

CHARLES W. HANNON  
FACSIMILE # 847-441-9265  
E-MAIL: MASSHANN@AOL.COM

FACSIMILE MESSAGE

DATE: 12, MAY 2004 TIME: 10:20A  
TO: William McCallum 649.941-4561  
FROM: C. HANNON  
SUBJECT: GOOD ORDER  
NO. OF PAGES, INCLUDING THIS PAGE 7

MESSAGE

William:  
1. COPY OF OFFICIAL STATE OF ILLINOIS CORPORATE FILING  
FOR YOUR FILE.  
2. LETTER RESPONDING TO YOUR QUESTIONS.

CONFIDENTIALITY NOTICE

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181 Sheridan Road, Winnetka, IL 60093



# OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

MAY 10, 2004

6353-105-7

CHARLES W HANNON  
942 MAPLE AVE  
DOWNERS GROVE, IL 60515

RE EMERALD STAR INTERNATIONAL, INC.

DEAR SIR OR MADAM:

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

THESE DOCUMENTS MUST BE RECORDED IN THE OFFICE OF THE RECORDER OF THE COUNTY IN WHICH THE REGISTERED OFFICE OF THE CORPORATION IS LOCATED, AS PROVIDED BY SECTION 1.10 OF THE BUSINESS CORPORATION ACT OF THIS STATE. FOR FURTHER INFORMATION CONTACT YOUR RECORDER OF DEEDS OFFICE.

THE CORPORATION MUST FILE AN ANNUAL REPORT AND PAY FRANCHISE TAXES PRIOR TO THE FIRST DAY OF ITS ANNIVERSARY MONTH (MONTH OF INCORPORATION) NEXT YEAR. A PRE-PRINTED ANNUAL REPORT FORM WILL BE SENT TO THE REGISTERED AGENT AT THE ADDRESS SHOWN ON THE RECORDS OF THIS OFFICE APPROXIMATELY 60 DAYS PRIOR TO ITS ANNIVERSARY MONTH.

SECURITIES CANNOT BE ISSUED OR SOLD EXCEPT IN COMPLIANCE WITH THE ILLINOIS SECURITIES LAW OF 1953, 815 ILLINOIS COMPILED STATUTES, 5/1 ET SEQ. FOR FURTHER INFORMATION CONTACT THE OFFICE OF THE SECRETARY OF STATE, SECURITIES DEPARTMENT AT (217) 782-2256 OR (312) 793-3384.

THE DEPARTMENT OF BUSINESS SERVICES IS NO LONGER ISSUING A CERTIFICATE ATTACHED TO THE ARTICLES OF INCORPORATION AS OF FEBRUARY 15, 2002.

SINCERELY,

JESSE WHITE  
SECRETARY OF STATE

DEPARTMENT OF BUSINESS SERVICES  
CORPORATION DIVISION  
TELEPHONE (217) 782-6961

FORM BCA 2.10 (rev. Dec. 2003)
ARTICLES OF INCORPORATION
Business Corporation Act

Jesse White, Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-9522
(217) 782-6961
http://www.cyberdriveillinois.com



cashier's
order
& check

Jesse White Secretary of State

payable to the secretary of state.
SEE NOTE 1 TO DETERMINE FEES!

FILED: 5/10/2004

Filing Fee: \$150.00 Franchise Tax \$ 25.00 Total \$ 175.00 File # 63531057 Approved: PHS
Submit in duplicate Type or Print clearly in black ink Do not write above this line

1. CORPORATE NAME: Emerald Star International, Inc.

(The corporate name must contain the word "corporation", "company," "incorporated," "limited" or an abbreviation thereof.)

2. Initial Registered Agent: Charles W. Hannon
First Name Middle Initial Last name
Initial Registered Office: 942 Maple Avenue
Number Street Suite # (A P.O. BOX ALONE IS NOT ACCEPTABLE)
Downers Grove IL 60515 DuPage
City ZIP Code County

3. Purpose or purposes for which the corporation is organized:
(If not sufficient space to cover this point, add one or more sheets of this size.)

The transaction of any or all lawful businesses for which corporations may be incorporated under the Illinois Business Corporation Act.

4. Paragraph 1: Authorized Shares, Issued Shares and Consideration Received:

Table with 4 columns: Class, Number of Shares Authorized, Number of Shares Proposed to be Issued, Consideration to be Received Therefor. Row 1: Common, 1,000, 100, \$1,000.00. Total = \$ 1,000.00

Paragraph 2: The preferences, qualifications, limitations, restrictions and special or relative rights in respect of the shares of each class are:
(If not sufficient space to cover this point, add one or more sheets of this size.)

5. **OPTIONAL:** (a) Number of directors constituting the initial board of directors of the corporation: \_\_\_\_\_  
 (b) Names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualify:

Name	Address	City, State, ZIP

6. **OPTIONAL:** (a) It is estimated that the value of all property to be owned by the corporation for the following year wherever located will be: \$ \_\_\_\_\_  
 (b) It is estimated that the value of the property to be located within the State of Illinois during the following year will be: \$ \_\_\_\_\_  
 (c) It is estimated that the gross amount of business that will be transacted by the corporation during the following year will be: \$ \_\_\_\_\_  
 (d) It is estimated that the gross amount of business that will be transacted from places of business in the State of Illinois during the following year will be: \$ \_\_\_\_\_

7. **OPTIONAL: OTHER PROVISIONS**

Attach a separate sheet of this size for any other provision to be included in the Articles of Incorporation, e.g., authorizing preemptive rights, denying cumulative voting, regulating internal affairs, voting majority requirements, fixing a duration other than perpetual, etc.

8. **NAME(S) & ADDRESS(ES) OF INCORPORATOR(S)**

The undersigned incorporator(s) hereby declare(s), under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

Dated May 10, 2004  
 (Month & Day) Year

- |  |  |
|--|--|
| <p>1. <u>Charles W. Hannon</u><br/>         Signature<br/>         Charles W. Hannon<br/>         (Type or Print Name)</p> <p>2. _____<br/>         Signature<br/>         (Type or Print Name)</p> <p>3. _____<br/>         Signature<br/>         (Type or Print Name)</p> | <p>Address</p> <p>1. <u>942 Maple Avenue</u><br/>         Street<br/> <u>Downers Grove, IL 60615</u><br/>         City/Town State ZIP Code</p> <p>2. _____<br/>         Street<br/>         City/Town State ZIP Code</p> <p>3. _____<br/>         Street<br/>         City/Town State ZIP Code</p> |
|--|--|

(Signatures must be in **BLACK INK** on original document. Carbon copy, photocopy or rubber stamp signatures may only be used on conformed copies.)

NOTE: If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by a duly authorized corporate officer. Type or print officer's name and title beneath signature.

Note 1: Fee Schedule

The initial franchise tax is assessed at the rate of 15/100 of 1 percent (\$1.50 per \$1,000) on the paid-in capital represented in this State. (Minimum initial franchise tax is \$25)

The filing fee is \$150

The minimum total due (franchise tax + filing fee) is \$175.

Note 2: Return to:

\_\_\_\_\_  
 (Firm name)

\_\_\_\_\_  
 (Attention)

\_\_\_\_\_  
 (Mailing Address)

\_\_\_\_\_  
 (City, State, ZIP Code)

EMERALD STAR INTERNATIONAL, INC.  
942 MAPLE AVENUE  
DOWNERS GROVE, IL 60515

Andy

Quinn

May 12, 2004

William McCollum  
Director

Via Fax No. 649-941-4561

Dear William:

In the interest of time, I will endeavor to respond to the questions you have raised in your recent facsimile.

1. **EXPENSES:** It is my understanding that those sundry expenses incurred will be borne by Emerald Star. In respect to expenses incurred by Claymore, those will be also paid by Emerald Star. Should expenses be more than I anticipate, I will charge them to the amount being distributed to my referring parties. Thus, far, out of pocket expenses are \$275.00 for incorporation costs and \$28.00 for parking. Whitehall and Claymore expenses will be paid in the form of fees. In respect to those fees, I am awaiting the contract to be faxed over. NOTE: Once a Compensation Agreement is signed by JER, the fees to be paid will be easier to negotiate if nothing has been executed by then.
2. **CONSULTANCY FEES:** The consultancy fees or "Finders Fees" will be income to Emerald Star. Example: One per cent of \$80,000,000 is \$800,000. The \$800,000 paid to Emerald Star will be income to Emerald Star to be adjusted by tax liabilities and any sundry expenses allowed. Ergo, the consultancy fee is income and would not be deductible to Emerald Star.
3. **CORPORATE DIRECTORS:** Under investigation.

→ What  
money  
is  
this

#### 4. EFFECTIVE TAX RATES RE A FOR PROFIT "C" CORPORATION:

Taxable Income:	\$ 0.00 to \$50,000	15%
	\$50,K to \$75,000	25%
	\$75,K to \$100,000	34%
	\$100K and above	39% (Max Rate)

There will be some structuring required to attempt to reduce the effective tax rate to the lowest possible. I was also advised the income in excess of \$335,000 is perhaps taxed a lower rate than the max at 39%. At this time I do not plan to include whatever fees that are paid to Emerald Star to my personal U.S. Tax return. I would recommend that all net income paid to Emerald Star be remitted entirely to Whitehall, which in turn could make the various distributions agreed upon. Any monies distributed to me from Whitehall would be attributed to my personal tax return. The tax liability to all other individuals and entities will be their express responsibility. At the end of the day, I suspect we are looking at a tax rate of somewhere between 34% to 39% with an additional small tax liability to the State of Illinois.

#### 5. DIVIDENDS TO WHITEHALL:

- a. Money would be remitted to Whitehall as the parent of Emerald Star as a consultancy fee net of taxes.
- b. Dividends are taxable to the issuing corporation and also taxable to the shareholder receiving the dividend. I do not think this is the way to go. Emerald Star, at the end of the calendar year should only show a couple of a thousand dollars on it's balance sheet.

#### 6. BANK ACCOUNTS WITH SIGNATORIES ON AND OFFSHORE:

I would like to go with both on shore and offshore signatories. Whilst this, would necessitate Federal Expressing a check to TCI for counter signature, it will be only one or two checks, so I don't see the problem.

#### 7. NET COMPENSATION: Will get back to you as soon as established.

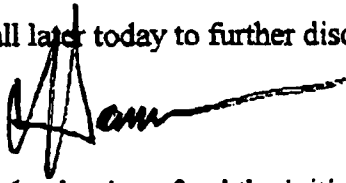
8. ACCOUNTANTS: I trust this will be a nominal but a necessary requirement. Emerald Star will be dealing with vary few transactions and therefore, accountings will be minimal. With such a few transactions, I would have to believe that the preparation of a U.S. tax return and an Illinois tax return would be quite simple. I will investigate the cost and get back to you.

William, this is a maiden voyage in acting as a "Finder" for the investment of various and sundry State funds. The numbers are usually quite substantial and thereby kick out very attractive fees. This opportunity has come my way due to a long term developed relationship

and trustworthiness. Assuming the net after taxes will be in the neighborhood of \$480,000.00, the bulk of these fees will go to those who actually made it happen. Emerald Star and Whitehall will be paid a fee for facilitating the placement. I can tell you for absolute certain that there are plenty of companies/people who would jump at the opportunity. I'm the new guy on the block. I can also guarantee you that there will not be a 50/50 split of the fees. I am hoping based on an earlier deal that Emerald Star/Whitehall will be paid 15%, which is a relatively tidy sum. My plan is to negotiate additional monies for off-shore costs. Notwithstanding, should there not be additional fees negotiated, Whitehall will split 60/40 upstream to Claymore of whatever net Whitehall receives. I would urge Andrew and yourself to seriously consider this opportunity. It may not occur again but if we get it right on this maiden voyage there also be an addition several years of opportunity.

I will call later today to further discuss.

Chuck



P.S. My plan is to fund the initial \$1,000 into Emerald Star from Whitehall. Emerald Star would then issue the initial authorized 1,000 shares to Whitehall resulting in Emerald Star being wholly owned by Whitehall.