

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

WHITEWING ENVIRONMENTAL CORP

CIK: **1001260** | IRS No.: **954437350** | State of Incorporation: **CA** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-27420** | Film No.: **03696727**
SIC: **5090** Misc durable goods

Mailing Address
730 GRAND AVENUE

RIDGEFIELD NJ 07657

Business Address
730 GRAND AVE

RIDGEFIELD NJ 07657
2019430800

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 8, 2003

WHITEWING ENVIRONMENTAL CORP.

(Exact name of registrant as specified in its charter)

Delaware	0-27420	95-4437350
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(State or other jurisdiction of Incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

730 Grand Avenue, Ridgefield, New Jersey	07657
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(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (201)943-0800

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

Item 2. Acquisition or Disposition of Assets.

On May 8, 2003, Whitewing Environmental Corp. ("Whitewing") completed the purchase of 100 shares of common stock of Advanced Recovery Solutions, Inc. (ARS) from Geoffrey Perry and Carol Dancer. This constitutes 50% of the issued and outstanding shares of ARS. The remaining shares are currently owned by Whitewing. Upon closing, Whitewing owned 100% of the issued and outstanding shares of ARS and will report ARS in consolidated financial statements.

ARS is in the business of recovering residual short fiber (paper sludge) and polypropylene and converting those wastes into industrial absorbents. Its operations are conducted from its manufacturing plant in Watertown, New York and

its sales and management are conducted from rented office space in Foxborough, Massachusetts.

ARS's manufacturing plant in Watertown, New York was purchased on May 30, 2002 for \$850,000.00 and is subject to a first mortgage in the amount of \$641,250.00. The plant and all equipment, inventory, receivables, payables and other rights and obligations of ARS remain with ARS. Whitewing intends to continue all ARS operations in the same manner.

The consideration given by Whitewing to the former ARS shareholders and their assigns consisted of 2,000,000 shares of Whitewing Common Stock, \$50,000.00 cash, and a promissory note in the amount of \$173,121.56 with interest at an annual rate of 8% with payments commencing 6 months after closing and then made monthly for 36 months.

Perry and Dancer executed three year employment contracts with Whitewing and will continue to operate ARS as President and Vice President - Sales and Marketing respectively.

The purchase was substantially an acceleration of buy-out rights contained in a shareholders agreement between Whitewing, Perry and Dancer. The purchase price was an attempt to match that price with due consideration given to the acceleration of payment.

Funds for the purchase were acquired through bridge financing from several investors that raised \$1,075,000.00 for this acquisition and for the capital needs of Whitewing.

The closing was conducted in escrow and was not deemed completed until Whitewing received subscription agreements from Perry, Dancer, and their assigns. The final subscription agreement was received on May 8, 2003, at which time the transaction was deemed closed. However, Whitewing's general counsel will hold Perry and Dancer's ARS shares in escrow until 2,000,000 shares of Whitewing stock is actually tendered to Perry, Dancer, and their assigns. Management expects the shares to be issued within 14 days.

ITEM 7. Financial Statements and Exhibits.

Listed below are the financial statements, pro forma financial information and exhibits, if any, filed as a part of this report.

(a) The financial statements of the business acquired for the periods specified in will be filed by amendment not later than sixty days following the date of this report.

(b) The pro forma financial information for the business acquired will be filed by amendment not later than sixty days following the date of this report.

(c) Exhibits

- 2.1 Stock Purchase Agreement dated February 26, 2003.
- 2.2 Note and Security Agreement dated February 26, 2003.
- 2.3 Minutes of Special Meeting of Directors of Advanced Recovery Solutions dated February 26, 2003.
- 2.4 Whitewing Cross-Corporate Guarantee dated February 26, 2003.
- 2.5 Agreement to Terminate Shareholders Agreement dated February 26, 2003.
- 2.6 Indemnification Agreement dated February 26, 2003.

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.

WHITEWING ENVIRONMENTAL CORP.

By: /s/ Andrew V. Latham, Jr.

Andrew V. Latham, Jr., President

Dated: May 12, 2003

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (hereinafter the "Agreement") is made this 26th day of February, 2003, by and between Geoffrey Perry 14 Crab Apple Lane Franklin, MA 02038 hereinafter referred to as "Perry" and Carol Dancer 26 Cynthia Lane Attleboro, MA 02703 hereinafter referred to as "Dancer"

hereinafter together referred to as "Seller"

and
Whitewing Environmental Corp.
730 Grand Avenue
Ridgefield, NJ 07657

hereinafter referred to as "Buyer"

W I T N E S S E T H:

WHEREAS, the Seller is the registered and beneficial owner of one hundred (100) shares of the stock (hereinafter the "Stock") of Advanced Recovery Solutions, Inc., a Delaware Corporation (hereinafter the "Corporation") constituting fifty (50%) percent of all the issued and outstanding capital stock of the Corporation; and

WHEREAS, the Buyer is the registered and beneficial owner of one hundred (100) shares of the stock of Advanced Recovery Solutions, Inc., a Delaware Corporation (hereinafter the "Corporation") constituting the remaining fifty (50%) percent of all the issued and outstanding capital stock of the Corporation; and

WHEREAS, the Buyer desires to purchase from Seller, and the Seller desires to sell to Buyer, the Stock for an aggregate purchase price defined below payable in the manner provided herein, subject to, and in accordance with the terms and conditions of this Agreement, resulting in the Buyer holding 100% of the issued and outstanding capital stock of the Corporation; and

WHEREAS Seller, Buyer, and the Corporation are parties to a Shareholders' Agreement, dated September 19, 2001 (the "Agreement Date"), governing the stock of the Corporation (the "Shareholders Agreement");

WHEREAS the Shareholders Agreement provides that, during the period commencing 18 months from the Agreement Date until September 19, 2004, Perry may demand that Buyer purchase his shares in the Corporation, and that, if Perry does not make such demand, then Buyer shall purchase Perry's shares in the Corporation on or about September 19, 2004;

WHEREAS the Shareholders Agreement further provides that, at any time after the period commencing 18 months from the Agreement Date, Dancer may demand

that Buyer purchase her shares in the Corporation;

WHEREAS the Shareholders Agreement further provides that: (i) the purchase price for Perry's and Dancer's shares in the Corporation would be "the agreed value per share, on the valuation date, multiplied by the number of shares to be purchased;" (ii) "[t]he agreed value per share shall be the value of the Corporation divided by the number of shares issued and outstanding;" and (iii) "[t]he value of the Corporation shall be determined by applying a multiple of 4 times the corporate earnings before interest, taxes, depreciation and amortization (EBITDA) on the valuation date" as that term is defined in the Shareholders Agreement;

WHEREAS the parties intend that the purchase price under this Agreement shall, at a minimum, equal the value of the purchase price that would have been paid to Perry and Dancer under the Shareholders Agreement;

WHEREAS the parties understand that the component of the purchase price under this Agreement consisting of 2,000,000 shares of Whitewing common stock is based on the parties' expectation that the shares of Whitewing will appreciate significantly due to the capital that Whitewing intends to inject into the Corporation following the execution of this Agreement;

NOW THEREFORE, in consideration of the facts recited hereinabove and the mutual promises and covenants set forth herein, and desiring to be legally bound hereby, the parties hereto agree as follows:

1. PURCHASE AND SALE OF STOCK.

Buyer hereby purchases from the Seller and the Seller hereby sells to the Buyer of one hundred (100) shares of the stock of the Corporation subject to the terms and conditions as provided in this Agreement. The date on which the stock is transferred shall sometimes be referred to hereinafter as the "Closing Date."

2. PURCHASE PRICE & Payment.

The Purchase Price for the Stock is payable by the Buyer to the Seller on the Closing Date as follows:

2.1. At closing, Two Million (2,000,000) Shares of the Common Stock of Whitewing Environmental Corp.

2.2. \$250,000.00 cash payable as follows:

2.2.1. Cash at closing in the amount of fifty thousand (\$50,000.00) dollars;

2.2.2. Buyer shall execute and deliver to the Seller a promissory note in the form attached hereto as Exhibit A (the "Note and Security Agreement") in the principal amount of \$173,121.56 bearing the

following terms:

- a. 36 months with monthly payments of \$5,555.56
- b. 7.5% interest.
- c. Payments commence on a certain date 6 months after closing.
- d. 5% late payment penalty for payments made more than 15 days from their due date. e. 2% per month interest on payments over 30 days overdue.
- f. Security in the form of 100 shares of ARS. Security provisions shall provide that for every two thousand five hundred (\$2,500.00) dollars in payments, one (1) shares of stock shall be released from escrow to the Buyer. Upon the delivery of the final payment, all shares shall be released to the Buyer. Upon default that is not cured within the time frames set forth in the Note, the shares then remaining in escrow shall be released to the Seller.

2.3. Allocation of the Purchase Price. The purchase price shall be allocated as follows:

Geoffrey Perry - 56%
Carol Dancer - 20%
Joanne McKinney - 16%
Edwin Humphries - 8%

3. EFFECT ON SHAREHOLDER'S AGREEMENT - CORPORATE GOVERNANCE.

3.1. At closing, Seller will deliver a written consent to the termination of the existing Shareholder's Agreement.

3.2. The Parties will execute a Director's consent to amend Article IV, Section 1 of the Corporation's By-Laws to provide for a board of up to 5 individuals.

3.3. Perry and Dancer shall each have the right to name one member of the board. At the end of their respective employment terms, such right will terminate.

4. CONDITIONS TO SELLER'S CONSUMMATION OF THE SALE.

Seller's obligation to consummate the sale is subject to the satisfaction of, or waiver pursuant to Section 11.8 below, of the following conditions:

4.1. Injection of \$200,000.00 of working capital into the Corporation by Buyer within 30 days of signing of this Agreement. Buyer to be credited for amounts injected after the execution of the Letter of Intent dated January 17, 2002;

4.2. Agreement to hire sales assistant immediately;

4.3. Execution of a mutually acceptable Employment Contract for Geoffrey Perry for a term of three years;

4.4. Execution of a mutually acceptable Employment Contract for Carol Dancer for a term of three years;

4.5. Agreement on the form of documents to affect the transaction including, but not limited to, stock transfer documents and promissory notes.

4.6. At closing, the delivery by the Company to Geoffrey Perry, in his capacity as President of Cellutech, Inc., of the following:

4.6.1. full and final payment for equipment purchase (approximately \$28,000.00)

4.6.2. full and final payment for inventory (approximately \$31,000.00)

5. EFFECT OF SATISFACTION OF PRE-CLOSING CONDITIONS.

Upon acceptance of the items set forth in the pre-closing conditions described in section 4 above, all prior defaults of any agreements between the parties by Buyer shall be deemed cured and any remedies or choses in action accruing to Seller shall be deemed waived. This cure of default and waiver of remedies shall not constitute a precedent, nor bind the Seller to a waiver of any other term, provision or condition of this or any other agreement or any other succeeding breach of the same or any other term, provision or condition hereof.

6. REPRESENTATIONS AND WARRANTIES OF BUYER.

In connection with the transaction contemplated by this Agreement, Buyer makes the following representations and warranties, which shall be true and correct as of the date hereof, except as affected by any transactions contemplated by this Agreement:

6.1. Authorization. The Buyer is a Delaware Corporation with full power and authority, as reflected in appropriate resolutions of its board of directors, to carry out the transactions contemplated by this Agreement.

6.2. Binding Obligation. This Agreement constitutes a legal, valid, and binding obligation of the Buyer, enforceable in accordance with its terms and conditions, except as such enforceability may be limited by laws of bankruptcy, or reorganization, moratorium or other similar laws affecting creditors' rights generally.

6.3. Purchase of Stock Not for Resale Purposes. Buyer is not purchasing the stock with a view to, or for resale in connection with, any distribution of securities, and Buyer has no intention of selling, assigning, pledging, giving,

transferring or otherwise disposing of any of the Stock.

7. REPRESENTATIONS AND WARRANTIES OF SELLER.

In connection with the transactions contemplated by this Agreement, Seller makes the following representations and warranties, which shall be true and correct as of the date hereof:

7.1. Authorization. The Sellers are individual persons over the age of eighteen (18) years with full power and authority to carry out the transactions contemplated by this Agreement.

7.2. Authorized and Issued Shares. Seller owns one hundred (100) shares of common stock of the Corporation. Said one hundred (100) shares have been validly issued to Seller, without violation of any preemptive rights, and presently outstanding and are fully paid and non-assessable, and are owned of record and beneficially by the Seller.

7.3. Title to Shares. The Seller has legal title to, beneficial ownership of, and full power and authority to sell to Buyer the Stock as contemplated by this Agreement, free and clear of all liens, encumbrances, restrictions, equities charges, claims, defects of title, options or other purchase rights.

7.4. Liabilities. As of the date hereof, the Seller has disclosed to Buyer all material liabilities of any nature whatsoever, whether fixed or contingent, of the Corporation.

7.5. Litigation. The Corporation is not a party to any suit or any administrative, arbitration or other legal action or proceeding; and the Seller has no knowledge or belief nor any information which would give rise to a belief, that any litigation or other legal action, notice of violation or other proceeding is threatened against the Corporation or its business, properties, and assets.

7.6. Loss of Customers/Material Adverse Change in Business. The Seller has received no notice or information from customers, suppliers or other persons that the Corporation will lose any customers after the Closing Date (as defined in Section 10.1 below).

7.7. Tax Notices. The Corporation has not received any notices from the Internal Revenue Service or the Delaware Division of Taxation that states or implies that the Corporation has in any way violated a statute, rule or regulation of either entity. The Seller has no knowledge or belief nor any information which would give rise to a belief that a violation is threatened against the Corporation.

7.8. All Information Accurate. All of the ledgers, notes, minutes, tax

returns, records and other documents pertaining to the Corporation have been delivered to Buyer by Seller. Seller represents that to the best of seller's knowledge all said information accurately and fairly reflects the financial condition and general status of the Corporation in all material respects.

7.9. No Stock Options. There are no outstanding stock options, stock warrants, stock rights or agreements of any nature which would actually or potentially permit the Seller or any other person to acquire any issued or un-issued shares of Stock of the Corporation.

7.10. Tax Returns Filed. All of the tax returns which were required to be filed on behalf of the Corporation, including, but not limited to, year end tax returns, quarterly tax, estimated income tax returns, sales tax returns, and federal and state payroll tax returns were in fact filed by the Corporation in a manner satisfactory to the Internal Revenue Service and the New Jersey Division of Taxation and all taxes due thereon were paid in full.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

The representations and warranties set forth in Section 6 above and Section 7 above shall survive the occurrence of the Closing for a period of two (2) years.

9. THE BUYER'S SET-OFF.

In the event that the Buyer should incur any liabilities, deficiencies, costs, expenses, damages or losses, including without limitation reasonable attorney's fees as a result of (i) any breach of the representations and warranties contained in Section 7 above, or (ii) any default by the Seller in the performance of any of the covenants and/or agreements made by the Seller herein, such liabilities, deficiencies, costs, expenses, damages or losses (hereinafter referred to as "Liabilities"), Buyer shall have the right to set-off, recoup, and recover such Liabilities (such set-off, recoupment, and recovery hereinafter referred to as the "Buyer's Set-Off"), pro rata and in equal amounts, from and against the next succeeding payments due pursuant to the Note, such payments being reduced, dollar-for-dollar, by the amount of the Buyers Set-Off shall be credited dollar-for-dollar in Seller's favor against Seller's obligations to indemnify and hold harmless.

10. CLOSING.

10.1. Time and Place of Closing. Closing with respect to this transaction shall be held at the offices of Buyer, 730 Grand Avenue, Ridgefield, New Jersey, at 2:00 P.M. on the 26th day of February, 2003 (the "Closing Date").

10.2. Effect of Closing on Shareholders Agreement. As of the date of closing, any shareholders agreement then in existence by and between the Sellers shall be cancelled by the parties and shall thereafter be of no further force or effect with respect to the parties.

10.3. Items to be Delivered at Closing.

10.3.1. Buyer will deliver to Seller the following:

- a. Letter of instruction to Whitewing's transfer agent authorizing issuance of shares pursuant to paragraph 2.1 above
- b. Payment pursuant to the terms of paragraph 2.2 above;
- c. Promissory Note pursuant to the terms of paragraph 2.2.2 above;
- d. Appropriate form of indemnification and hold harmless agreement with respect to any personal guarantees made on behalf of Advanced Recovery Solutions by Sellers, in the form attached hereto as Exhibit C ("Indemnification Agreement").

- e. Employment Contract for Geoffrey Perry in the form attached hereto as Exhibit D ("Perry Employment Agreement").
- f. Employment Contract for Carol Dancer in the form attached hereto as Exhibit E ("Dancer Employment Agreement").

10.3.2. Seller will deliver to Buyer the following:

- a. Endorsed share certificates from the Sellers granting Thomas A. Cattani, Buyer's agent and attorney, power of attorney to transfer shares to Buyer on the books of the Corporations;
- b. Appropriate indemnifications from Seller regarding claims, liabilities, and litigation;
- c. Executed Agreement effecting termination of Shareholder's Agreement.
- d. Executed director's consent to amend Article IV, Section 1 of the Corporation's By-Laws to provide for a board of up to 5 individuals.

11. GENERAL PROVISIONS.

11.1. Headings. The headings of this Agreement are for convenient reference only and shall not affect in any manner any of the terms and conditions hereof.

11.2. Governing Law. This Agreement shall be deemed to be made in the State of New Jersey and shall be governed and construed in accordance with the laws of the State of New Jersey.

11.3. Notices. All notices and/or communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given at the time when mailed by registered or certified mail, return receipt

requested, or by overnight delivery services requiring signature of the receiving party, or when delivered in person, or upon a receipt of a facsimile transmission (provided that the recipient specifically acknowledged receipt of such facsimile by return facsimile transmission), addressed to the address below stated of the party to which notice is given, or to such changed address as such party may have fixed by notice.

11.3.1. If to TRS:

Thomas A. Cattani, Esq.
Whitewing Environmental Corp.
730 Grand Avenue
Ridgefield, NJ 07657
Tel: (201) 943-0800
Fax: (201) 943-2023

11.3.2. If to Perry:

Geoffrey Perry
Complete Spill Solutions
125 Washington Street, Unit 5
Foxborough, MA 02035
Tel: (800) 575-5945
Fax: (508) 543-3629

11.3.3. If to Dancer:

Carol Dancer
Complete Spill Solutions
125 Washington Street, Unit 5
Foxborough, MA 02035
Tel: (800) 575-5945
Fax: (508) 543-3629

11.4. Assignment. This Agreement shall not be assigned by any party without the consent of each other party. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11.5. Entire Agreement. This Agreement contains the entire Agreement of the parties hereto with respect to the transaction contemplated herein and supersedes all other written or oral provisions, negotiations, commitments and understandings.

11.6. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns, provided that neither the benefits nor obligations may be assigned without the express written consent of the other party.

11.7. Amendment/Modification. This Agreement may be amended, modified, or supplemented only by an agreement in writing signed by all of the parties.

11.8. Waiver. Any of the terms or conditions of this Agreement may be waived at any time prior to the Closing by the party that is entitled to the benefit thereof. No waiver on the part of any of the parties hereto of any term, provision or condition hereof or breach thereof shall constitute a precedent, nor bind any party hereto to a waiver of any other term, provision or condition of this agreement or any other succeeding breach of the same or any other term, provision or condition hereof.

11.9. Further Assurances. Each of the parties shall, from time to time, at the reasonable request of the other party or of said party's representative, execute, acknowledge or deliver in proper form, and document, instrument, agreement or other writing necessary to perfect the consummation of the Agreement in accordance with the terms herein. All costs in connection with the aforementioned shall be borne by the party requesting the execution, acknowledgement or delivery of the document, instrument, agreement or other writing.

11.10. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and such instrument, for convenience and recital purposes, shall be deemed to have been made, executed and delivered as of the date first above written, irrespective of the time or times when the same or any counterparts hereof may be made, executed and delivered. Facsimile versions of signed documents shall be deemed to be original documents for the purpose of closing.

11.11. Severable. It is the intention of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of each jurisdiction in which such enforcement is sought, but that the unenforceability (or the modification to conform with such laws or public policies) of any provisions hereof, shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provision and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible.

11.12. Professional Expenses. All expenses for legal and other professional services rendered for the benefit of the seller in connection with the transactions contemplated in the Agreement shall be paid by the Seller. All expenses for legal and other professional services to Buyer in connection with the transactions contemplated in the Agreement shall be paid by Buyer.

IN WITNESS WHEREOF, Buyer and Seller have duly executed this Agreement as of the day and year first above written.

WITNESS:

Whitewing Environmental Corp.

/s/ Norman Raben

Norman Raben, Secretary

By: /s/ Joseph Bianco

Joseph Bianco, Chairman

/s/ Geoffrey Perry

Geoffrey Perry

/s/ Carol Dancer

Carol Dancer

NOTE AND SECURITY AGREEMENT

For value received, Whitewing Environmental Corp. of 730 Grand Avenue, Ridgefield, New Jersey, referred to as debtor, promises to pay to the order of Geoffrey Perry and Carol Dancer, referred to as secured party, pursuant to a payment allocation provided herein, One Hundred Seventy Three Thousand One Hundred Twenty One and 56/100 Dollars (\$173,121.56), with interest thereon at the rate of seven and one half percent (7.5%) per annum.

1. Payments

Payment shall be made in thirty six equal monthly installments of Five Thousand Five Hundred Fifty Five and 56/100 Dollars (\$5,555.56) each, except the final installment, which shall be for the balance then due on this note. Each installment is payable on the 1st day of each month, commencing on September 1, 2003. The attached amortization schedule shall be used to determine the amount of principal included in each payment.

Payments shall be allocated as follows:

Geoffrey Perry	56% or	\$3,111.11
Carol Dancer	20% or	\$1,111.12
Joanne McKinney	16% or	\$ 888.89
Edwin Humphries	8% or	\$ 444.44

2. Security

To secure payment of this note debtor grants to secured party a security interest in one hundred (100) Shares of Advanced Recovery Solutions, Inc. Common Stock, which constitutes 50% of all issued and outstanding Shares. Debtor agrees that until this Note is paid in full, no additional shares shall be issued.

Until default under this note and agreement, debtor shall have beneficial ownership of the shares and shall exercise all voting rights thereof, and shall otherwise use the shares in any lawful manner not inconsistent with this note and security agreement.

For every two thousand five hundred dollars (\$2,500.00) in principal payment made by the debtor, one (1) shares shall be released from escrow to debtor. Upon the delivery of the final payment, all shares shall be released to debtor.

The parties acknowledge that there will not be a physical transfer of shares each time a payment is made. Rather, in the event of a default, the amount of principal paid pursuant to the attached amortization schedule shall be determined and the 100 shares shall be divided accordingly. Thus, if debtor made \$25,000.00 in principal payments, 10 shares shall be released to the debtor and 90 shares returned to the secured party.

3. Warranties

Debtor warrants and agrees that:

- a. Debtor has, or immediately will acquire, full title to collateral, and shall keep collateral free of all liens and claims whatsoever, other than the security interest granted in this security agreement.
- b. Debtor will not sell, transfer, or otherwise convey any interest in collateral except with the prior, express, and written consent of secured party.
- c. Debtor will immediately give written notice to secured party of any change in the principal place of business of debtor.
- e. Collateral shall be kept at the address of debtor shown above and shall not be moved without the prior, express, and written consent of secured party.

4. Reimbursement of Expenses

Secured party may perform any obligation of debtor under this note and agreement that debtor fails to perform, and secured party may take any other action that secured party deems necessary for the maintenance or preservation of any of the collateral or the interest of secured party in such collateral. Debtor shall immediately reimburse secured party for all expenses incurred pursuant to and in connection with this provision.

5. Delinquent Payments

Debtor shall pay late charges of five percent (5%) on any installment more than 15 days delinquent.

6. Default

The occurrence of any of the following events shall constitute a default:

a. Any material false or misleading statement, representation, or warranty of debtor in this note and agreement or in any other writing at any time furnished by debtor to secured party.

b. Nonpayment of an installment 30 days past the payment due date.

c. Insolvency of debtor, assignment for the benefit of creditors by debtor, or institution of any proceeding by or against debtor alleging that debtor is insolvent.

d. Dissolution, merger, or consolidation of debtor, or transfer of a substantial part of its property.

7. Remedies

On any default under this agreement, secured party shall give notice of default to the debtor. Debtor shall then have 15 days to cure said default. If the debtor does not cure the default, the secured party shall have the option of demanding that all remaining installments on the note due and payable by issuing a written notice of default and demand for payment.

If debtor does not make full payment within 15 days of receipt of the written notice of default and demand for payment, then the collateral shall be calculated and the correct number of shares forthwith released to secured party. Upon receipt of said shares by secured party, this note shall be cancelled.

Debtor shall pay all costs incurred by secured party in enforcing its rights under this note and agreement, including reasonable attorney's fees.

Any payment overdue more than 30 days will accrue interest at the rate of 2% per month.

8. Waiver

No delay by secured party in the exercise of any right under this note and agreement shall operate as a waiver of such right and no partial exercise by secured party of any right or remedy under this note and agreement shall preclude further exercise of such right or the exercise of any other right or remedy under this agreement.

9. Construction

Whenever possible, each provision of this note and agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any such provision shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this note and agreement.

10. Binding effect

The rights and privileges of secured party under this note and agreement shall inure to the benefit of its successors and assigns.

11. Governing Law

This agreement and all rights and obligations under this agreement, including matters of construction, validity, and performance, shall be governed by the law of the State of New Jersey.

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

WITNESS:

Whitewing Environmental Corp.

/s/ Norman Raben

By: /s/ Joseph Bianco

Norman Raben, Secretary

Joseph Bianco, Chairman

/s/ Geoffrey Perry

Geoffrey Perry

/s/ Carol Dancer

Carol Dancer

Perry & Dancer to Whitewing - ARS Shares

Compound Period: Monthly

Nominal Annual Rate: 7.500 %

CASH FLOW DATA

<TABLE>

<CAPTION>

EVENT	DATE	AMOUNT	NUMBER	PERIOD	END DATE
1 Loan	03/01/2003	173,121.56	1		
2 Payment	09/01/2003	5,555.56	36	Monthly	08/01/2006

AMORTIZATION SCHEDULE - Normal Amortization

	DATE	PAYMENT	INTEREST	PRINCIPAL	BALANCE
Loan	03/01/2003				173,121.56
1	09/01/2003	5,555.56	6,594.35	1,038.79-	174,160.35
2	10/01/2003	5,555.56	1,088.50	4,467.06	169,693.29
3	11/01/2003	5,555.56	1,060.58	4,494.98	165,198.31
4	12/01/2003	5,555.56	1,032.49	4,523.07	160,675.24
2003 Totals		22,222.24	9,775.92	12,446.32	
5	01/01/2004	5,555.56	1,004.22	4,551.34	156,123.90
6	02/01/2004	5,555.56	975.77	4,579.79	151,544.11

7	03/01/2004	5,555.56	947.15	4,608.41	146,935.70
8	04/01/2004	5,555.56	918.35	4,637.21	142,298.49
9	05/01/2004	5,555.56	889.37	4,666.19	137,632.30
10	06/01/2004	5,555.56	860.20	4,695.36	132,936.94
11	07/01/2004	5,555.56	830.86	4,724.70	128,212.24
12	08/01/2004	5,555.56	801.33	4,754.23	123,458.01
13	09/01/2004	5,555.56	771.61	4,783.95	118,674.06
14	10/01/2004	5,555.56	741.71	4,813.85	113,860.21
15	11/01/2004	5,555.56	711.63	4,843.93	109,016.28
16	12/01/2004	5,555.56	681.35	4,874.21	104,142.07
2004 Totals		66,666.72	10,133.55	56,533.17	
17	01/01/2005	5,555.56	650.89	4,904.67	99,237.40
18	02/01/2005	5,555.56	620.23	4,935.33	94,302.07
19	03/01/2005	5,555.56	589.39	4,966.17	89,335.90
20	04/01/2005	5,555.56	558.35	4,997.21	84,338.69
21	05/01/2005	5,555.56	527.12	5,028.44	79,310.25
22	06/01/2005	5,555.56	495.69	5,059.87	74,250.38
23	07/01/2005	5,555.56	464.06	5,091.50	69,158.88
24	08/01/2005	5,555.56	432.24	5,123.32	64,035.56
25	09/01/2005	5,555.56	400.22	5,155.34	58,880.22
26	10/01/2005	5,555.56	368.00	5,187.56	53,692.66
27	11/01/2005	5,555.56	335.58	5,219.98	48,472.68
28	12/01/2005	5,555.56	302.95	5,252.61	43,220.07
2005 Totals		66,666.72	5,744.72	60,922.00	
29	01/01/2006	5,555.56	270.13	5,285.43	37,934.64
30	02/01/2006	5,555.56	237.09	5,318.47	32,616.17
31	03/01/2006	5,555.56	203.85	5,351.71	27,264.46
32	04/01/2006	5,555.56	170.40	5,385.16	21,879.30
33	05/01/2006	5,555.56	136.75	5,418.81	16,460.49
34	06/01/2006	5,555.56	102.88	5,452.68	11,007.81
35	07/01/2006	5,555.56	68.80	5,486.76	5,521.05
36	08/01/2006	5,555.56	34.51	5,521.05	0.00
2006 Totals		44,444.48	1,224.41	43,220.07	
Grand Totals		200,000.16	26,878.60	173,121.56	

</TABLE>

Advanced Recovery Solutions, Inc.
Directors Special Meeting

May 13, 2003

A special meeting of the shareholders and the board of directors of this corporation was held on February 26, 2003 for the purpose of amending the Corporation's by-laws.

There were present, comprising a quorum of the board: Geoffrey Perry, Carol Dancer, Andrew Latham.

RESOLVED, that the resignation of director Charles Stuto is accepted.

RESOLVED, that Article IV, Section 1 of the Corporation's By-Laws be amended to increase the board to 5 members.

RESOLVED, that the officers of the corporation are authorized to take whatever actions are necessary to carry out these resolutions.

On motion duly made and carried, the meeting adjourned.

February 26, 2003

By: /s/ Thomas A. Cattani

Thomas A. Cattani, Esq.
Secretary of the Corporation

We waive notice of the meeting and approve the above minutes.

Dated: February 26, 2003

/s/ Geoffrey Perry

Geoffrey Perry

Dated: February 26, 2003

/s/ Carol Dancer

Carol Dancer

Dated: February 26, 2003

/s/ Andrew Latham

Andrew Latham

WHITEWING CROSS-CORPORATE GUARANTEE

For value received, Whitewing Environmental Corp. guarantees the payment of the following obligations to Geoffrey Perry by Total Recycling Services, Inc.:

1. TRS shall make one past due payment including late fee accrued thereon, by January 31, 2003.
2. TRS shall make another past due payment including 5% late fee accrued thereon, by February 17, 2003.
3. On the Closing Date, TRS shall have made all monthly payments then due to Geoffrey Perry, which payments shall include 5% late fees accrued thereon.
4. After closing, TRS shall make all future payments in a timely fashion.

This guaranty shall remain in full force and effect until written notice of its termination is received by Whitewing Environmental Corp.

Dated February 26, 2003

Witness

/s/ Thomas A. Cattani

Thomas A. Cattani, Asst. Sec.

Whitewing Environmental Corp.

By: /s/ Joseph Bianco

Joseph Bianco, Chairman

AGREEMENT TO TERMINATE SHAREHOLDERS AGREEMENT
ADVANCED RECOVERY SOLUTIONS, INC.

THIS AGREEMENT, made on February 26, 2003 by and between Geoffrey Perry, 14 Crab Apple Lane, Franklin, Massachusetts, (Perry), Carol Dancer, 26 Cynthia Lane, Attleboro, Massachusetts (Dancer), Total Recycling Services, Inc., a New Jersey Corporation with offices at 730 Grand Avenue, Ridgefield, New Jersey, (TRS), and Advanced Recovery Solutions, Inc. a Delaware corporation with offices at 730 Grand Avenue, Ridgefield, New Jersey, (ARS).

W I T N E S S E T H

WHEREAS, Perry, Dancer and TRS are the sole shareholders of the corporation, owning respectively 80, 20, and 100 shares. As used in this agreement, the term "shares" shall mean all shares of the common stock, zero par value, of the corporation now owned or later in any manner acquired by the parties; and

WHEREAS, on or about September 19, 2001, the shareholders became parties to, and to subject their shares of stock in the corporation to, a shareholders' agreement; and

WHEREAS, Perry, Dancer and TRS intend to sell their shares to Whitewing Environmental Corp., which will become the sole shareholder of ARS after closing;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. Shareholders Agreement dated on or about September 19, 2001 and any amendments thereto are hereby terminated pursuant to section 11.1 thereof and shall be of no further force or effect.

The undersigned parties have executed this agreement the day and year first above written.

ADVANCED RECOVERY SOLUTIONS, INC.

/s/ Thomas A. Cattani

Thomas A. Cattani, Secretary

By: /S/ Geoffrey Perry

Geoffrey Perry, President

/s/ Carol Dancer

By: /s/ Geoffrey Perry

Carol Dancer

Geoffrey Perry

TOTAL RECYCLING SERVICES

Thomas A. Cattani

By: /s/ Andrew V. Latham, Jr.

Thomas A. Cattani, Asst. Secretary

Andrew V. Latham Jr., President

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (hereinafter the "Agreement") is made this 26th day of February, 2003, by and between

Geoffrey Perry
14 Crab Apple Lane
Franklin, MA 02038

hereinafter referred to as "Perry"

and

Whitewing Environmental Corp.
730 Grand Avenue
Ridgefield, NJ 07657

hereinafter referred to as "Whitewing"

W I T N E S S E T H:

WHEREAS, in order to advance the business operations of Advanced Recovery Solutions, Inc. (hereinafter "ARS"), Perry executed certain personal guarantees; and

WHEREAS, Perry has contracted to sell his shares of ARS to Whitewing; and

WHEREAS, as part of the sale of ARS shares to Whitewing, Whitewing agreed to indemnify Perry against any action taken against him on those personal guarantees;

NOW, THEREFORE, in consideration of the facts recited hereinabove and the mutual promises and covenants set forth herein, and desiring to be legally bound hereby, the parties hereto agree as follows: 1. Whitewing agrees to indemnify, defend, and hold Perry harmless with respect to any claims, causes of action, damages, costs, expenses (including attorneys' fees and other professional fees and expenses), and any liability incurred by Perry as a result of any personal guarantee Perry signed in order to obtain financing or credit for ARS. 2. Notwithstanding any other provisions hereunder, this Agreement is expressly conditioned upon the closing of Whitewing's purchase of the shares of ARS held by Perry and Carol Dancer. In the event the said purchase of shares does not close, this Agreement shall be null and void in all respects.

IN WITNESS WHEREOF, Buyer and Seller have duly executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Norman Raben

Norman Raben, Secretary

/s/ Thomas A. Cattani

Whitewing Environmental Corp.

By: /s/ Joseph Bianco

Joseph Bianco, Chairman

Geoffrey Perry

Geoffrey Perry