TABLE>

See accompanying notes to consolidated financial statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The financial statements included herein have been prepared by Rushmore Financial Group, Inc. ("Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures contained herein are adequate to make the information presented not misleading. In the opinion of management, the information furnished in the unaudited consolidated financial statements reflects all adjustments which are ordinary in nature and necessary to present fairly the Company's financial position, results of operations and changes in financial position for such interim period. These interim financial statements should be read in conjunction with the Company's financial statements and the notes thereto as of December 31, 1998, included in the Company's annual report on Form 10-KSB for the year ended December 31, 1998.

Rushmore Insurance Services, Incorporated ("Rushmore Agency") is an insurance agency and an affiliate of the Company by means of service agreements. The Company has entered into an administrative services agreement whereby net revenues and expenses are charged via a management fee to the Company. Rushmore Agency has been consolidated in the accompanying consolidated financial statements. All financial information contained herein has been reclassified, where applicable, to include these net revenue and expenses for the three months ended June 30, 1998 and the six months ended June 30, 1998.

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2. Sale of Insurance Block

On January 22, 1999 the Company executed a termination and recapture agreement with Conesco Life Insurance Company ("CLIC") effective January 1, 1999. Under the terms of the agreement all reinsurance is terminated and all risks formerly assumed by CLIC were recaptured. On March 9, 1999 CLIC paid \$500,000 to the Company as consideration and in settlement of the amounts due CLIC from the Company and the amounts due the Company from CLIC. The following table summarizes the categories of net asset changes relating to this sale:

<TABLE>
<CAPTION>

Assets	Increase	Decrease
<S>	<C>	<C>
Cash	\$ 500,000	\$ --
Amounts on Deposit With Reinsurers	--	28,412,046
Accounts Receivable	--	995,721
Deferred Federal Income Tax	--	91,674
Deferred Policy Acquisition Costs	--	1,903,296
Goodwill	--	216,552

</TABLE>

<TABLE>
<CAPTION>

Liabilities	Decrease	Increase
<S>	<C>	<C>
Future Policy Benefits	\$ 82,780	\$ --
Universal Life Policy Liabilities	29,797,349	--
Present Value of Future Profits	610,519	--
Claims Payable	128,216	--
Due to Reinsurers	1,191,023	--
Accrued Expenses & Other Liabilities	116,039	--

</TABLE>

<TABLE>
<CAPTION>

Net Income	Decrease	Increase
<S>	<C>	<C>
Gain on Sale of Insurance Block	\$ --	\$ 1,016,268
Provision for Federal Income Tax	209,631	--

</TABLE>

3. Industry Segment Information

The following summarizes the Company's industry segment data of identifiable assets as of June 30, 1999:

<TABLE>
<CAPTION>

	1999
<S>	<C>
Insurance Agency	\$ 555,263
Insurance Company	5,815,389
Investment Services	296,951
Other	629,231
	=====
Total	\$ 7,296,834

</TABLE>

The corresponding information regarding income segments is contained in the following management discussion and analysis of financial condition and results of operations.

4. Comprehensive Income (Loss)

Comprehensive income (loss) for the periods ending June 30, 1999 and 1998 consists of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net (Loss)	\$ (613,565)	\$ (506,637)	\$ (395,614)	\$ (648,532)
Other comprehensive income (loss), net of tax				
Unrealized gains (losses) on securities, net of reclassification adjustment	--	25	(758)	868
Comprehensive (loss)	\$ (613,565)	\$ (506,612)	\$ (396,372)	\$ (647,664)

5. Subsequent Event

On July 15, 1999, the Company acquired via merger The John Vann Company, a Texas corporation engaged in business as a registered investment advisor (Vann). The transaction is structured as a merger of the Company's wholly owned subsidiary, Rushmore Investment Advisors, Inc., into Vann in exchange for 550,000 shares of the Company's common stock. The surviving corporation changed its name in the merger back to Rushmore Investment Advisors, Inc. The purchase price was determined by means of arms-length negotiations between the Company and the shareholder of Vann. Vann is a privately owned corporation owned by an affiliate of Mr. John A. Vann of Dallas. Mr. Vann will remain with the advisory firm as its chairman, chief executive officer and chief investment officer, pursuant to a three year Employment Agreement. The transaction was accounted for as a purchase.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Three Months Ended June 30, 1999 and 1998

Revenues

The following table sets forth the components of the Company's revenues for the periods indicated:

	Three Months Ended June 30,	
	1999	1998
<S>	<C>	<C>
Insurance Agency	\$ 336,785	\$ 37,945
Insurance Company	134,656	1,328,732
Investment Services	945,614	670,629
Other	1,153	52,341
Total	\$ 1,418,208	\$ 2,089,647

Total revenues decreased 32% from \$2,089,647 for the second quarter of 1998 to \$1,418,208 during the second quarter of 1999. On January 22, 1999 the Company executed a termination and recapture agreement with Consec Life Insurance Company ("CLIC") effective January 1, 1999. Revenues associated with that business accounted for \$1,226,028 during the second quarter of 1998. Excluding those revenues, all other revenue increased \$554,589 or 64%. Insurance Agency revenues have increased 788% as the company has begun to earn commissions and fees relating to the sale of accident and health insurance policies that were sold over the previous four quarters. The 41% increase in investment services revenue was generally attributable to revenues of \$63,182 associated with the Company's entry into the on-line trading market coupled with an increase in retail brokerage income of \$129,120

and an increase in commissions on annuity and variable life products of \$55,098. These increases are the result of continued additions of new representatives.

As a result of the insurance block sale, insurance company revenue decreased

from \$1,328,732 in 1998 to \$134,656. Insurance premium income decreased \$738,039 to \$40,592 and net investment income decreased from \$550,101 to \$94,064 as a result of the sale discussed above.

Expenses

The following table sets forth the components of the Company's expenses for the periods indicated:

<TABLE>

<CAPTION>

	Three Months Ended June 30,	
	1999	1998
	-----	-----
<S>	<C>	<C>
Insurance Agency	\$ 346,856	\$ 90,044
Insurance Company	174,124	1,506,426
Investment Services	1,129,356	719,452
Other	388,313	272,458
	-----	-----
Total	\$ 2,038,649	\$ 2,588,380
	=====	=====

</TABLE>

Insurance agency expenses increased from \$90,044 in 1998 to \$346,856 in 1999. Commission expenses associated with the commission revenue described above totaled \$174,432. Expenses to acquire sales leads rose to \$34,358 in 1999 from zero in 1998. Payroll and employee benefit costs incurred to support additional sales volume rose to \$60,257 in 1999 from \$27,730 in 1998.

Insurance company expenses decreased from \$1,506,426 in 1998 to \$174,124 in 1999 due primarily to the sale of reinsurance business to CLIC.

Investment services expenses increased 57% from \$719,452 in 1998 to \$1,129,356 in 1999. Commissions paid as a percentage of commission revenue decreased slightly from 84.1% in 1998 to 82.5% in 1999 as a result of adding new account representatives at lower commission payout rates. Non-commission expenses rose from \$200,841 in 1998 to \$409,576 in 1999. During the most recent quarter the Company incurred expenses of \$121,829 in developing and marketing its Internet based services. Legal and settlement costs also increased \$94,588 including an arbitration ruling that ordered the Company to pay \$40,000 as a result of transactions which occurred in 1995 and 1996.

Other expenses increased 43% from \$272,458 in 1998 to \$388,313 in 1999 due primarily to increases in professional fees, expenses of the annual meeting of shareholders and depreciation. In 1998 the Company's annual meeting was held later in the year. Professional fee increases included Directors fees of \$11,500 in 1999 versus none in 1998, legal fees of \$18,645 in 1999 versus \$6,869 in 1998, investor relations costs of \$13,208 in 1999 versus none in 1998, and consulting fees of \$29,777 versus \$8,255 in 1998.

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Operating income (loss)

The following table sets forth the components of the Company's net income for the periods indicated:

<TABLE>

<CAPTION>

	Three Months Ended June 30,	
	1999	1998
	-----	-----
<S>	<C>	<C>
Insurance Agency	\$ (10,071)	\$ (55,045)
Insurance Company	(28,832)	(180,454)
Investment Services	(183,861)	(48,823)
Other	(390,801)	(222,315)
	-----	-----
Total	\$ (613,565)	\$ (506,637)
	=====	=====

</TABLE>

The Company had a net loss of \$613,565 for the second quarter of 1999 compared to a net loss of \$506,637 for the same period in 1998. The net loss applicable to common shareholders for the second quarter of 1999 was \$617,095, or \$0.20 per share (basic and diluted). For 1998, the net loss applicable to common shareholders of \$510,707 was \$0.17 per share (basic and diluted). The performance of the insurance company has improved as a result of sale of reinsurance business to CLIC. Those policies produced a net loss of \$68,437

during the second quarter of 1998. Losses of the investment services division increased by \$135,038 as a result of expenses of \$121,829 in developing and marketing its Internet based services.

Six Months Ended June 30, 1999 and 1998

Revenues

The following table sets forth the components of the Company's revenues for the periods indicated:

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1999	1998
<S>	<C>	<C>
Insurance Agency	\$ 478,386	\$ 64,212
Insurance Company	1,270,865	2,689,169
Investment Services	1,691,499	1,216,108
Other	12,473	68,337
	-----	-----
Total	\$ 3,453,223	\$ 4,037,826
	=====	=====

</TABLE>

Total revenues decreased 14% from \$4,037,826 for the first half of 1998 to \$3,453,223 during the first half of 1999. On January 22, 1999 the Company executed a termination and recapture agreement with Consec Life Insurance Company ("CLIC") effective January 1, 1999. Revenues associated with that business accounted for \$1,016,268 and \$2,490,000 during the first six months of 1999 and 1998 respectively. Excluding those revenues, all other revenue increased \$889,129 or 57%. Insurance Agency revenues have increased \$414,174 or 645% as the Company has begun to earn commissions and fees relating to the sale of accident and health insurance policies that were sold over the previous four quarters. The investment services division also experienced significant growth in that revenues increased \$475,391 or 39% from the year earlier period. That increase in investment services revenue was generally attributable revenues of \$80,237 associated with the Company's entry into the on-line trading market coupled with an increase in retail brokerage income of \$178,534 and an increase in commissions on annuity and variable life products of \$153,735. These increases are the result of continued additions of new representatives.

As a result of the insurance block sale, insurance company revenue decreased from \$2,689,169 in 1998 to \$1,270,865 (including \$1,016,268 in gain on the sale to CLIC). Insurance premium income decreased \$1,547,609 to \$67,542; and net investment income decreased \$886,963 to \$187,055 as a result of the sale discussed above.

Expenses

The following table sets forth the components of the Company's expenses for the periods indicated:

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1999	1998
<S>	<C>	<C>
Insurance Agency	\$ 604,202	\$ 121,426
Insurance Company	349,970	2,808,097
Investment Services	1,966,625	1,350,059
Other	771,362	390,608
	-----	-----
Total	\$ 3,692,159	\$ 4,670,190
	=====	=====

</TABLE>

Insurance agency expenses increased from \$121,426 in 1998 to \$604,202 in 1999. Agents' commissions and personnel costs increased \$201,251 and \$113,139 respectively as a direct result of the 645% increase in agency revenue. Expenses to acquire sales leads rose \$84,187 in 1999.

Insurance company expenses decreased from \$2,808,097 in 1998 to \$349,970 in 1999 due primarily to the sale of reinsurance business to CLIC.

Investment services expenses increased 46% from \$1,350,059 in 1998 to \$1,966,625 in 1999. Commissions paid as a percentage of commission revenue decreased slightly from 87.6% in 1998 to 85.2% in 1999 as a result of adding new account representatives at lower commission payout rates. Non-commission expenses rose from \$371,990 in 1998 to \$643,452 in 1999. During the first half of 1999 the Company incurred expenses of \$152,005 in developing and marketing its Internet based services. Legal and settlement costs also increased \$106,186. An arbitration ruling ordered the Company to pay \$40,000 as a result of transactions which occurred in 1995 and 1996.

Other expenses increased 97% from \$390,608 in 1998 to \$771,362 in 1999 due primarily to increases in legal, professional, and personnel costs. Legal, professional, and accounting fees increased to \$147,726 in 1999 from \$79,637 in 1998. These increases included Directors fees of \$11,500 in 1999 versus none in 1998, legal fees of \$25,665 in 1999 versus \$8,425 in 1998, investor relations costs of \$24,073 in 1999 versus none in 1998, and consulting fees of \$50,780 versus \$8,255 in 1998. Compensation and benefits increased \$125,108 due mainly to additional personnel. As a result of acquiring additional computer and office equipment, and expanding office space, depreciation and amortization expense increased from \$6,694 in 1998 to \$57,538 in 1999.

Operating income (loss)

The following table sets forth the components of the Company's net income for the periods indicated:

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1999	1998
	-----	-----
<S>	<C>	<C>
Insurance Agency	\$ (125,816)	\$ (63,073)
Insurance Company	768,148	(121,688)
Investment Services	(275,245)	(133,951)
Other	(762,701)	(329,820)
	-----	-----
Total	\$ (395,614)	\$ (648,532)
	=====	=====

</TABLE>

The Company reported a net loss of \$395,614 for the six months ended June 30, 1999 compared to a net loss of \$648,532 for the same period in 1998. The net loss applicable to common shareholders for the first half of 1999 was \$402,673, or \$0.13 per share (basic and diluted). For 1998, the net loss applicable to common shareholders of

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\$656,673 was \$0.26 per share (basic and diluted). The decrease in net loss is attributable to the pre-tax gain of \$1,016,268 on the disposition of the block of reinsurance policies, offset by increased expenditures in general & administrative expenses of \$772,697 and an increase in the provision for income taxes of \$149,987. Personnel costs increased \$350,009 and were the single largest factor in the increase in general and administrative expenses. The provision for income taxes was primarily the result of the sale of the insurance block by Rushmore Life Insurance Company. Although the Company has significant net operating loss deductions available, it is unable to consolidate Rushmore Life Insurance Company for tax purposes. The increase in provision for income taxes includes the result of an increase in additions to the deferred tax asset valuation allowance of \$421,264.

Liquidity

Registrant's requirements for normal cash expenditures will be met through cash flow from operations. Additional cash to complete the acquisition and enhancement of the proprietary software to be used in Registrant's on-line trading service will require infusions of capital through equity investment, and registrant is planning a private placement of convertible preferred stock during the third and fourth quarter of 1999.

Year 2000

The Year 2000 will have a broad impact on the business environment in which the Company operates. This is due to the possibility that many computerized systems across all industries will be unable to process information containing dates beginning in the Year 2000. The Company established an enterprise-wide program

in the first quarter of 1998 to prepare its computer systems, applications, and transactional bridges between internal systems and external agents for the Year 2000. The Company is utilizing both internal and external resources to identify, correct, and test the systems for Year 2000 compliance. The majority of its inventory, research, and modifications were completed by December 31, 1998. Further validations through testing and follow-up procedures will be conducted throughout calendar year 1999. As of June 30, 1999, all mission-critical systems have been tested with no significant difficulties encountered. Furthermore, because of recent acquisitions and the affiliations with other companies, the Company's Year 2000 Project scope has been enlarged. Preliminary research and verification of newly acquired mission-critical systems have shown Year 2000 compliance. Further research, testing, and any remediation will be completed by September 30, 1999.

Because third party failures could have a material impact on the Company's ability to conduct business, questionnaires were sent to all of the Company's vendors including the clearing firms and primary insurers to certify that plans are being developed to address the Year 2000 issue. The questionnaires were assessed by the Company, and categorized based upon readiness for the Year 2000 issues. They were prioritized in order of significance to the business of the Company. The Company intends to make every reasonable effort to assess the Year 2000 readiness of the critical business partners and to create actions plans to address the identified risks.

In addition to safeguarding against internal and external possible malfunctions, the Company is developing a contingency plan to operate independent of systems that could be affected by the Year 2000 problem. The plan, which includes backup telephone systems and manual routing of transactions such as security trades, will be in place by August 31, 1999.

Remaining testing and remediation of all of the Company's systems and applications is expected to cost approximately \$10,000. All estimated costs have been budgeted, and are expected to be funded by cash flows from operations. Total costs of testing and remediation relating to the Year 2000 project are not expected to exceed \$25,000.

The Company does not believe the costs related to the Year 2000 compliance project will be material to its financial position or results of operations. However, the cost of the project and the date on which the Company plans to complete the Year 2000 modifications are based on management's best estimates. These estimates were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party

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modification plans and other factors. Unanticipated failures by clearing firms and primary insurers, as well as the failure by the Company to execute its own remediation efforts could have a material adverse effect on the cost of the project and its completion date. As a result, there can be no assurance that these forward-looking estimates will be achieved and the actual cost and vendor compliance could differ materially from those plans, resulting in material financial risks.

Forward looking statements

This document includes statements which may constitute "forward-looking" statements, usually containing the words "believe", "estimate", "project", "expect" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products in the marketplace, competitive factors, changes in regulatory environments, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this filing.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Neither Rushmore Financial Group, Inc. nor its subsidiaries is a party to any pending legal proceedings which management believes would have a material effect upon the operations or financial condition of Rushmore Financial Group, Inc.

Item 2. Defaults Upon Senior Securities - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders

Information concerning the Company's annual meeting of shareholders held May 7, 1999 was disclosed in the Company's Form 10QSB for the quarter ended March 31, 1999 and is incorporated by reference.

Item 5. Exhibits and Reports on Form 8K

- (a) Exhibits. Exhibit 2.3 - Asset Purchase Agreement - Block Trading, Inc.
- Exhibit 2.4 - Asset Purchase Agreement - Millennium Daqcom/Dallas LP
- Exhibit 2.5 - Asset Purchase Agreement - Daqcom International, LLC
- Exhibit 11 - Earnings per share
- Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8k - On July 15, 1999, the Company acquired via merger The John Vann Company, a Texas corporation engaged in business as a registered investment advisor (Vann). The transaction is structured as a merger of the Company's wholly owned subsidiary, Rushmore Investment Advisors, Inc., into Vann in exchange for 550,000 shares of the Company's common stock. The surviving corporation changed its name in the merger back to Rushmore Investment Advisors, Inc. The purchase price was determined by means of arms-length negotiations between the Company and the shareholder of Vann. Vann is a privately owned corporation owned by an affiliate of Mr. John A. Vann of Dallas. Mr. Vann will remain with the advisory firm as its chairman, chief executive officer and chief investment officer, pursuant to a three year Employment Agreement. The transaction was accounted for as a purchase.

SIGNATURE

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

Rushmore Financial Group, Inc.

Dated: August 16, 1999

By /s/ Robert W. Hendren

By Robert W. Hendren

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EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
2.3	Asset Purchase Agreement - Block Trading, Inc.
2.4	Asset Purchase Agreement - Millennium Daqcom/Dallas LP
2.5	Asset Purchase Agreement - Daqcom International, LLC
11	Earnings per share
27	Financial Data Schedule

ASSET PURCHASE AGREEMENT

AGREEMENT dated June 15, 1999, by and among BLOCK TRADING, INC., a Texas corporation ("Seller"), and RUSHMORE SECURITIES CORPORATION, a Texas corporation ("Purchaser").

Subject to the approval of the United States Bankruptcy Court for the Southern District of Texas, Houston Division, and the other terms and conditions of this Agreement, Purchaser desires to acquire certain assets of Seller and Seller is willing to sell such assets on the terms and conditions hereinafter set forth.

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

1. Transfer and Assignment of Assets. At the Closing (as hereinafter defined), Seller agrees to convey, transfer, assign and deliver to Purchaser certain of the assets and properties used by it in its securities trading and software development business (the "Business") as conducted from its facilities in Houston, Texas, and Purchaser agrees to accept the same. The assets and properties so conveyed and transferred are hereinafter referred to as the "Purchased Assets" and shall consist of the following, except as set forth in Section 2:

(a) Furniture, Fixtures and Equipment. All furniture, fixtures and equipment and all parts, accessories, tools and supplies pertaining thereto (the "Furniture, Fixtures and Equipment"), the principal items of which as of June 1, 1999, are described in Schedule 1(a) attached hereto.

(b) Prepaid Expenses. All prepaid expenses and deposits, but only to the extent that the benefits thereof shall accrue to Purchaser on and after Closing (the "Prepaid Expense Items"), the principal items of which as of June 1, 1999, are described in Schedule 1(b) attached hereto.

(c) Software. All computer hardware and software, including the software designed for the purpose of providing quote information, executions, trader support and back office record keeping for traders who access the securities, option, futures or commodities markets electronically, including the object (machine-readable) and source (human-readable) code, and all rights thereto.

(d) Name. The right to use the name "BLOCK TRADING" and any variation thereof. At Closing, Seller shall execute and deliver to

Purchaser an Amendment to Seller's Articles of Incorporation to delete the name "Block Trading" from its corporate name.

(e) Warranties. All warranties, guarantees and the like of manufacturers, contractors, sellers or suppliers which pertain to the Purchased Assets.

(f) Telephones. Seller's interest in the telephone numbers and all listings pertaining to Seller in Houston area telephone books and directories.

(g) Receivables. All of Seller's accounts and notes receivable, purchase orders and contract rights for the receipt of money ("Receivables"), a listing of which along with the amount thereof as of June 1, 1999, is to be set forth in Schedule 1(h) to be prepared by Seller and attached hereto.

(h) Going Concern. The business of Seller as a going concern including the goodwill, if any, contract rights, and all records, books, customer lists, brochures, office supplies, literature, general intangible rights, credit information and any and all other operating data of Seller.

(i) Intellectual Property. Full and exclusive rights, subject only to that certain Software Assignment and Settlement Agreement dated April 8, 1999, unencumbered by any other licenses or grants

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of rights to any third party, to any patents, patents pending, patent applications, trademarks, copyrights, service marks, trade names, nondisclosure agreements, a listing of which shall be prepared by Seller and attached as Schedule 1(j), and in addition all trade secrets, inventions, engineering designs, product specifications and processes pertaining to the Purchased Assets.

2. Excluded Assets. Notwithstanding the generality of the foregoing, Purchaser shall not acquire the following assets of Seller:

(a) Cash. Any of Seller's cash, investments or cash equivalents, including any tax refunds and amounts received by Seller from Penson Financial.

(b) Avoidance Powers. Seller does not by this Agreement agree to transfer to Purchaser any bankruptcy avoidance powers or other causes of action with respect to the Purchased Assets or otherwise, all of which shall be retained by Seller.

3. Assumed Obligations. Buyer shall assume on the Closing Date only the obligations, contracts, liabilities and commitments of Seller (the "Assumed Obligations") which are listed on Schedule 3 attached hereto. Buyer shall execute an assumption agreement with respect thereto, in an appropriate form approved by the parties. Buyer shall not assume, be liable for or discharge any debts, liabilities or obligations of Seller of any kind or character which are not specifically listed on Schedule 3.

4. Purchase Price.

(a) Amount. The purchase price for the Purchased Assets shall be the sum of \$800,000.

(b) Form of Payment. The purchase price (the "Purchase Price") shall be paid as follows:

(i) A sum equal to \$50,000 shall be deposited in cash, with Sheinfeld, Maley & Kay, attorneys for seller, to be held in an interest bearing account, to be released to the Seller at Closing upon satisfaction of all conditions and requirements of this Agreement, or to be returned to Purchaser if this Agreement fails to close pursuant to its terms;

(ii) A sum of cash equal to the amount released from escrow and such additional amount required to fund the Purchase Price.

5. Representations and Warranties of Seller. Seller makes no representations or warranties about the nature or condition of the Purchased Assets. The sale hereby shall have been approved by order of the United States Bankruptcy Court for the Southern District of Texas, Houston Division, and the Purchased Assets will be transferred to Purchaser free and clear of all pre-petition and post-petition liens, claims, encumbrances and taxes.

6. Conditions Precedent. All obligations of Purchaser and Seller under this Agreement are subject to the fulfillment prior to or on the Closing of each of the following conditions, unless waived in writing by both. Purchaser and Seller shall each have the right to terminate this Agreement if all such conditions are not fulfilled prior to the Closing, and Purchaser and Seller shall use their best efforts to cause each of the following to be fulfilled:

(a) Bankruptcy Court Approval. Seller shall have received final and nonappealable approval of the United States Bankruptcy Court for the Southern District of Texas, Houston Division, of this Agreement and the sale provided for herein, in a proceeding under Section 363 of the United States Bankruptcy Code, 11 U.S.C. Sec. 363.

(b) Performance by Purchaser and Seller. Purchaser and Seller shall have performed and complied with all agreements, covenants and obligations required by this Agreement to be performed or complied with by them prior to or on the Closing.

(c) No Material Adverse Changes. There shall have been no material adverse change in Seller's business, financial results, relationships with suppliers and distributors, financial condition, or the condition of the Purchased Assets.

(d) Satisfaction with Review. Purchaser shall in its sole discretion be satisfied with its due diligence review of the Purchased Assets and the Business.

(e) Delivery of Items. Seller shall have delivered to Purchaser all items required by this Agreement.

(f) Closing Date. Closing of the purchase and sale hereby shall have occurred not later than 30 days following delivery to Purchaser of all requested due diligence information.

7. Other Agreements and Covenants. In addition to the Agreements set forth herein, the parties hereto agree as follows:

(a) Expenses and Commissions. Each party to this Agreement shall bear its own legal, accounting and other related expenses in connection with the transactions provided for herein. Each of the parties hereto agrees to hold the other harmless from and against any liability for broker's or finder's fees in connection with the purchase and sale provided for herein arising out of contracts, express or implied, which may be asserted against the noncontracting parties.

(b) Future Transactions. During the period from and after the date of this Agreement through the Closing Date, Seller covenants and agrees that, without Purchaser's prior written consent to the contrary, Seller will operate so as:

(i) To carry on the Business in substantially the same manner as heretofore carried on, and not to make any purchase or sale, or enter into any agreement or lease (whether as a lessor or lessee), or introduce any new method of management or operation in respect of any such business, except in the ordinary course of business and in a manner not inconsistent with prior practice and with the terms of this

Agreement;

(ii) Not to acquire, sell, transfer, lease, mortgage, pledge, encumber or otherwise dispose of any fixed asset (other than inventory that is sold in the ordinary and usual course of business) having a present value in excess of \$1,000;

(iii) Not to change or alter the physical contents or character of the Business or result in a change of the total valuation thereof, other than as a result of transactions in the ordinary course of business or as required under the terms of this Agreement;

(iv) To maintain and preserve its business organization and goodwill intact and maintain its relationships with suppliers, customers, creditors, employees and others having business relationships with it;

(v) Not to make any changes or modifications in any agreement to which it is a party which affects the Purchased Assets, except in the ordinary course of business or in an amount not exceeding \$1,000 in any one transaction or as required by this Agreement;

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(vi) Not to make any commitment for any capital expenditures for a single item exceeding \$500 and not to make commitments for capital expenditures exceeding \$1,000 in the aggregate.

(c) Future Assistance. Seller will assist and cooperate with Purchaser in assuming the Business of the Seller. Purchaser shall have the right, but not the obligation, to retain any or all of the current employees of the Seller.

(d) Notice. Any notice, instruction, document or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or by facsimile as follows:

If to Purchaser, to:

D. M. Moore, Jr., Chief Executive Officer
Rushmore Securities Corporation

13355 Noel Road, Suite 300
Dallas, Texas 75240
Fax: (972)450-6001

With copies to:

Ronald L. Brown, Esq.
Glast, Phillips & Murray, P.C.
13355 Noel Road, Suite 2200
Dallas, Texas 75240
Fax: (972)419-8329

If to Seller, to:

Jeffrey Burke, President
Block Trading, Inc.
5085 Westheimer, Suite 4850
Houston, Texas 77056
Fax: (713) 621-5490

With copies to:

Ed Ripley
Sheinfeld, Maley & Kay
1001 Fannin Street, Suite 3700
Houston, Texas 77002
Fax: (713) 658-9756

Any party may change its address or addresses for purposes of this Section by written notice of such change to the other party in the manner herein provided for giving notice.

(e) Non-Solicitation. Neither the Seller, nor its officers and directors will solicit or entertain offers from or negotiate with any person or entity regarding the sale of the Business or assets upon execution of this Agreement. Seller may only solicit or entertain offers if this Agreement is terminated.

(f) Access to Information. From and after the date hereof, Purchaser and its representatives shall be provided with access to the assets, financial statements, employment files, books, records and

employees of Seller and shall have the right to inspect such property and to inspect and copy all such books and records of Seller.

(g) Liquidated Damages. Upon termination of this Agreement upon the occurrence of either of the following events, Seller shall pay to Purchaser the direct out-of-pocket expenses incurred by Purchaser in conducting its due diligence and paying legal fees and other costs of the transaction hereby, in the maximum amount of \$150,000, as liquidated damages and not as a penalty: (i) Seller shall be in breach of any provision of this Agreement, which breach results in the failure to close the sale hereby; or (ii) this Agreement shall be terminated upon the failure of Seller to satisfy a condition to closing, and at any time during 12 months thereafter, Seller shall conclude a transaction for the sale of Seller or its assets with any other party.

8. Closing.

(a) Closing. The Closing shall take place at the offices of Purchaser as set forth above, at such time as the parties may mutually agree upon, but in no event later than the date set forth in Section 6(f) (the "Closing Date"). The Closing Date may be extended upon the joint approval of the parties or by the parties if necessary in order to obtain Bankruptcy Court approval.

(b) Delivery of Items by Seller. At or prior to the Closing, Seller shall deliver to Purchaser:

(1) A Bill of Sale covering all of the Purchased Assets.

(2) An order of the Bankruptcy Court authorizing the transactions contemplated hereby, in form satisfactory to counsel to Purchaser.

(3) All other books, records, papers, evidences of title or interest and documents relating to the Purchased Assets and assumed liabilities.

(c) Delivery of Items by Purchaser. Purchaser shall deliver to Seller at the Closing:

(1) The consideration set forth in Section 4.

(2) An assumption of liabilities as described in Section 3.

(d) Allocation of Price. The purchase price shall be allocated among the Assets as set forth on Schedule 8(d).

9. General.

(a) Section and Subsection headings contained in this Agreement have been inserted for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. This Agreement may not be amended, modified or terminated except by writing signed by executive officers of both Purchaser and Seller. This Agreement represents the culmination of substantial negotiations between the parties and is the entire final Agreement between them pertaining to the subject matter hereof. No waiver of any breach of any term hereof shall be effective unless made in writing, signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(b) This Agreement may be executed in counterparts, all of which together shall constitute one and the same instrument.

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(c) If any section or portion of this Agreement is held to be illegal or otherwise void or invalid, the remainder of this Agreement shall not be affected and shall remain in full force and effect.

(d) THIS AGREEMENT SHALL BE INTERPRETED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

(e) All exhibits, schedules and statements which are attached to the Agreement are incorporated in this Agreement as though fully set forth at the respective points indicated in this Agreement.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement this 15th day of June, 1999

SELLER:

BLOCK TRADING, INC.

By: /s/ Jeffrey A. Burke

Jeffrey A. Burke, President

PURCHASER:

RUSHMORE SECURITIES CORPORATION

By: /s/ D.M. Moore, Jr.

D. M. Moore, Jr., Chief Executive Officer

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT ("Agreement"), dated as of June 30, 1999 among Millennium Daqcom/Dallas LP, a Texas limited partnership (the "Seller"); Millennium Daqcom, LP, the owner of 99% of the outstanding limited partnership interests of the Seller (the "Owner"), RushTrade.com, inc., a Texas corporation ("Purchaser"); and Rushmore Financial Group, Inc., a Texas corporation, and the parent of Purchaser ("Parent").

WHEREAS, the respective governing boards of the Purchaser and the Seller and Owner have duly approved the acquisition of substantially all of the assets of the Seller pursuant to the terms of this Agreement, it is therefore agreed as follows:

ARTICLE I.
PURCHASE AND SALE OF ASSETS

SECTION 1.1 Agreement to Sell. Subject to the terms and conditions hereinafter set forth, at the Closing the Seller shall sell, assign, transfer, convey and deliver to Purchaser, and Purchaser shall purchase from the Seller for the purchase price specified in Article II of this Agreement, the assets listed in Section 1.2 (the "Assets") free and clear of all liens, claims, charges, and encumbrances of any nature whatsoever, except as agreed by Purchaser. In addition, all leases, contracts and agreements constituting part of the Assets shall be assigned to and assumed by Purchaser and shall be at Closing in full force and effect without any existing defaults (or event or conditions, which with notice or lapse of time, or both, would constitute a default) thereunder.

SECTION 1.2 Included Assets. The Assets purchased hereunder shall be all business, assets, properties and rights relating to the Seller's securities trading operation in Dallas, Texas (the "Business") and, except as set forth in Schedule 1.3, shall include, without limitation:

(i) all fixed assets, including equipment, vehicles, furniture and fixtures and all other personal property owned by the Seller and related to the Business, together with all warranties and guaranties thereon (such personal property being more particularly described in Schedule 1.2(i));

(ii) all contracts, purchase orders, leases, royalty agreements, instruments, permits, licenses, franchises, confidentiality agreements and other agreements attributable to the Business, specifically including all contracts described in Section 3.14, which Contracts are more

particularly described in Schedule 1.2(ii) (the "Contracts");

(iii) all trade secrets, customer lists, and all other rights and documents owned, required for or incident to the performance of the Business and all books and records incident thereto, which, however, shall not include any stock books and corporate minute books of the Seller;

(iv) such rights as the Seller has to use its present telephone numbers related to the Business from and after the Closing Date; and

(v) rights to insurance proceeds arising from any loss or damage relating to the Assets.

SECTION 1.3 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, Purchaser shall not purchase or receive or be under any obligation with respect to any cash, investments, accounts receivable, notes receivable, deposits, prepaid expenses or other assets, equipment or contracts which are set forth in Schedule 1.3 (the "Excluded Assets").

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SECTION 1.4 Liabilities of the Seller. Except for the liabilities set forth on Schedule 1.4, Purchaser will not assume any liability or other obligation of Seller and shall acquire the Assets free and clear of any lien, claim, charge or encumbrance. Seller agrees to pay and discharge at or prior to Closing its indebtedness and all of its other liabilities as they pertain to the Business and present evidence thereof to Purchaser.

SECTION 1.5 Closing. The Closing of the purchase and sale hereby shall take place at the offices of Purchaser's attorney, Glast, Phillips & Murray, P.C., 2200 One Galleria Tower, 13355 Noel Road, Dallas, Texas 75240 at a date and time mutually agreeable to Seller and Purchaser as soon as possible upon satisfaction of all conditions set forth in Article VI hereof. At the Closing, each party shall execute and deliver the documents and take the actions required or contemplated by this Agreement in order to complete the transfer of the Assets to Purchaser. The Closing shall occur simultaneously with the closing of the Asset Purchase Agreement dated the date hereof between Purchaser and Seller of the assets and business of Daqcom International LLC (the "Houston Agreement"), the Note Purchase Agreement attached hereto as Exhibit A, and the Asset Purchase Agreement dated June 15, 1999 for the purchase of certain assets of Block Trading, Inc..

ARTICLE II. PURCHASE PRICE

The Purchase Price for the Assets shall consist exclusively of the

assumption by Purchaser of the liabilities set forth on Schedule 1.4 and the sum of \$1,000,000, of which \$150,000 shall be paid in cash by wire transfer at Closing, pursuant to the wire transfer instructions set forth in Schedule 2, and the balance of \$850,000 shall be paid in the form of 154,545 shares of Parent's restricted common stock, par value \$0.01 per share.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES
OF THE SELLER

The Seller and Owner jointly and severally represent and warrant to the Purchaser as follows:

SECTION 3.1 Organization and Qualification. The Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Texas. The Seller has no Subsidiaries or interests in any other entity. The Seller has all requisite power and authority to own or operate its properties and conduct its Business as it is now being conducted. The Seller is duly qualified and in good standing as a foreign entity authorized to do business in each of the jurisdictions in which the character of the properties owned or held under lease by it or the nature of the Business transacted by it makes such qualification necessary.

SECTION 3.2 Authority Relative to this Agreement. The Seller has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the requisite action of the Partners of the Seller, and no other corporate proceedings on the part of the Seller are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by the Seller and, assuming this Agreement constitutes a valid and binding obligation of Purchaser, this Agreement constitutes a valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms.

SECTION 3.3 Consents and Approvals; No Violation. Except as described in the Disclosure Schedule, neither the execution and delivery of this Agreement by the Seller nor the consummation of the transactions contemplated hereby nor compliance by the Seller with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Certificate of Limited Partnership, Partnership Agreement, or other organization documents of the Seller, (b) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental authority, (c) result in a default (with or without due notice or lapse of time or both) (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, Contract, license, agreement or other instrument or obligation to which the Seller is

a party or by which the Seller any of its assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained, (d) result in the creation or imposition of any lien, charge or other encumbrance on the assets of the Seller, or (e) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Seller or any of its assets.

SECTION 3.4 Litigation, etc. Except as described in the Disclosure Schedule, (a) there is no action, claim, or proceeding pending or, to the knowledge of the Seller threatened, to which the Seller is or would be a party before any court or governmental authority acting in an adjudicative capacity, or any arbitrator or arbitration tribunal; (b) the Seller is not subject to any outstanding order, writ, injunction or decree; and (c) since December 31, 1998, there have been no claims made or actions or proceedings brought against any officer or manager of the Seller arising out of or pertaining to any action or omission within the scope of his employment or position with the Seller. All litigation and other administrative, judicial or quasi-judicial proceedings to which the Seller is a party or to which it has been threatened to the Seller's knowledge to be made a party, are described in the Disclosure Schedule.

SECTION 3.5 Changes. Except as expressly contemplated by this Agreement or as reflected in the Disclosure Schedule or in the Seller Financial Statements, since December 31, 1998, the Seller has conducted its Business only in the ordinary and usual course, and, except as set forth in the Disclosure Schedule or in the Seller Financial Statements, none of the following has occurred, except as shall have occurred in the ordinary course of its Business:

(a) any material adverse change in the condition (financial or other), results of operations, Business, assets (including the Assets), customer, supplier and employee relations of the Seller;

(b) any change in accounting methods, principles or practices by the Seller materially affecting its assets (including the Assets), liabilities or Business, except insofar as may have been required by a change in generally accepted accounting principles;

(c) any damage, destruction or loss, whether or not covered by insurance, materially adversely affecting the condition (financial or other), Business, or operations of the Seller;

(d) any entry by the Seller into any commitment or transaction material to the condition (financial or other), Business or operations of the Seller, which is not in the ordinary course of business and consistent with past practice;

(e) any revaluation by the Seller of any of its respective Assets, including without limitation, writing down the value of Assets or writing off notes or accounts receivables other than in the ordinary course of business and consistent with past practice; or

(f) any agreement by the Seller to do any of the things described in the preceding clauses (a) through (e), other than as expressly contemplated or provided for herein.

SECTION 3.6 Environmental Matters. During the period of Seller's ownership, and to the best of Seller's knowledge (without conducting any investigation), at all times prior thereto, none of the real property owned, leased, managed, operated or otherwise utilized by Seller is on any federal or state "Superfund" list or has been the site of any activity that would violate any federal, state, local or foreign environmental law, ordinance, rule, regulation, judgment, order, writ, injunction or decree, past or present, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendment of 1984 ("RCRA"), the Clean Air Act, the Clean Water Act of 1977, the Toxic Substances Control Act, or any other federal, state, local or other law, ordinance, rule, regulation, judgment, order, writ, injunction or decree relating to air pollution, water pollution, noise control and/or the handling, discharge, disposal or recovery of on-site or off-site hazardous substances (as defined in CERCLA), solid waste (as defined in RCRA) or other pollutants, nor has Seller received notice of any potential violation of any such law, ordinance, rule, regulation, judgment, order, writ, injunction or decree concerning, directly or indirectly, Seller or the Assets. To the best of Seller's knowledge (without conducting any investigation), no hazardous substances (as defined in CERCLA), solid waste (as defined in the RCRA) or other pollutants of any nature have been handled,

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stored, treated, recycled or disposed of on or from any such real property that could have been released (as defined in CERCLA) or leaked, spilled or otherwise contaminated any such property or any other real property.

SECTION 3.7 Condition of Assets. As of the date of Closing, the Assets will be in good repair and working order, normal wear and tear excepted, and will not be in immediate need of any major repair or capital expenditure except as noted on the Disclosure Schedule.

SECTION 3.8 Employee Benefits.

(a) The Disclosure Schedule hereto contains a true and complete list of all of the following agreements or plans of Seller which are in effect and which pertain to any of the Personnel:

(i) "employee welfare benefit plans" and "employee pension benefit plans", as defined in Section 3(1) and 3(2), respectively, of the Employee Retirement Income Security Act of 1974, as amended ("ERISA");

(ii) any other pension, profit sharing, retirement, deferred compensation, stock purchase, stock option, incentive, bonus, vacation, severance, disability, health, hospitalization, medical, life insurance, vision, dental, prescription drug, supplemental unemployment, layoff, automobile, apprenticeship and training, day care, scholarship, group legal benefits, fringe benefits, or other employee benefit plan, program, policy, or arrangement, whether written or unwritten, formal or informal, which Seller maintains or to which Seller has any outstanding, present, or future obligation to contribute to or make payments under, whether voluntary, contingent, or otherwise (the plans, programs, policies, or arrangement described in clauses (i) or (ii) are herein collectively referred to as the "Seller Plans").

(b) Seller does not presently contribute and/or has never contributed or been obligated to contribute to a multiemployer plan as defined in section 3(37)(A) of ERISA.

(c) No Seller Plan is subject to Title IV of ERISA.

(d) No Seller Plan has been terminated nor has any accumulated funding deficiency (as defined in Code Section 412(a)) been incurred, nor has any waiver from the Internal Revenue Service been received or requested.

SECTION 3.9 Taxes, Tax Returns.

(a) The Seller has delivered to Purchaser copies of the federal income tax returns of the Seller for each of the last two fiscal years and all schedules and exhibits thereto. Except as set forth on the Disclosure Schedule, the Seller has duly and timely filed in correct form all federal, state and local information returns and tax returns required to be filed by them on or prior to the date hereof (all such returns to the best of knowledge of Seller being accurate and complete in all material respects) and, to the best knowledge of the Seller, has duly paid or made provision for the payment of all taxes and other governmental charges which have been incurred or are due or claimed to be due from them by any governmental authority (including, without limitation, those due in respect of their properties, income, business, capital stock, franchises, licenses, sales and payrolls) other than taxes or other charges (i) which are not yet delinquent or are being contested in good faith and set forth in the Disclosure Schedule and (ii) have not been finally determined.

(b) To the best knowledge of the Seller, (i) proper and accurate amounts have been withheld by the Seller from its employees and others for all prior periods in compliance in all material respects with the tax withholding provisions of applicable federal, state and local laws and regulations, and proper due diligence steps have been taken in connection with

back-up withholding, (ii) federal, state and local returns which are accurate and complete in all material respects have been filed by the Seller for all periods for which returns were due with respect to income tax withholding, Social Security and unemployment taxes and (iii) the amounts shown on such returns to be due and payable have been paid in full, or adequate provision therefore has been included by the Seller in the most recent Seller Financial Statements.

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SECTION 3.10 Tax Audits. Except as disclosed in the Disclosure Schedule, (i) no audit of any material federal, state or local U.S. return of the Seller is currently in progress, nor has the Seller been notified that such an audit is contemplated by any taxing authority, (ii) the Seller has not extended any statute of limitations with respect to the period for assessment of any federal, state or local U.S. tax, and (iii) the Seller does not contemplate the filing of an amendment to any return, which amendment would have a material adverse effect on the Seller.

SECTION 3.11 Undisclosed Liabilities. The Seller is not liable for or subject to any material Liabilities (as hereinafter defined), except (a) liabilities disclosed or reserved for in the most recent Seller Financial Statements and not heretofore paid or discharged, (b) liabilities under any Contract specifically disclosed on the Disclosure Schedule, none of which liabilities under any such Contract were required under generally accepted accounting principles consistently applied to have been adequately and specifically disclosed or reserved for in the most recent Seller Financial Statements, or (c) liabilities incurred, consistent with past practice, in or as a result of the ordinary course of business of the Seller, and in accordance with this Agreement, since the date of the most recent Seller Financial Statements. As used in this Agreement, the term "Liability" or "Liabilities" includes any direct or indirect liability, indebtedness, obligation, guarantee or endorsement (other than endorsements of notes, bills, and checks presented to banks for collection or deposit in the ordinary course of business), whether actual, accrued, absolute, or contingent.

SECTION 3.12 No Default; Compliance.

(a) Except as set forth in the Disclosure Schedule, the Seller is not in default under, and no condition exists that with notice or lapse of time or both would constitute a default under, (i) any mortgage, loan agreement, indenture, evidence of indebtedness or other instrument evidencing borrowed money to which the Seller is a party or by which its properties are bound, (ii) any judgment, order or injunction of any court, arbitrator or governmental agency or (iii) any other agreement, Contract, lease, license or other instrument.

(b) Except as set forth in the Disclosure Schedule, the Seller has complied with all laws, regulations, orders, judgments or decrees of

any federal or state court or governmental authority applicable to the Business.

SECTION 3.13 Contracts and Commitments. Except as listed and described in the Disclosure Schedule, the Seller is not a party to, nor is its assets bound by, any written or oral covenant, contract, agreement or understanding (a "Contract") that will affect the Business after the Closing or that will not be discharged and terminated at or prior to Closing.

(a) Each Contract is a valid agreement, without any material default of Seller thereunder, and to the knowledge of Seller, without any default on the part of any other party thereto. To the knowledge of Seller, no event or occurrence has transpired which with the passage of time or giving of notice or both will constitute a default under any Contract. True and correct copies of the Contracts (and any amendments thereto) have been provided to Purchaser. At the time of Closing, Seller shall have made all payments and performed all obligations due through the Closing Date under each Contract.

(b) No Contract has been assigned by Seller or any interest granted therein by Seller to any third party, or is subject to any mortgage, pledge, hypothecation, security interest, lien, or other encumbrance or claim, all of which shall be released at or prior to Closing.

(c) The Contracts have been entered into in the ordinary course of Seller's business.

SECTION 3.14 Compliance with Law and Permits. The Seller has owned and operated its properties and assets in substantial compliance with the provisions and requirements of all laws, orders, regulations, rules and ordinances issued or promulgated by all governmental authorities having jurisdiction with respect thereto. All necessary governmental certificates, consents, permits, licenses or other authorizations with regard to the ownership or operation by the Seller of its properties and assets have been obtained, and no violation exists in respect of such licenses, permits or authorizations. None of the documents and materials filed with or furnished to any

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governmental authority with respect to the properties, Assets or Business of the Seller contains any untrue statement of a material fact or fails to state a material fact necessary to make the statements therein not misleading.

SECTION 3.15 Title to Property. Except as disclosed on the Disclosure Schedule, the Seller has good and marketable title, insured with respect to properties and Assets which currently are of a type for which insurance is generally available, free and clear of all security interests, liens, encumbrances and encroachments of a material nature, to its real property and other property and Assets that are material to Seller's Business.

SECTION 3.16 Insurance. The Disclosure Schedule sets forth a complete and accurate list and description of all of Seller's insurance policies in force, naming the Seller or any employees of the Seller as an insured or beneficiary or as a loss payable payee or for which the Seller has paid or is obligated to pay all or part of the premiums. The Seller has not received notice of any pending or threatened termination or retroactive premium increase with respect thereto, and the Seller is in compliance with all conditions contained therein, the noncompliance with which could result in termination of insurance coverage or increased premiums for prior or future periods. There are no pending material claims against such insurance by the Seller as to which insurers have denied liability, no defenses provided by insurers under reservations of rights, and no material claim under such insurance that has not been properly filed by the Seller. Purchaser and Seller shall endeavor to transfer all such insurance coverages to Purchaser or the Transferee.

SECTION 3.17 Employees. The Disclosure Statement sets forth a list of the employees of the Seller, stating with respect to each the name, date of hire and rate of compensation. Except as described in the Disclosure Statement, there are no claims or disputes pending with any employee regarding workers' compensation, unemployment benefits, discrimination (including discrimination based on any disability), or compensation, and no employment or collective bargaining agreements is in effect covering any such person.

SECTION 3.18 Financial Statements. Seller has previously delivered to Purchaser unaudited statements of operations and balance sheet as of April 30, 1999 and as of all fiscal months thereafter for which such statements are available, along with the forecasts for the months of May and June 1999 (the "Seller Financial Statements"). The Seller Financial Statements have been prepared in accordance with Seller's historical practices and fairly present the operations of the Business for the periods presented and as of their respective dates.

SECTION 3.19 Trade Names, Trademarks, and Copyrights. The Disclosure Schedule sets forth all trade names, trademarks, service marks, and copyrights and their registrations, owned by the Seller or in which it has any rights or licenses, together with a brief description of each. The Owner has no knowledge of any infringement or alleged infringement by others of any trade name, trademark, service mark, or copyright owned by Seller. The Seller has not infringed, nor is now infringing, on any trade name, trademark, service mark, or copyright belonging to any other person, firm, or corporation. Except as set forth in the Disclosure Schedule, the Seller is not a party to any license, agreement, or arrangement, whether as licensor, licensee, franchisor (other than as franchisor pursuant to the franchise agreements set forth in the Disclosure Schedule), franchisee, or otherwise, with respect to any trade names, trademarks, service marks, or applications for them, or any copyrights. Except as set forth in the Disclosure Schedule, the Seller owns, or holds adequate licenses or other rights to use, all trade names, trademarks, service marks, and copyrights necessary for its respective business as now conducted by it, and that use does not, and will not, conflict with, infringe on, or otherwise violate any rights of others. The Seller has the right to sell or

assign to Purchaser all owned trade names, trademarks, service marks, and all such licenses and other rights.

SECTION 3.20 Millennium Compliance. The Computer hardware and software systems used for the storage and processing of data ("Systems") by the Seller are Millennium Compliant. To the best knowledge of Owner, without having made any investigation, all of the suppliers and third party providers of the Business are Millennium Compliant. The Seller is taking or has taken all necessary and appropriate action to address and remedy any deficiencies in Systems from becoming Millennium Compliant. For purposes of this Section 3.20, "Millennium Compliant" shall mean the ability of Systems to provide the following functions, without human intervention, individually and in combination with other products or systems currently in use by Seller: (a) consistently handle date information before, during, and after January 1, 2000, including but not limited to accepting date input, providing date output, and performing calculations on dates or portions of dates; (b) function accurately and without interruption before, during, and after January 1, 2000 (including leap year computations), without any change in operations associated the advent of a new century; (c) respond to two-digit date input in a way that

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resolves any ambiguity as to century in a disclosed, defined, and predetermined manner; and (d) store and provide output of date information in ways that are unambiguous as to century.

SECTION 3.21 Interests in Customers, Suppliers, Etc. Except as set forth in the Disclosure Schedule, no Owner, officer, or manager or affiliate of the Seller possesses, directly or indirectly, any financial interest in, or is a director, officer, employee or affiliate of, any corporation, firm, association or business organization that is a client, supplier, customer, lessor, lessee or competitor of such Seller. Ownership of securities of a corporation whose securities are registered under the 1934 Act not in excess of five percent (5%) of any class of such securities shall not be deemed to be a financial interest for purposes of this Section.

SECTION 3.22 Investment Purpose. The Owner and Seller represent that they are acquiring and will acquire, as the case may be, the shares of Parent issuable to them pursuant hereto solely for their own account for investment purposes only and not with a view toward resale or distribution thereof other than pursuant to an effective registration statement or applicable exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The Owner and Seller understand that such shares of Parent common stock will be issued in reliance upon an exemption from the registration requirements of the Securities Act and that subsequent sale or transfer of such securities is prohibited absent registration or exemption from the provisions of the Securities Act. The Owner and Seller hereby agree that they will not sell, assign, transfer, pledge or otherwise convey any of the shares of the Parent common stock issuable to them pursuant hereto, except in

compliance with the provisions of the Securities Act and in accordance with any transfer restrictions or similar terms set forth on the certificates representing such securities or otherwise set forth herein.

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ARTICLE IV.
REPRESENTATIONS AND WARRANTIES
OF PURCHASER AND PARENT

Purchaser and Parent jointly and severally represent and warrant to the Seller and Owner as follows:

SECTION 4.1 Organization and Qualification. Purchaser and Parent are corporations duly organized, validly existing and in good standing under the laws of the State of Texas. Purchaser and Parent have all requisite power and authority to own or operate their properties and conduct their businesses as they are now being conducted. Purchaser and Parent are duly qualified and in good standing as a foreign corporation authorized to do business in each of the jurisdictions in which the character of the properties owned or held under lease or the nature of the business transacted by them makes such qualification necessary.

SECTION 4.2 Authority Relative to this Agreement. Purchaser and Parent have all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Purchaser and Parent, and no other proceedings on the part of Purchaser or Parent are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Purchaser and Parent, and, assuming this Agreement constitutes a valid and binding obligation of the Seller, this Agreement constitutes a valid and binding agreement of Purchaser and Parent, enforceable against Purchaser and Parent in accordance with its terms.

SECTION 4.3 Consents and Approvals; No Violation. Except as described in the Disclosure Schedule, neither the execution and delivery of this Agreement by Purchaser and Parent nor the consummation of the transactions contemplated hereby nor compliance by Purchaser or Parent with any of the provisions hereof will (i) conflict with or result in any breach of any provision of the Articles of Incorporation or By-laws of Purchaser or Parent, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, (iii) result in a default (with or without due notice or lapse of time or both) (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions

or provisions of any note, bond, mortgage, indenture, Contract, license, agreement or other instrument or obligation to which the Purchaser or Parent is a party or by which any of its respective assets may be bound, (iv) result in the creation or imposition of any lien, charge or other encumbrance on the assets of the Purchaser or Parent, or (v) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Purchaser or Parent or any of their respective assets.

SECTION 4.4 Parent Common Stock

(1) Parent has, and will have as of the Closing, complete and indefeasible title to the stock (the "Stock") which is being given as part of the Purchase Price pursuant to Article II, above, free and clear of all liens, claims, encumbrances and restrictions of every kind or nature;

(2) Parent has, and will have as of the Closing, the complete and unrestricted right, power and authority to convey the Stock to the Seller and Owner;

(3) The transfer of the Stock to Seller and Owner will not violate any of the provisions of any agreements to which Parent is a party or by which Parent or the Stock is otherwise bound and will not violate any state or federal rule or regulation;

(4) Parent has not made, and will not have made as of the Closing, any prior assignment, hypothecation, pledge or transfer of all or any portion of the Stock; and

(5) The Stock has been, or will have been as of the Closing, duly authorized to have been issued by Parent.

ARTICLE V. COVENANTS

SECTION 5.1 Best Efforts. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all such necessary action.

SECTION 5.2 Consents. Purchaser and Seller will use commercially reasonable efforts to obtain on or before July 31, 1999, such consents of third parties to agreements which would otherwise be violated by any provisions hereof, to take all actions as are reasonably necessary to effect the

transactions contemplated hereby, and to make such filings with governmental authorities necessary to consummate the transactions contemplated by this Agreement including, without limitation, the execution and delivery of any additional instruments (including any required supplemental indentures) necessary to consummate the transactions contemplated by this Agreement.

SECTION 5.3 Public Announcements. Purchaser and the Seller will consult with each other before issuing any press release or otherwise making any public statements with respect to the existence of this Agreement and shall not issue any such press release or make any such public statement prior to such consultation.

SECTION 5.4 Employees. Upon the Closing Date, the Seller shall terminate all of its employees without incurring any obligation for severance pay, unemployment compensation or vesting of employee benefits. Simultaneously, Purchaser shall employ such persons as it shall determine to be needed for its operation of the Business after the Closing, and shall provide such persons with comparable rates of compensation and credit for prior service for purposes of employee benefits and accruals.

SECTION 5.5 Noncompete Agreements.

(a) For a period of two years following the date of Closing neither Seller nor Owner shall directly or indirectly (i) act or serve as an employee (except in a capacity which does not involve management, executive, policy-making, sales, marketing, product development, finance, or accounting activities or advice to management, sales, marketing, development or accounting personnel), officer, director, manager, trustee, agent, operator, advisor, or consultant for any Competing Business (as defined below) operating within the Area; (ii) have any beneficial ownership or equity interest (except for an ownership interest of less than one percent in any company subject to the reporting requirements of the Exchange Act) in any Competing Business operating within the Area, whether such interest is derived as a sole proprietor, partner, Owner, beneficiary, or otherwise, or have any right, option, agreement, understanding, or arrangement to acquire any such interest; (iii) solicit, divert, or appropriate, or attempt to solicit, divert, or appropriate to or for a Competing Business the business of any person or entity located within the Area which was a customer of the Seller on or within one year prior to the Closing Date (or later termination of employment) or the business of which the Seller had solicited within one year prior to the Closing Date (or later termination of employment).

(b) For the purposes of this Section 5.5, "Competing Business" means any business which is engaged in the marketing of investment securities, in the manner being conducted on the date hereof at the offices of Seller in Dallas, Texas or in any business which solicits any customer or client of Parent and its subsidiaries. "Area" shall mean the state of Texas.

(c) If Seller commits a breach, or threatens to commit a breach of the provisions of subsection (a) above, Purchaser shall have the right and remedy to have the provisions of subsection (a) specifically enforced by any court

having jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to Purchaser and that money damages will not provide an adequate remedy to Purchaser.

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(d) If any of the covenants contained in subsection (a) above, or any part thereof, are hereafter construed to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants, which shall be given full effect, without regard to the invalid portions.

(e) If any of the covenants contained in subsection (a) above, or any part thereof, are held to be unenforceable because of the scope or duration of such provision of the geographic area covered thereby, the parties agree that the court making such determination shall have the power to reduce the scope, duration, or area of such provision and, in its reduced form, said provision shall then be enforceable.

SECTION 5.6 Conduct of Business of the Seller. Except as contemplated by this Agreement or disclosed in the Disclosure Schedule, during the period from the date of this Agreement to the Closing Date, the Seller will conduct its operations according to its ordinary and usual course of business and consistent with past practice. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement or disclosed in the Disclosure Schedule, the Seller will not, prior to the Closing Date, without the prior written consent of Purchaser (a) authorize, recommend, propose or announce an intention to authorize, recommend or propose, or enter into an agreement in principle or an agreement with respect to, any merger, consolidation or business combination (other than the sale hereby), any acquisition of a material amount of assets or securities, any disposition of a material amount of assets or securities or any material change in its capitalization, or any entry into a material contract or any release or relinquishment of any material contract rights, not in the ordinary course of business; (b) propose or adopt any amendments to its charter or by-laws; (c) enter into, assign or terminate, or amend in any material respect, any Contract other than in the ordinary course of business; (d) acquire, dispose of, encumber or relinquish any material asset; (e) waive, compromise or settle any right or claim that would adversely affect the ownership, operation or value of any Asset; (f) make any capital expenditures other than pursuant to existing capital expenditure programs that are disclosed in the Disclosure Schedule; (g) allow or permit the expiration, termination or cancellation at any time prior to the Closing Date of any insurance policies or coverages or surety bonds currently maintained by or on behalf of the Seller unless replaced with a policy, coverage or bond having substantially the same coverage and similar terms and conditions; (h) increase, directly or indirectly, the salary or other compensation of any officer or Owner of management of Seller or enter into any employment agreement with any person or pay or enter into any agreement to pay any bonuses or other extraordinary compensation to any officer of the Seller to any Owner of management or other employees, or institute any general increase

in rates of compensation for its employees, or increase, directly or indirectly, any provisions or other benefits of any of such persons; or (i) waive, settle or compromise any material litigation or other claim on a basis materially adverse to the Seller.

ARTICLE VI.
CONDITIONS TO CONSUMMATION OF THE PURCHASE

The respective obligations of each party to effect the Closing are subject to the satisfaction by all parties, or waiver by Purchaser where permissible, at or prior to the Closing of the following conditions. Failure by a party to comply with any such condition shall give the other party the right to terminate this Agreement and to return the parties to their status preceding the execution hereof.

(a) This Agreement and the transactions contemplated hereby shall have been adopted by the requisite affirmative vote of the Partners of the Seller.

(b) There shall have been no material adverse change in the Business or Assets of Seller;

(c) All parties shall have delivered all documents and taken all other actions required by this Agreement.

(d) All representatives and warranties of any party shall be true and effective as of the Closing.

(e) All consents of third parties required for the transactions hereby shall have been received on or before July 31, 1999.

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(f) Purchaser and the other parties to the Asset Purchase Agreement dated June 15, 1999 shall have satisfied all conditions to be able to close the acquisition of certain assets of Block Trading, Inc. pursuant to such agreement, including the obtaining of approval of the U.S. Bankruptcy Court in Houston, Texas.

(g) Purchaser shall be satisfied in its sole discretion on or before July 31, 1999 with its due diligence review of the Assets and the Business.

(h) Purchaser and El Dorado Publishing, Inc. shall have closed the Note Purchase Agreement for the purchase by the Purchaser of \$710,000 in promissory notes payable to El Dorado, in the form attached hereto

as Exhibit A.

(i) Purchaser and Owner shall have closed the Houston Agreement.

(j) The Common Stock of Parent shall have closed at an average sales price of \$5.50 per share during the ten trading days preceding the Closing.

ARTICLE VII.
INDEMNIFICATION

SECTION 7.1 Purchaser's Right to Indemnification. Seller and Owner shall and do hereby jointly and severally indemnify and hold harmless, Parent, Purchaser and their stockholders, directors, officers, employees, agents and representatives from any and all liabilities, obligations, claims, contingencies, damages, costs and expenses (including all court costs and reasonable attorneys' fees) that any such indemnified party may suffer or incur as a result of or relating to: (a) the breach or inaccuracy, or any alleged breach or inaccuracy, of any of the representations, warranties, covenants or agreements made by Seller herein or pursuant hereto; (b) any lawsuit, claim or proceeding of any nature relating to Seller existing at or prior to the Closing or arising out of any act, transaction, circumstance or fact relating to Seller occurring prior to the Closing; (c) any income or related tax arising out of or resulting from the operations of Seller prior to the Closing, any transaction or activity of Seller prior to the Closing or any income derived by Seller prior to the Closing; (d) any wages, salaries or other compensation, and other liabilities, obligations, claims or contingencies of any nature due or payable at any time whatsoever to the Owner, or an officer, employee, agent or representative of Seller, including any of such persons terminated by Seller at or prior to the Closing and any of such persons hired by Purchaser as of the Closing, in connection with their services to or employment by the Seller prior to the Closing; (e) any loss, claim or liability resulting from the operation of the Business prior to the Closing.

SECTION 7.2 Seller's and Owners' Right to Indemnification. Purchaser and Parent shall and do hereby jointly and severally indemnify and hold Seller and Owner, and their directors, officers, partners, employees, agents and representatives harmless from any and all liabilities, obligations, claims, contingencies, damages, costs and expenses (including all court costs and reasonable attorneys' fees) that Seller or any such indemnified party may suffer or incur as a result of or relating to: (a) the breach or inaccuracy, or any alleged breach or inaccuracy, of any of the representations, warranties, covenants or agreements made by Purchaser and Parent herein or pursuant hereto; and (b) those liabilities, obligations, claims, contingencies and encumbrances accruing or arising after the Closing in connection with the Business of the Purchaser, except to the extent that such liabilities, obligations, claims, contingencies or encumbrances are attributable to actions taken or omitted to be taken by Seller and/or the Owner prior to the Closing.

SECTION 7.3 Notices. The party seeking indemnification hereunder ("Indemnitee") shall promptly, and within 30 days after notice to it (notice to Indemnitee being the filing of any action, receipt of any claim in writing or similar form of actual notice) of any claim as to which it asserts a right to indemnification, notify the party from whom indemnification is sought ("Indemnitor") of such claim. Indemnitee shall bill Indemnitor for any such claims no more frequently than on a monthly basis, and Indemnitor shall promptly pay (or cause to be paid) Indemnitee upon receipt of any such bill. The failure of Indemnitee to give the notification to Indemnitor contemplated above in this Section shall not relieve Indemnitor from any liability or obligation that it may have pursuant to this Agreement unless the failure to give such notice within such time shall have been materially prejudicial to it, and in no event

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shall the failure to give such notification relieve Indemnitor from any liability it may have other than pursuant to this Agreement.

SECTION 7.4 Third-Party Claims. If any claim for indemnification by Indemnitee arises out of an action or claim by a person other than Indemnitee, Indemnitor may, by written notice to Indemnitee, undertake to conduct the defense thereof and to take all other steps or proceedings to defeat or compromise any such action or claim, including the employment of counsel; provided that Indemnitor shall reasonably consider the advice of Indemnitee as to the defense or compromise of such actions and claims, and Indemnitee shall have the right to participate, at its own expense, in such proceedings, but control of such proceedings shall remain exclusively with Indemnitor. Indemnitee shall provide all reasonable cooperation to Indemnitor in connection with such proceedings. Counsel and auditor costs and expenses and court costs and fees of all proceedings with respect to any such action or claim shall be borne by Indemnitor, except in cases in which the Indemnitee chooses to participate at its cost. If any such claim is made hereunder and Indemnitor does not elect to undertake the defense thereof by written notice to Indemnitee, Indemnitee shall be entitled to control such proceedings and shall be entitled to indemnify with respect thereto pursuant to the terms of this Article VII. To the extent that Indemnitor undertakes the defense of such claim by written notice to Indemnitee and diligently pursues such defense at its expense, Indemnitee shall be entitled to indemnification hereunder only to the extent that such defense is unsuccessful as determined by a final judgment of a court of competent jurisdiction, or by written acknowledgment of the parties.

SECTION 7.5 Offset. In addition to any other right of recovery available to any party hereto, any claim for indemnity pursuant to this Article VII may be offset against its right to recover any obligations owed by the offsetting party to the party against which indemnification is claimed.

SECTION 7.6 Access to Records. Seller, Owner, and their agents, shall be afforded reasonable access to the books and records of Purchaser during

normal business hours upon reasonable notice for the purpose of verifying any claim against Seller hereunder and any other reasonable purpose. Seller, Owner, or their agents may be required to sign an appropriate confidentiality agreement prior to any inspection of books and records hereunder.

SECTION 7.7 Limitation of Actions. No action for indemnification under this Section Article VII shall be brought later than two years from the date of Closing, provided that such survival period shall extend to the expiration of the applicable statute of limitation for claims involving taxation and environmental matters. No party shall have any indemnification obligation in excess of the Purchase Price set forth in Article II.

SECTION 7.8 Arbitration. All disputes under this Article VII shall be settled by arbitration in Dallas, Texas, before one arbitrator pursuant to the rules of the American Arbitration Association. The parties shall seek to agree to a single arbitrator, and if they cannot agree, an arbitrator will be appointed by the Dallas office of the American Arbitration Association. Arbitration may be commenced at any time by any party hereto giving written notice to each other party to a dispute that such dispute has been referred to arbitration under this Section 7.7. Any award rendered by the arbitrator shall be conclusive and binding upon the parties hereto; provided, however, that any such award shall be accompanied by a written opinion giving the reasons for the award. This provision for arbitration shall be specifically enforceable by the parties and the decision of the arbitrator shall be final and binding and there shall be no right of appeal therefrom. Each party shall pay its own expenses of arbitration and the expenses of the arbitrator shall be equally shared; provided, however, that if in the opinion of the arbitrator any claim for indemnification or any defense or objection thereto was unreasonable, the arbitrator may assess, as part of its award, all or any part of the arbitration expenses of the other party (including reasonable attorney's fees) and of the arbitrator against the party raising such unreasonable claim, defense or objection.

ARTICLE VII.
MISCELLANEOUS

SECTION 8.1 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 8.2 Brokerage Fees and Commissions. All parties represent that they have incurred no obligation for brokerage commissions.

SECTION 8.3 Entire Agreement; Assignment. This Agreement (a) constitutes the entire agreement among the parties with respect to the subject

matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof and (b) shall not be assigned by operation of law or otherwise without the consent of the other party hereto.

SECTION 8.4 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, each of which shall remain in full force and effect.

SECTION 8.5 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by facsimile telegram or telex, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

If to the Seller:

Millennium Daqcom/Dallas LP
c/o Robert G. Bailey
3306 Sul Ross
Houston, Texas 77098

If to Purchaser:

RushTrade.com, inc.
13355 Noel Road, Suite 610
Dallas, Texas 75240
Attention: D. M. Moore, Jr.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

SECTION 8.6 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS THEREOF. ANY DISPUTE ARISING UNDER THIS AGREEMENT NOT OTHERWISE SUBJECT TO ARBITRATION SHALL BE REFERRED TO THE STATE COURTS IN DALLAS COUNTY, TEXAS.

SECTION 8.7 Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning of interpretation of this Agreement.

SECTION 8.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

SECTION 8.9 Expenses. Except as otherwise provided herein, each of the parties shall bear and pay all costs and expenses incurred by it or on its

behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

SECTION 8.10 Survival. All of the covenants, representations and warranties of any party hereto shall survive the Closing.

SECTION 8.11 Disclosure Schedule. Within ten business days hereafter, the Seller and the Purchaser shall deliver the Disclosure Schedule to each other. The Disclosure Schedule shall contain all information required to disclose fully any exception or qualification to this Agreement and shall cross reference the section of this Agreement so qualified.

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SECTION 8.12 Termination. This Agreement may be terminated by either party without penalty if the Closing has not occurred on or before August 31, 1999.

SECTION 8.13 Time. Time is and shall be of the essence of this Agreement.

SECTION 8.14 Fax Signatures. This Agreement and any agreement or document contemplated hereby may be signed and delivered by a party by facsimile, such facsimile shall be deemed to be an original signature.

SIGNATURES FOLLOW

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IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year set forth above.

MILLENNIUM DAQCOM/DALLAS, LP
By: Daqcom Management, LLC, General Partner

By: /s/ Albert E. Butler

Albert E. Butler, President

MILLENNIUM DAQCOM LP
By Daqcom Management LLC, General Partner

By /s/ Albert E. Butler

Albert E. Butler, President

RUSHMORE FINANCIAL GROUP, INC.

By /s/ D. M. Moore, Jr.

D. M. Moore, Jr., President

RUSHTRADE.COM, INC.

By /s/ D. M. Moore, Jr.

D. M. Moore, Jr., President

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT ("Agreement"), dated as of June 30, 1999 among Daqcom International, LLC, a Nevada limited liability company (the "Seller"); Millennium Daqcom, LP, the owner of 100% of the outstanding ownership interests of the Seller (the "Member"), RushTrade.com, inc., a Texas corporation ("Purchaser"); and Rushmore Financial Group, Inc., a Texas corporation, and the parent of Purchaser ("Parent").

WHEREAS, the respective governing boards of the Purchaser and the Seller and Member have duly approved the acquisition of substantially all of the assets of the Seller pursuant to the terms of this Agreement, it is therefore agreed as follows:

ARTICLE I.

PURCHASE AND SALE OF ASSETS

SECTION 1.1 Agreement to Sell. Subject to the terms and conditions hereinafter set forth, at the Closing the Seller shall sell, assign, transfer, convey and deliver to Purchaser, and Purchaser shall purchase from the Seller for the purchase price specified in Article II of this Agreement, the assets listed in Section 1.2 (the "Assets") free and clear of all liens, claims, charges, and encumbrances of any nature whatsoever, except as agreed by Purchaser. In addition, all leases, contracts and agreements constituting part of the Assets shall be assigned to and assumed by Purchaser and shall be at Closing in full force and effect without any existing defaults (or event or conditions, which with notice or lapse of time, or both, would constitute a default) thereunder.

SECTION 1.2 Included Assets. The Assets purchased hereunder shall be all business, assets, properties and rights relating to the Seller's securities trading operation in Houston, Texas (the "Business") and, except as set forth in Schedule 1.3, shall include, without limitation:

(i) all fixed assets, including equipment, vehicles, furniture and fixtures and all other personal property owned by the Seller and related to the Business, together with all warranties and guaranties thereon (such personal property being more particularly described in Schedule 1.2(i));

(ii) all contracts, purchase orders, leases, royalty agreements, instruments, permits, licenses, franchises, confidentiality agreements and other agreements attributable

to the Business, specifically including all contracts described in Section 3.14, which Contracts are more particularly described in Schedule 1.2(ii) (the "Contracts");

(iii) all trade secrets, customer lists, and all other rights and documents owned, required for or incident to the performance of the Business and all books and records incident thereto, which, however, shall not include any stock books and corporate minute books of the Seller;

(iv) such rights as the Seller has to use its present telephone numbers related to the Business from and after the Closing Date; and

(v) rights to insurance proceeds arising from any loss or damage relating to the Assets.

SECTION 1.3 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, Purchaser shall not purchase or receive or be under any obligation with respect to any cash, investments, accounts receivable, notes receivable, deposits, prepaid expenses or other assets, equipment or contracts which are set forth in Schedule 1.3 (the "Excluded Assets").

SECTION 1.4 Liabilities of the Seller. Except for the liabilities set forth on Schedule 1.4, Purchaser will not assume any liability or other obligation of Seller and shall acquire the Assets free and clear of any lien, claim,

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charge or encumbrance. Seller agrees to pay and discharge at or prior to Closing its indebtedness and all of its other liabilities pertaining to the Business and present evidence thereof to Purchaser.

SECTION 1.5 Closing. The Closing of the purchase and sale hereby shall take place at the offices of Purchaser's attorney, Glast, Phillips & Murray, P.C., 2200 One Galleria Tower, 13355 Noel Road, Dallas, Texas 75240 at a date and time mutually agreeable to Seller and Purchaser as soon as possible upon satisfaction of all conditions set forth in Article VI hereof. At the Closing, each party shall execute and deliver the documents and take the actions required or contemplated by this Agreement in order to complete the transfer of the Assets to Purchaser. The Closing shall occur simultaneously with the closing of the Asset Purchase Agreement dated the date hereof between Purchaser and Seller of the assets and business of Millennium Daqcom/Dallas LP (the "Dallas Agreement"), the Note Purchase Agreement attached hereto as Exhibit, and the Asset Purchase Agreement dated June 15, 1999 for the purchase of certain assets of Block Trading, Inc.

ARTICLE II.

PURCHASE PRICE

The Purchase Price for the Assets shall consist exclusively of the assumption by Purchaser of the liabilities set forth in Schedule 1.4 and the sum of \$1,000,000, of which \$150,000 shall be paid in cash by wire transfer at Closing, pursuant to the wire transfer instructions set forth in Schedule 2, and the balance of \$850,000 shall be paid in the form of 154,545 shares of Parent's restricted common stock, par value \$0.01 per share.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller and Member jointly and severally represent and warrant to the Purchaser as follows:

SECTION 3.1 Organization and Qualification. The Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Nevada. The Seller has no Subsidiaries or interests in any other entity. The Seller has all requisite power and authority to own or operate its properties and conduct its Business as it is now being conducted. The Seller is duly qualified and in good standing as a foreign entity authorized to do business in each of the jurisdictions in which the character of the properties owned or held under lease by it or the nature of the Business transacted by it makes such qualification necessary.

SECTION 3.2 Authority Relative to this Agreement. The Seller has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Managers and Members of the Seller, and no other corporate proceedings on the part of the Seller are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by the Seller and, assuming this Agreement constitutes a valid and binding obligation of Purchaser, this Agreement constitutes a valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms.

SECTION 3.3 Consents and Approvals; No Violation. Except as described in the Disclosure Schedule, neither the execution and delivery of this Agreement by the Seller nor the consummation of the transactions contemplated hereby nor compliance by the Seller with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Organization, Regulations or other organization documents of the Seller, (b) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental authority, (c) result in a default (with or without due notice or lapse of time or both) (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, Contract, license, agreement or other instrument or obligation to which the Seller is a party or

by which the Seller any of its assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained, (d) result in the creation

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or imposition of any lien, charge or other encumbrance on the assets of the Seller, or (e) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Seller or any of its assets.

SECTION 3.4 Litigation, etc. Except as described in the Disclosure Schedule, (a) there is no action, claim, or proceeding pending or, to the knowledge of the Seller threatened, to which the Seller is or would be a party before any court or governmental authority acting in an adjudicative capacity, or any arbitrator or arbitration tribunal; (b) the Seller is not subject to any outstanding order, writ, injunction or decree; and (c) since December 31, 1998, there have been no claims made or actions or proceedings brought against any officer or manager of the Seller arising out of or pertaining to any action or omission within the scope of his employment or position with the Seller. All litigation and other administrative, judicial or quasi-judicial proceedings to which the Seller is a party or to which it has been threatened to the Seller's knowledge to be made a party, are described in the Disclosure Schedule.

SECTION 3.5 Changes. Except as expressly contemplated by this Agreement or as reflected in the Disclosure Schedule or in the Seller Financial Statements, since December 31, 1998, the Seller has conducted its Business only in the ordinary and usual course, and, except as set forth in the Disclosure Schedule or in the Seller Financial Statements, none of the following has occurred, except as shall have occurred in the ordinary course of its Business:

(a) any material adverse change in the condition (financial or other), results of operations, Business, assets (including the Assets), customer, supplier and employee relations of the Seller;

(b) any change in accounting methods, principles or practices by the Seller materially affecting its assets (including the Assets), liabilities or Business, except insofar as may have been required by a change in generally accepted accounting principles;

(c) any damage, destruction or loss, whether or not covered by insurance, materially adversely affecting the condition (financial or other), Business, or operations of the Seller;

(d) any entry by the Seller into any commitment or transaction material to the condition (financial or other), Business or operations of the Seller, which is not in the ordinary course of business and consistent with past practice;

(e) any revaluation by the Seller of any of its respective

Assets, including without limitation, writing down the value of Assets or writing off notes or accounts receivables other than in the ordinary course of business and consistent with past practice; or

(f) any agreement by the Seller to do any of the things described in the preceding clauses (a) through (e), other than as expressly contemplated or provided for herein.

SECTION 3.6 Environmental Matters. During the period of Seller's ownership, and to the best of Seller's knowledge (without conducting any investigation), at all times prior thereto, none of the real property owned, leased, managed, operated or otherwise utilized by Seller is on any federal or state "Superfund" list or has been the site of any activity that would violate any federal, state, local or foreign environmental law, ordinance, rule, regulation, judgment, order, writ, injunction or decree, past or present, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendment of 1984 ("RCRA"), the Clean Air Act, the Clean Water Act of 1977, the Toxic Substances Control Act, or any other federal, state, local or other law, ordinance, rule, regulation, judgment, order, writ, injunction or decree relating to air pollution, water pollution, noise control and/or the handling, discharge, disposal or recovery of on-site or off-site hazardous substances (as defined in CERCLA), solid waste (as defined in RCRA) or other pollutants, nor has Seller received notice of any potential violation of any such law, ordinance, rule, regulation, judgment, order, writ, injunction or decree concerning, directly or indirectly, Seller or the Assets. To the best of Seller's knowledge (without conducting any investigation), no hazardous substances (as defined in CERCLA), solid waste (as defined in the RCRA) or other pollutants of any nature have been handled, stored, treated, recycled or disposed of on or from any such real property that could have been released (as defined in CERCLA) or leaked, spilled or otherwise contaminated any such property or any other real property.

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SECTION 3.7 Condition of Assets. As of the date of Closing, the Assets will be in good repair and working order, normal wear and tear excepted, and will not be in immediate need of any major repair or capital expenditure except as noted on the Disclosure Schedule.

SECTION 3.8 Employee Benefits.

(a) The Disclosure Schedule hereto contains a true and complete list of all of the following agreements or plans of Seller which are in effect and which pertain to any of the Personnel:

(i) "employee welfare benefit plans" and "employee pension benefit plans", as defined in Section 3(1) and 3(2),

respectively, of the Employee Retirement Income Security Act of 1974, as amended ("ERISA");

(ii) any other pension, profit sharing, retirement, deferred compensation, stock purchase, stock option, incentive, bonus, vacation, severance, disability, health, hospitalization, medical, life insurance, vision, dental, prescription drug, supplemental unemployment, layoff, automobile, apprenticeship and training, day care, scholarship, group legal benefits, fringe benefits, or other employee benefit plan, program, policy, or arrangement, whether written or unwritten, formal or informal, which Seller maintains or to which Seller has any outstanding, present, or future obligation to contribute to or make payments under, whether voluntary, contingent, or otherwise (the plans, programs, policies, or arrangement described in clauses (i) or (ii) are herein collectively referred to as the "Seller Plans").

(b) Seller does not presently contribute and/or has never contributed or been obligated to contribute to a multiemployer plan as defined in section 3(37)(A) of ERISA.

(c) No Seller Plan is subject to Title IV of ERISA.

(d) No Seller Plan has been terminated nor has any accumulated funding deficiency (as defined in Code Section 412(a)) been incurred, nor has any waiver from the Internal Revenue Service been received or requested.

SECTION 3.9 Taxes, Tax Returns.

(a) The Seller has delivered to Purchaser copies of the federal income tax returns of the Seller for each of the last two fiscal years and all schedules and exhibits thereto. Except as set forth on the Disclosure Schedule, the Seller has duly and timely filed in correct form all federal, state and local information returns and tax returns required to be filed by them on or prior to the date hereof (all such returns to the best of knowledge of Seller being accurate and complete in all material respects) and, to the best knowledge of the Seller, has duly paid or made provision for the payment of all taxes and other governmental charges which have been incurred or are due or claimed to be due from them by any governmental authority (including, without limitation, those due in respect of their properties, income, business, capital stock, franchises, licenses, sales and payrolls) other than taxes or other charges (i) which are not yet delinquent or are being contested in good faith and set forth in the Disclosure Schedule and (ii) have not been finally determined.

(b) To the best knowledge of the Seller, (i) proper and accurate amounts have been withheld by the Seller from its employees and others for all prior periods in compliance in all material respects with the tax

withholding provisions of applicable federal, state and local laws and regulations, and proper due diligence steps have been taken in connection with back-up withholding, (ii) federal, state and local returns which are accurate and complete in all material respects have been filed by the Seller for all periods for which returns were due with respect to income tax withholding, Social Security and unemployment taxes and (iii) the amounts shown on such returns to be due and payable have been paid in full, or adequate provision therefore has been included by the Seller in the most recent Seller Financial Statements.

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SECTION 3.10 Tax Audits. Except as disclosed in the Disclosure Schedule, (i) no audit of any material federal, state or local U.S. return of the Seller is currently in progress, nor has the Seller been notified that such an audit is contemplated by any taxing authority, (ii) the Seller has not extended any statute of limitations with respect to the period for assessment of any federal, state or local U.S. tax, and (iii) the Seller does not contemplate the filing of an amendment to any return, which amendment would have a material adverse effect on the Seller.

SECTION 3.11 Undisclosed Liabilities. The Seller is not liable for or subject to any material Liabilities (as hereinafter defined), except (a) liabilities disclosed or reserved for in the most recent Seller Financial Statements and not heretofore paid or discharged, (b) liabilities under any Contract specifically disclosed on the Disclosure Schedule, none of which liabilities under any such Contract were required under generally accepted accounting principles consistently applied to have been adequately and specifically disclosed or reserved for in the most recent Seller Financial Statements, or (c) liabilities incurred, consistent with past practice, in or as a result of the ordinary course of business of the Seller, and in accordance with this Agreement, since the date of the most recent Seller Financial Statements. As used in this Agreement, the term "Liability" or "Liabilities" includes any direct or indirect liability, indebtedness, obligation, guarantee or endorsement (other than endorsements of notes, bills, and checks presented to banks for collection or deposit in the ordinary course of business), whether actual, accrued, absolute, or contingent.

SECTION 3.12 No Default; Compliance.

(a) Except as set forth in the Disclosure Schedule, the Seller is not in default under, and no condition exists that with notice or lapse of time or both would constitute a default under, (i) any mortgage, loan agreement, indenture, evidence of indebtedness or other instrument evidencing borrowed money to which the Seller is a party or by which its properties are bound, (ii) any judgment, order or injunction of any court, arbitrator or governmental agency or (iii) any other agreement, Contract, lease, license or other instrument.

(b) Except as set forth in the Disclosure Schedule, the Seller has complied with all laws, regulations, orders, judgments or decrees of any federal or state court or governmental authority applicable to the Business.

SECTION 3.13 Contracts and Commitments. Except as listed and described in the Disclosure Schedule, the Seller is not a party to, nor is its assets bound by, any written or oral covenant, contract, agreement or understanding (a "Contract") that will affect the Business after the Closing or that will not be discharged and terminated at or prior to Closing.

(a) Each Contract is a valid agreement, without any material default of Seller thereunder, and to the knowledge of Seller, without any default on the part of any other party thereto. To the knowledge of Seller, no event or occurrence has transpired which with the passage of time or giving of notice or both will constitute a default under any Contract. True and correct copies of the Contracts (and any amendments thereto) have been provided to Purchaser. At the time of Closing, Seller shall have made all payments and performed all obligations due through the Closing Date under each Contract.

(b) No Contract has been assigned by Seller or any interest granted therein by Seller to any third party, or is subject to any mortgage, pledge, hypothecation, security interest, lien, or other encumbrance or claim, all of which shall be released at or prior to Closing.

(c) The Contracts have been entered into in the ordinary course of Seller's business.

SECTION 3.14 Compliance with Law and Permits. The Seller has owned and operated its properties and assets in substantial compliance with the provisions and requirements of all laws, orders, regulations, rules and ordinances issued or promulgated by all governmental authorities having jurisdiction with respect thereto. All necessary governmental certificates, consents, permits, licenses or other authorizations with regard to the ownership or operation by the Seller of its properties and assets have been obtained, and no violation exists in respect of such licenses, permits or authorizations. None of the documents and materials filed with or furnished to any governmental authority with respect to the properties, Assets or Business of the Seller contains any untrue statement of a material fact or fails to state a material fact necessary to make the statements therein not misleading.

SECTION 3.15 Title to Property. Except as disclosed on the Disclosure Schedule, the Seller has good and marketable title, insured with respect to properties and Assets which currently are of a type for which insurance is generally available, free and clear of all security interests, liens, encumbrances and encroachments of a material nature, to its real property and other property and Assets that are material to Seller's Business.

SECTION 3.16 Insurance. The Disclosure Schedule sets forth a complete and accurate list and description of all of Seller's insurance policies in force, naming the Seller or any employees of the Seller as an insured or beneficiary or as a loss payable payee or for which the Seller has paid or is obligated to pay all or part of the premiums. The Seller has not received notice of any pending or threatened termination or retroactive premium increase with respect thereto, and the Seller is in compliance with all conditions contained therein, the noncompliance with which could result in termination of insurance coverage or increased premiums for prior or future periods. There are no pending material claims against such insurance by the Seller as to which insurers have denied liability, no defenses provided by insurers under reservations of rights, and no material claim under such insurance that has not been properly filed by the Seller. Purchaser and Seller shall endeavor to transfer all such insurance coverages to Purchaser or the Transferee.

SECTION 3.17 Employees. The Disclosure Statement sets forth a list of the employees of the Seller, stating with respect to each the name, date of hire and rate of compensation. Except as described in the Disclosure Statement, there are no claims or disputes pending with any employee regarding workers' compensation, unemployment benefits, discrimination (including discrimination based on any disability), or compensation, and no employment or collective bargaining agreements is in effect covering any such person.

SECTION 3.18 Financial Statements. Seller has previously delivered to Purchaser unaudited statements of operations and balance sheet as of April 30, 1999 and as of all fiscal months thereafter for which such statements are available, along with the forecasts for the months of May and June 1999 (the "Seller Financial Statements"). The Seller Financial Statements have been prepared in accordance with Seller's historical practices and fairly present the operations of the Business for the periods presented and as of their respective dates.

SECTION 3.19 Trade Names, Trademarks, and Copyrights. The Disclosure Schedule sets forth all trade names, trademarks, service marks, and copyrights and their registrations, owned by the Seller or in which it has any rights or licenses, together with a brief description of each. The Member has no knowledge of any infringement or alleged infringement by others of any trade name, trademark, service mark, or copyright owned by Seller. The Seller has not infringed, nor is now infringing, on any trade name, trademark, service mark, or copyright belonging to any other person, firm, or corporation. Except as set forth in the Disclosure Schedule, the Seller is not a party to any license, agreement, or arrangement, whether as licensor, licensee, franchisor (other than as franchisor pursuant to the franchise agreements set forth in the Disclosure Schedule), franchisee, or otherwise, with respect to any trade names, trademarks, service marks, or applications for them, or any copyrights. The Seller owns, or holds adequate licenses or other rights to use, all trade names, trademarks, service marks, and copyrights necessary for its respective business as now conducted by it, and that use does not, and will not, conflict with, infringe on, or otherwise violate any rights of others. Except as set forth in the Disclosure Schedule, the Seller has the right to sell or assign to

Purchaser all owned trade names, trademarks, service marks, and all such licenses and other rights.

SECTION 3.20 Millennium Compliance. The Computer hardware and software systems used for the storage and processing of data ("Systems") by the Seller are Millennium Compliant. To the best knowledge of Member, without having made any investigation, all of the suppliers and third party providers of the Business are Millennium Compliant. The Seller is taking or has taken all necessary and appropriate action to address and remedy any deficiencies in Systems from becoming Millennium Compliant. For purposes of this Section 3.20, "Millennium Compliant" shall mean the ability of Systems to provide the following functions, without human intervention, individually and in combination with other products or systems currently in use by Seller: (a) consistently handle date information before, during, and after January 1, 2000, including but not limited to accepting date input, providing date output, and performing calculations on dates or portions of dates; (b) function accurately and without interruption before, during, and after January 1, 2000 (including leap year computations), without any change in operations associated the advent of a new century; (c) respond to two-digit date input in a way that resolves any ambiguity as to century in a disclosed, defined, and predetermined manner; and (d) store and provide output of date information in ways that are unambiguous as to century.

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SECTION 3.21 Interests in Customers, Suppliers, Etc. Except as set forth in the Disclosure Schedule, no Member, officer, or manager or affiliate of the Seller possesses, directly or indirectly, any financial interest in, or is a director, officer, employee or affiliate of, any corporation, firm, association or business organization that is a client, supplier, customer, lessor, lessee or competitor of such Seller. Ownership of securities of a corporation whose securities are registered under the 1934 Act not in excess of five percent (5%) of any class of such securities shall not be deemed to be a financial interest for purposes of this Section.

SECTION 3.22 Investment Purpose. The Member and Seller represent that they are acquiring and will acquire, as the case may be, the shares of Parent issuable to them pursuant hereto solely for their own account for investment purposes only and not with a view toward resale or distribution thereof other than pursuant to an effective registration statement or applicable exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The Member and Seller understand that such shares of Parent common stock will be issued in reliance upon an exemption from the registration requirements of the Securities Act and that subsequent sale or transfer of such securities is prohibited absent registration or exemption from the provisions of the Securities Act. The Member and Seller hereby agree that they will not sell, assign, transfer, pledge or otherwise convey any of the shares of the Parent common stock issuable to them pursuant hereto, except in compliance with the provisions of the Securities Act and in accordance with any

transfer restrictions or similar terms set forth on the certificates representing such securities or otherwise set forth herein.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES
OF PURCHASER AND PARENT

Purchaser and Parent jointly and severally represent and warrant to the Seller and Member as follows:

SECTION 4.1 Organization and Qualification. Purchaser and Parent are corporations duly organized, validly existing and in good standing under the laws of the State of Texas. Purchaser and Parent have all requisite power and authority to own or operate their properties and conduct their businesses as they are now being conducted. Purchaser and Parent are duly qualified and in good standing as a foreign corporation authorized to do business in each of the jurisdictions in which the character of the properties owned or held under lease or the nature of the business transacted by them makes such qualification necessary.

SECTION 4.2 Authority Relative to this Agreement. Purchaser and Parent have all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Purchaser and Parent, and no other proceedings on the part of Purchaser or Parent are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Purchaser and Parent, and, assuming this Agreement constitutes a valid and binding obligation of the Seller, this Agreement constitutes a valid and binding agreement of Purchaser and Parent, enforceable against Purchaser and Parent in accordance with its terms.

SECTION 4.3 Consents and Approvals; No Violation. Except as described in the Disclosure Schedule, neither the execution and delivery of this Agreement by Purchaser and Parent nor the consummation of the transactions contemplated hereby nor compliance by Purchaser or Parent with any of the provisions hereof will (i) conflict with or result in any breach of any provision of the Articles of Incorporation or By-laws of Purchaser or Parent, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, (iii) result in a default (with or without due notice or lapse of time or both) (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, Contract, license, agreement or other instrument or obligation to which the Purchaser or Parent is a party or by which any of its respective assets may be bound, (iv) result in the creation or imposition of any lien, charge or other encumbrance on the assets of the Purchaser or Parent, or (v) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Purchaser or Parent or any of their respective assets.

SECTION 4.4 Parent Common Stock

(1) Parent has, and will have as of the Closing, complete and indefeasible title to the stock (the "Stock") which is being given as part of the Purchase Price pursuant to Article II, above, free and clear of all liens, claims, encumbrances and restrictions of every kind or nature;

(2) Parent has, and will have as of the Closing, the complete and unrestricted right, power and authority to convey the Stock to the Seller and Member;

(3) The transfer of the Stock to Seller and Member will not violate any of the provisions of any agreements to which Parent is a party or by which Parent or the Stock is otherwise bound and will not violate any state or federal rule or regulation;

(4) Parent has not made, and will not have made as of the Closing, any prior assignment, hypothecation, pledge or transfer of all or any portion of the Stock; and

(5) The Stock has been, or will have been as of the Closing, duly authorized to have been issued by Parent.

ARTICLE V.
COVENANTS

SECTION 5.1 Best Efforts. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all such necessary action.

SECTION 5.2 Consents. Purchaser and Seller will use commercially reasonable efforts to obtain on or before July 31, 1999, such consents of third parties to agreements which would otherwise be violated by any provisions hereof, to take all actions as are reasonably necessary to effect the transactions contemplated hereby, and to make such filings with governmental authorities necessary to consummate the transactions contemplated by this Agreement including, without limitation, the execution and delivery of any additional instruments (including any required supplemental indentures) necessary to consummate the transactions contemplated by this Agreement.

SECTION 5.3 Public Announcements. Purchaser and the Seller will consult with each other before issuing any press release or otherwise making any public statements with respect to the existence of this Agreement and shall

not issue any such press release or make any such public statement prior to such consultation.

SECTION 5.4 Employees. Upon the Closing Date, the Seller shall terminate all of its employees without incurring any obligation for severance pay, unemployment compensation or vesting of employee benefits. Simultaneously, Purchaser shall employ such persons as it shall determine to be needed for its operation of the Business after the Closing, and shall provide such persons with comparable rates of compensation and credit for prior service for purposes of employee benefits and accruals.

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SECTION 5.5 Noncompete Agreements.

(a) For a period of two years following the date of Closing neither Seller nor Member shall directly or indirectly (i) act or serve as an employee (except in a capacity which does not involve management, executive, policy-making, sales, marketing, product development, finance, or accounting activities or advice to management, sales, marketing, development or accounting personnel), officer, director, manager, trustee, agent, operator, advisor, or consultant for any Competing Business (as defined below) operating within the Area; (ii) have any beneficial ownership or equity interest (except for an ownership interest of less than one percent in any company subject to the reporting requirements of the Exchange Act) in any Competing Business operating within the Area, whether such interest is derived as a sole proprietor, partner, Member, beneficiary, or otherwise, or have any right, option, agreement, understanding, or arrangement to acquire any such interest; (iii) solicit, divert, or appropriate, or attempt to solicit, divert, or appropriate to or for a Competing Business the business of any person or entity located within the Area which was a customer of the Seller on or within one year prior to the Closing Date (or later termination of employment) or the business of which the Seller had solicited within one year prior to the Closing Date (or later termination of employment).

(b) For the purposes of this Section 5.5, "Competing Business" means any business which is engaged in the marketing of investment securities, in the manner being conducted on the date hereof at the offices of Seller in Houston, Texas or in any business which solicits any customer or client of Parent and its subsidiaries. "Area" shall mean the state of Texas.

(c) If Seller commits a breach, or threatens to commit a breach of the provisions of subsection (a) above, Purchaser shall have the right and remedy to have the provisions of subsection (a) specifically enforced by any court having jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to Purchaser and that money damages will not provide an adequate remedy to Purchaser.

(d) If any of the covenants contained in subsection (a) above, or any

part thereof, are hereafter construed to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants, which shall be given full effect, without regard to the invalid portions.

(e) If any of the covenants contained in subsection (a) above, or any part thereof, are held to be unenforceable because of the scope or duration of such provision of the geographic area covered thereby, the parties agree that the court making such determination shall have the power to reduce the scope, duration, or area of such provision and, in its reduced form, said provision shall then be enforceable.

SECTION 5.6 Conduct of Business of the Seller. Except as contemplated by this Agreement or disclosed in the Disclosure Schedule, during the period from the date of this Agreement to the Closing Date, the Seller will conduct its operations according to its ordinary and usual course of business and consistent with past practice. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement or disclosed in the Disclosure Schedule, the Seller will not, prior to the Closing Date, without the prior written consent of Purchaser (a) authorize, recommend, propose or announce an intention to authorize, recommend or propose, or enter into an agreement in principle or an agreement with respect to, any merger, consolidation or business combination (other than the sale hereby), any acquisition of a material amount of assets or securities, any disposition of a material amount of assets or securities or any material change in its capitalization, or any entry into a material contract or any release or relinquishment of any material contract rights, not in the ordinary course of business; (b) propose or adopt any amendments to its charter or by-laws; (c) enter into, assign or terminate, or amend in any material respect, any Contract other than in the ordinary course of business; (d) acquire, dispose of, encumber or relinquish any material asset; (e) waive, compromise or settle any right or claim that would adversely affect the ownership, operation or value of any Asset; (f) make any capital expenditures other than pursuant to existing capital expenditure programs that are disclosed in the Disclosure Schedule; (g) allow or permit the expiration, termination or cancellation at any time prior to the Closing Date of any insurance policies or coverages or surety bonds currently maintained by or on behalf of the Seller unless replaced with a policy, coverage or bond having substantially the same coverage and similar terms and conditions; (h) increase, directly or indirectly, the salary or other compensation of any officer or member of management of Seller or enter into any employment agreement with any person or pay or enter into any agreement to pay any bonuses or other extraordinary compensation to any officer of the Seller to any member of management or other employees, or institute any general increase in rates of compensation for its employees, or increase, directly or indirectly, any provisions or other benefits of any of such persons; or (i) waive, settle or compromise any material litigation or other claim on a basis materially adverse to the Seller.

CONDITIONS TO CONSUMMATION OF THE PURCHASE

The respective obligations of each party to effect the Closing are subject to the satisfaction by all parties, or waiver by Purchaser where permissible, at or prior to the Closing of the following conditions. Failure by a party to comply with any such condition shall give the other party the right to terminate this Agreement and to return the parties to their status preceding the execution hereof.

(a) This Agreement and the transactions contemplated hereby shall have been adopted by the requisite affirmative vote of the Managers and Members of the Seller.

(b) There shall have been no material adverse change in the Business or Assets of Seller;

(c) All parties shall have delivered all documents and taken all other actions required by this Agreement.

(d) All representatives and warranties of any party shall be true and effective as of the Closing.

(e) All consents of third parties required for the transactions hereby shall have been received on or before July 31, 1999.

(f) Purchaser and the other parties to the Asset Purchase Agreement dated June 15, 1999 shall have satisfied all conditions to be able to close the acquisition of certain assets of Block Trading, Inc. pursuant to such agreement, including the obtaining of approval of the U.S. Bankruptcy Court in Houston, Texas.

(g) Purchaser shall be satisfied in its sole discretion on or before July 31, 1999 with its due diligence review of the Assets and the Business.

(h) Purchaser and El Dorado Publishing, Inc. shall have closed the Note Purchase Agreement for the purchase by the Purchaser of \$710,000 in promissory notes payable to El Dorado, in the form attached hereto as Exhibit A.

(i) Purchaser and Member shall have closed the Dallas Agreement.

(j) The Common Stock of Parent shall have closed at an average sales price of \$5.50 per share during the ten trading days preceding the Closing.

INDEMNIFICATION

SECTION 7.1 Purchaser's Right to Indemnification. Seller and Member shall and do hereby jointly and severally indemnify and hold harmless, Parent, Purchaser and their stockholders, directors, officers, employees, agents and representatives from any and all liabilities, obligations, claims, contingencies, damages, costs and expenses (including all court costs and reasonable attorneys' fees) that any such indemnified party may suffer or incur as a result of or relating to: (a) the breach or inaccuracy, or any alleged breach or inaccuracy, of any of the representations, warranties, covenants or agreements made by Seller herein or pursuant hereto; (b) any lawsuit, claim or proceeding of any nature relating to Seller existing at or prior to the Closing or arising out of any act, transaction, circumstance or fact relating to Seller occurring prior to the Closing; (c) any income or related tax arising out of or resulting from the operations of Seller prior to the Closing, any transaction or activity of Seller prior to the Closing or any income derived by Seller prior to the Closing; (d) any wages, salaries or other compensation, and other liabilities, obligations, claims or contingencies of any nature due or payable at any time whatsoever to the Member, or an officer, employee, agent or representative of Seller, including any of such persons terminated by Seller at or prior to the Closing and any of such persons hired by Purchaser as of the Closing, in connection with their services to or employment by the Seller prior to the Closing; (e) any loss, claim or liability resulting from the operation of the Business prior to the Closing.

SECTION 7.2 Seller's and Members' Right to Indemnification. Purchaser and Parent shall and do hereby jointly and severally indemnify and hold Seller and Member, and their directors, officers, members, managers, employees, agents and representatives harmless from any and all liabilities, obligations, claims, contingencies, damages, costs and expenses (including all court costs and reasonable attorneys' fees) that Seller or any such indemnified party may suffer or incur as a result of or relating to: (a) the breach or inaccuracy, or any alleged breach or inaccuracy, of any of the representations, warranties, covenants or agreements made by Purchaser and Parent herein or pursuant hereto; and (b) those liabilities, obligations, claims, contingencies and encumbrances accruing or arising after the Closing in connection with the Business of the Purchaser, except to the extent that such liabilities, obligations, claims, contingencies or encumbrances are attributable to actions taken or omitted to be taken by Seller and/or the Member prior to the Closing.

SECTION 7.3 Notices. The party seeking indemnification hereunder ("Indemnitee") shall promptly, and within 30 days after notice to it (notice to Indemnitee being the filing of any action, receipt of any claim in writing or similar form of actual notice) of any claim as to which it asserts a right to indemnification, notify the party from whom indemnification is sought ("Indemnitor") of such claim. Indemnitee shall bill Indemnitor for any such claims no more frequently than on a monthly basis, and Indemnitor shall promptly pay (or cause to be paid) Indemnitee upon receipt of any such bill. The failure of Indemnitee to give the notification to Indemnitor contemplated above in this Section shall not relieve Indemnitor from any liability or obligation that it may have pursuant to this Agreement unless the failure to

give such notice within such time shall have been materially prejudicial to it, and in no event shall the failure to give such notification relieve Indemnitor from any liability it may have other than pursuant to this Agreement.

SECTION 7.4 Third-Party Claims. If any claim for indemnification by Indemnitee arises out of an action or claim by a person other than Indemnitee, Indemnitor may, by written notice to Indemnitee, undertake to conduct the defense thereof and to take all other steps or proceedings to defeat or compromise any such action or claim, including the employment of counsel; provided that Indemnitor shall reasonably consider the advice of Indemnitee as to the defense or compromise of such actions and claims, and Indemnitee shall have the right to participate, at its own expense, in such proceedings, but control of such proceedings shall remain exclusively with Indemnitor. Indemnitee shall provide all reasonable cooperation to Indemnitor in connection with such proceedings. Counsel and auditor costs and expenses and court costs and fees of all proceedings with respect to any such action or claim shall be borne by Indemnitor, except in cases in which the Indemnitee chooses to participate at its cost. If any such claim is made hereunder and Indemnitor does not elect to undertake the defense thereof by written notice to Indemnitee, Indemnitee shall be entitled to control such proceedings and shall be entitled to indemnity with respect thereto pursuant to the terms of this Article VII. To the extent that Indemnitor undertakes the defense of such claim by written notice to Indemnitee and diligently pursues such defense at its expense, Indemnitee shall be entitled to indemnification hereunder only to the extent that such defense is unsuccessful as determined by a final judgment of a court of competent jurisdiction, or by written acknowledgment of the parties.

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SECTION 7.5 Offset. In addition to any other right of recovery available to any party hereto, any claim for indemnity pursuant to this Article VII may be offset against its right to recover any obligations owed by the offsetting party to the party against which indemnification is claimed.

SECTION 7.6 Access to Records. Seller, Member, and their agents, shall be afforded reasonable access to the books and records of Purchaser during normal business hours upon reasonable notice for the purpose of verifying any claim against Seller hereunder and any other reasonable purpose. Seller, Member, or their agents may be required to sign an appropriate confidentiality agreement prior to any inspection of books and records hereunder.

SECTION 7.7 Limitation of Actions. No action for indemnification under this Section Article VII shall be brought later than two years from the date of Closing, provided that such survival period shall extend to the expiration of the applicable statute of limitation for claims involving taxation and environmental matters. No party shall have any indemnification obligation in excess of the Purchase Price set forth in Article II.

SECTION 7.8 Arbitration. All disputes under this Article VII shall be

settled by arbitration in Dallas, Texas, before one arbitrator pursuant to the rules of the American Arbitration Association. The parties shall seek to agree to a single arbitrator, and if they cannot agree, an arbitrator will be appointed by the Dallas office of the American Arbitration Association. Arbitration may be commenced at any time by any party hereto giving written notice to each other party to a dispute that such dispute has been referred to arbitration under this Section 7.7. Any award rendered by the arbitrator shall be conclusive and binding upon the parties hereto; provided, however, that any such award shall be accompanied by a written opinion giving the reasons for the award. This provision for arbitration shall be specifically enforceable by the parties and the decision of the arbitrator shall be final and binding and there shall be no right of appeal therefrom. Each party shall pay its own expenses of arbitration and the expenses of the arbitrator shall be equally shared; provided, however, that if in the opinion of the arbitrator any claim for indemnification or any defense or objection thereto was unreasonable, the arbitrator may assess, as part of its award, all or any part of the arbitration expenses of the other party (including reasonable attorney's fees) and of the arbitrator against the party raising such unreasonable claim, defense or objection.

ARTICLE VII.
MISCELLANEOUS

SECTION 8.1 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 8.2 Brokerage Fees and Commissions. All parties represent that they have incurred no obligation for brokerage commissions.

SECTION 8.3 Entire Agreement; Assignment. This Agreement (a) constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof and (b) shall not be assigned by operation of law or otherwise without the consent of the other party hereto.

SECTION 8.4 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, each of which shall remain in full force and effect.

SECTION 8.5 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by facsimile telegram or telex, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

If to the Seller:

Daqcom International, L.L.C.
c/o Robert G. Bailey
3306 Sul Ross
Houston, Texas 77098

If to Purchaser:

RushTrade.com, inc.
13355 Noel Road, Suite 610
Dallas, Texas 75240
Attention: D. M. Moore, Jr.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

SECTION 8.6 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS THEREOF. ANY DISPUTE ARISING UNDER THIS AGREEMENT NOT OTHERWISE SUBJECT TO ARBITRATION SHALL BE REFERRED TO THE STATE COURTS IN DALLAS COUNTY, TEXAS.

SECTION 8.7 Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning of interpretation of this Agreement.

SECTION 8.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

SECTION 8.9 Expenses. Except as otherwise provided herein, each of the parties shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

SECTION 8.10 Survival. All of the covenants, representations and warranties of any party hereto shall survive the Closing.

SECTION 8.11 Disclosure Schedule. Within ten business days hereafter, the Seller and the Purchaser shall deliver the Disclosure Schedule to each other. The Disclosure Schedule shall contain all information required to disclose fully any exception or qualification to this Agreement and shall cross reference the section of this Agreement so qualified.

SECTION 8.12 Termination. This Agreement may be terminated by either

party without penalty if the Closing has not occurred on or before August 31, 1999.

SECTION 8.13 Time. Time is and shall be of the essence of this Agreement.

SECTION 8.14 Fax Signatures. This Agreement and any agreement or document contemplated hereby may be signed and delivered by a party by facsimile, such facsimile shall be deemed to be an original signature.

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IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year set forth above.

DAQCOM INTERNATIONAL, L.L.C.

By: /s/ Albert E. Butler

Albert E. Butler, President

MILLENNIUM DAQCOM LP
By Daqcom Management LLC

By: /s/ Albert E. Butler

Albert E. Butler, President

RUSHMORE FINANCIAL GROUP, INC.

By /s/ D. M. Moore, Jr.

D. M. Moore, Jr., President

RUSHTRADE.COM, INC.

By: /s/ D.M. More, Jr.

D. M. Moore, Jr., President

Exhibit 11 - Earnings per share

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	-----	-----
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Income (loss)	\$ (395,614)	\$ (648,532)
Less dividends on preferred stock	(7,059)	(8,141)
	-----	-----
Net Income (loss) applicable to common shareholders	\$ (402,673)	\$ (656,673)
	=====	=====
Weighted average common shares outstanding	3,006,079	2,566,240
Dilutive Potential Common Shares	0	0
Net income (loss) per common share		
Basic	\$ (0.13)	\$ (0.26)
Diluted	\$ (0.13)	\$ (0.26)

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