



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

Arizona Corporation Commission

DOCKETED

JAN 31 2014

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In the Matter of:

TRI-CORE COMPANIES, LLC, an Arizona limited liability company,

TRI-CORE MEXICO LAND DEVELOPMENT, LLC, an Arizona limited liability company,

TRI-CORE BUSINESS DEVELOPMENT, LLC, an Arizona limited liability company,

ERC COMPACTORS, LLC, an Arizona limited liability company,

ERC INVESTMENTS, LLC, an Arizona limited liability company,

C&D CONSTRUCTION SERVICES, INC., a Nevada corporation,

PANGAEA INVESTMENT GROUP, LLC, an Arizona limited liability company, d/b/a Arizona Investment Center,

JASON TODD MOGLER, an Arizona resident,

BRIAN N. BUCKLEY and CHERYL BARRETT BUCKLEY, husband and wife,

CASIMER POLANCHEK, an Arizona resident,

NICOLE KORDOSKY, an Arizona resident,

Respondents.

Docket No. S-20867A-12-0459

**NOTICE OF FILING PURCHASE CONTRACT BETWEEN ERC OF CHICAGO, LLC AND RESPONDENTS: (1) ERC COMPACTORS, LLC; AND (2) ERC COMPACTORS, LLC**

(Assigned to Administrative Law Judge Marc E. Stern)

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2 Respondents, TRI-CORE COMPANIES, LLC, TRI-CORE BUSINESS  
3 DEVELOPMENT, LLC, and JASON TODD MOGLER, through undersigned counsel, and  
4 Respondents, ERC COMPACTORS, LLC, and ERC INVESTMENTS, LLC (the “ERC  
5 Entities”), through undersigned counsel who has been conditionally withdrawn from  
6 representation on their behalf upon the filing of a complete and final Purchase Contract for  
7 the ERC Entities, hereby files same with the following explanations. The Purchase Contract  
8 attached hereto as Exhibit A, and incorporated herein by this reference, was the Purchase  
9 Contract submitted to the Commission on October 23, 2013. It has page numbering  
10 inconsistencies between the signature pages and the contract. Undersigned counsel received  
11 this contract via email from Guy Quinn, manager of ERC of Chicago, LLC, on October 22,  
12 2013. This email contained two attachments: (1) the stand alone signature pages: pages 3,  
13 7, 10, and 12 in .pdf form; and (2) the unsigned February 28, 2013, Purchase Contract in  
14 .pdf form (Exhibit A, hereto). Also on October 22, 2013, undersigned counsel received the  
15 March, 2013, Purchase Contract in word form from Guy Quinn. The March, 2013,  
16 Purchase Contract received in word form is attached hereto as Exhibit B, and incorporated  
17 herein by this reference. Upon receipt of the documents on October 22, 2013, undersigned  
18 counsel mistakenly assumed the .pdf form of the Purchase Contract and the word form of  
19 the Purchase Contract were identical. To the contrary, the March, 2013, Purchase Contract  
20 (Exhibit B received in word form) is the final Purchase Contract, and the stand alone  
21 signature pages he received match this document. To further confirm the March, 2013,  
22 Purchase Contract (Exhibit B) is the final Purchase Contract undersigned counsel also  
23 received it in word form from Jason Mogler on January 30, 2014. The March, 2013,  
24 Purchase Contract with the March 8, 2013, signature pages is the final Purchase Contract,  
25 and it is attached hereto in a complete form as Exhibit C, and incorporated herein by this  
26 reference.

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1 Dated this 31<sup>st</sup> day of January, 2014.

2 **THRASHER JEMSEK, PLLC**

3  
4 By   
5 Bobby O. Thrasher, Jr.  
6 518 East Willetta Street  
7 Phoenix, Arizona 85004  
8 *Attorney for Respondents*

9 ORIGINAL AND 13 COPIES of the foregoing filed January 31<sup>st</sup>, 2014, with:

10 Docket Control  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 COPIES of the foregoing via first class mail and  
15 E-mail (as noted) on January 31<sup>st</sup>, 2014, to:

16 Honorable Marc E. Stern  
17 Administrative Law Judge  
18 Arizona Corporation Commission / Hearing Division  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

21 Stacey L. Luedtke  
22 Arizona Corporation Commission, Securities Division  
23 1300 W. Washington, 3<sup>rd</sup> Floor  
24 Phoenix, Arizona 85007  
25 [sluedtke@azcc.gov](mailto:sluedtke@azcc.gov)

26 Dale B. Rycraft, Jr., Esq.  
27 The Rycraft Law Firm, PLLC  
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[drycraft@rycraftlaw.com](mailto:drycraft@rycraftlaw.com)  
*Attorney for C&D Construction*

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[jstevens@rdp-law.com](mailto:jstevens@rdp-law.com)



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# **EXHIBIT A**

## PURCHASE CONTRACT

This Contract is entered into this 28<sup>th</sup> day of February, 2013, by and between ERC of Chicago, LLC, an Illinois limited liability company, also known as ERC Locomotives (the "Purchaser"), and ERC of Nevada LLC, a Nevada limited liability company, ERC Compactors, an Arizona limited liability company, ERC Investments LLC, an Arizona limited liability company, ERC Corporation, LLC, an Arizona limited liability company, (each, an ERC Entity, collectively, the "Seller").

**WHEREAS**, Purchaser has substantial experience in the management and operation of recycling, material recovery facility, salvage center, and desires to purchase all of the membership interests of the Sellers, together with that portion of membership interests in the Purchaser owned by the Seller;

**WHEREAS**, Seller is the owner of one hundred percent (100%) of the membership interests of each ERC Entity, and fifty-one percent (51%) of the membership interests of the Purchaser (collectively, the Membership Interests), and desires to sell all of its Membership Interests to the Purchaser;

**WHEREAS**, Purchaser has offered to purchase Seller's Membership Interests, and Seller has agreed to sell to Purchaser its Membership Interests, all as more fully set forth hereafter;

**WHEREAS**, the Sellers and their affiliates are involved as defendants in litigation known as *C&D Construction Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the "C&D Suit") and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the "ACC Suit");

**NOW THEREFORE**, for the foregoing consideration, the receipt and sufficiency of which the parties hereto acknowledge, the parties hereto agree as follows:

### I. TERMS OF STOCK PURCHASE

1.01 **Purchase Price.** Seller and Purchaser hereby agree that for and in consideration of the sum of \$3.00 million, which sum shall be used to pay existing liabilities of Seller, Seller shall sell, transfer and deliver to Purchaser its one hundred percent (100%) of its membership interests of each ERC Entity, and its fifty-one percent (51%) of the membership interests of the Purchaser, free and clear of all liens, liabilities, and claims.

1.02 **Surrender of Assets.** Seller agrees, as a condition of closing, that it will transfer, assign, convey, and deliver to Purchaser title, free and clear from all liens and adverse claims, and possession and control, of all assets of Seller, including without limitation:

- a) **Fixed Assets.** All of Seller's furniture, fixtures, leasehold improvements, equipment, supplies, computer hardware, printers, phone systems, other office equipment and

vehicles, and all other tangible assets of Seller, wherever located (the "Fixed Assets");

- b) Inventory. Seller's entire inventory of finished goods, work-in-process, raw materials, supply inventories, and other inventories (the "Inventory") to the extent that such Inventories have not been sold prior to the closing by Seller in the ordinary course of business consistent with past practice;
- c) Prepaid Expenses. All right, title, and interest of Seller's in and to the prepaid expenses, deposits, and insurance policies (the "Prepaid Expenses");
- d) Assigned Contracts. All right, title, and interest of Seller under the contracts and agreements (including without limitation insurance policies and leases of personal property);
- e) Seller's Name. All of Seller's right, title and interest in, and all goodwill associated with, the collective company names of the seller and any names derived from or bearing a resemblance thereto, and any other trademarks, trade names, service marks, or other trade rights;
- f) Intellectual Property; Other Intangible Assets. All of Seller's rights with respect to all mailing lists, all customer lists, all prospect lists, all web addresses, web sites and domain names, web site content, all records pertaining to e-commerce transactions, all advertising materials, all logos, all telephone numbers and all intellectual property used or useful in connection with operations or under development, including without limitation all copyrights, patents, trade secrets, proprietary and technical information, research and development, processes, formulas, know-how and other trade rights, together with all rights to, and all applications, registrations, licenses and franchises for, any of the foregoing, in any form or media (the "Intellectual Property"), and any other intangible assets of Seller including goodwill.
- g) Computer Software. All right, title, and interest of Seller in any computer software used by Seller in the operation of any computer hardware or other equipment transferred to Purchaser in accordance herewith, all of Seller's rights under any licenses related to Seller's use, at any time, of such computer equipment, hardware, or software, and all leases pursuant to which Seller leases any computer software, in any form or media, together with all documentation and manuals obtained in connection therewith (collectively, the "Software").
- h) Permits. All right, title, and interest of Seller in, to and under all permits, authorizations, certificates, approvals, registrations, variances, exemptions, rights of way, franchises, privileges, immunities, grants, ordinances, licenses and other rights of every kind and character relating to any operations or all or any of the Purchased Assets.
- i) Records. All of Seller's books, records, files, and papers pertaining to any of the ERC Entities or their respective assets, maintained in the ordinary course of business, including but not limited to accounting and financial records, personnel records, environmental

records and reports, contract forms, technical data, graphic materials, pricing and information manuals, drawings, patterns, fixtures, designs, sales literature or other sales aids, customer files, customer credit histories and other data related or pertaining to operations (the "Records").

- j) Cash. Seller's cash, cash equivalents, and other items on deposit in the accounts of Seller, including without limitation at any financial institution.
- k) Other Property. All other or additional privileges, rights, interests, properties, and assets of Seller, of every kind and description and wherever located.

1.03 Other Liabilities. Seller agrees, as a condition of closing, that:

- a) it will pay or otherwise satisfy all liabilities of the ERC Entities in excess of \$3.00 million, and provide releases thereof in a form satisfactory to the Purchaser no later than five (5) business days prior to closing. If such releases are not so provided, Purchaser may in its sole discretion terminate the contract or extend the closing date.
- b) any liability from or related to the C&D Suit and the ACC Suit shall be borne by its Managers and members prior to closing, including individually, and under no circumstances shall such liability be borne by Purchaser or Guy Quinn, Jr. Seller and their respective Managers and members shall defend, indemnify, and hold harmless Purchaser and Guy Quinn, Jr. from any such claims, settlements, judgments, findings, penalties, and other liabilities.

1.04 Financing Contingency. Seller and Purchaser hereby agree that this Agreement is subject to and contingent upon Purchaser's ability to borrow the \$3.00 million Purchase Price at an interest rate not to exceed 10% per annum for a period not to exceed five (5) years. Within thirty (30) days of acceptance, Purchaser shall apply for such financing. If such financing is refused, Purchaser may in its sole discretion terminate the contract or extend the closing date.

1.05 Acceptance. Acceptance of this Contract shall not be complete until this Contract or counterparts thereof are executed by each of the ERC Entities with the approval of at least two-thirds of the membership interests of each (or such higher amount if required by that Entity's operating agreement or by the laws of the state of its organization), pursuant to duly adopted resolutions executed by the members or managers authorized to execute such resolutions, authorizing Seller to fulfill all of the terms and conditions hereof, and to make the warranties, representations, and covenants herein, and to take such other corporate action as may reasonably be required by Purchaser, its agents, or the regulatory agencies to whom application for approval of this transaction shall be made. The Seller shall, immediately upon execution of this Contract, deposit or cause the Membership Interests subject hereto to be deposited, duly indorsed in blank with signatures guaranteed in a manner sufficient to transfer title to such Membership Interests on the books and records of Purchaser, with the attorney or escrow agent for Purchaser. Said escrow agent shall hold the Membership Interests in escrow for the benefit of the parties hereto.

1.06 Conduct of Business. Seller and Purchaser hereby agree that, prior to the closing date, the ERC Entities will conduct their operations in accordance with sound, prudent, and generally

accepted legal and accounting practices and in compliance with all applicable laws; that they will make no material changes in the customary terms and conditions on which it does business; that they will notify Purchaser of any meetings to be held by their members or managers, and allow the Purchaser to attend such meetings, including executive sessions thereof, as an observer; that they will consult with the Purchaser in making any decisions or taking any action other than in the ordinary course of business, including but not limited to actions involving extension or renewal of any lease for the corporation's premises or equipment; and that they will not purchase, sell, transfer, assign, encumber, or otherwise dispose of any assets, other than in the ordinary course of business, without the prior written approval of Purchaser.

**1.07 Regulatory Approval.** This Contract is contingent upon approval of this transaction by all necessary regulatory authorities, including, without limitation, the Arizona Corporation Commission; and compliance with all statutory requirements deemed necessary by the Purchaser or its agents. The Purchaser hereby agrees to use its best efforts, and Sellers hereby agree to cooperate with Purchaser and to use their best efforts to obtain at the earliest practicable date, all such approvals and to fulfill all requests, terms, and conditions made or imposed on them in connection with the obtaining of such approvals (whether such requests, terms, or conditions are made or to be fulfilled prior or subsequent to the receipt of such approval); provided that neither Purchaser nor Sellers shall be obliged to fulfill any such request, term, or condition if such request, term, or condition is unacceptable in their reasonable business judgment, and if the parties finding such request, term, or condition unacceptable shall notify the remaining parties of such determination within five (5) days after the earlier of:

- a) the receipt of any such approval, or
- b) the date on which it is determined by such parties in their reasonable business judgment that such approval will not issue in the absence of compliance with such request, term, or condition.

The Seller hereby agrees that if an application for such approval is denied, the ERC Entities will, upon the written request of the Purchaser made within thirty (30) days after the date of receipt of such denial, cooperate with, and will use their best efforts to assist the Purchaser in the prosecution of an appeal of such denial to the appropriate regulatory, administrative, or judicial body, unless the ERC Entities determine that the prosecution of such appeal is unacceptable in their reasonable business judgment and so notifies Purchaser within five (5) days after such denial. If such appeal is prosecuted, the parties hereby agree to extend the period of the contingency by a term reasonably necessary to obtain an opinion or decision.

If such regulatory approval is denied or unacceptable requests, terms, or conditions are imposed as above stated; or if all statutory requirements deemed necessary by the Purchaser or his agents are not complied with; this Contract shall be null and void and the Membership Interests deposited shall be returned to Seller.

**1.08 Litigation Contingency.** Seller and Purchaser hereby agree that this Agreement is subject to and contingent upon Purchaser's satisfaction in its sole discretion with the state of any litigation involving the Seller or any of the ERC Entities. If any such litigation is ongoing, Purchaser may in its sole discretion and at any time prior to closing, terminate the contract or

extend the closing date. No election by Purchaser under this paragraph shall be deemed to exhaust this power.

1.09 Due diligence. Seller and Purchaser hereby agree that this Agreement is subject to and contingent upon Purchaser's satisfaction in its sole discretion with its review of all documents and records kept by or related to any of the ERC Entities. Based on its review, Purchaser may in its sole discretion and at any time prior to closing, terminate the contract or extend the closing date. No election by Purchaser under this paragraph shall be deemed to exhaust this power.

## **II. CLOSING**

2.01 Time and Place of Closing. Closing shall be not more than thirty (30) days after all necessary approvals have been obtained pursuant to paragraph 1.07, above, or after any necessary statutory waiting period subsequent to receipt of such approvals, or as otherwise agreed in writing between the parties, at the offices of Purchaser's attorney or escrow agent, in Chicago, Illinois.

2.02 Proof of Title. Within five (5) days of execution hereof, and again at least ten (10) days prior to the closing date, Seller shall provide, at Seller's expense, to Purchaser or his agents evidence of title in the Seller to the one hundred percent (100%) of the membership interests of each ERC Entity, and fifty-one percent (51%) of the membership interests of the Purchaser, free and clear of any and all liens, encumbrances, and claims of others of any nature whatsoever, by delivering (a) a copy of the Membership Interests as held by the escrow agent, and (b) a search issued by the Uniform Commercial Code Division of the Secretary of State or equivalent governmental agency of Illinois, Nevada, and Arizona, and of the Recorder of Deeds of the county in which each ERC Entity maintains its principal office, dated not more than fourteen (14) days prior to the date required, showing no judgments, security interests or financing statements encumbering such ERC Entities or Membership Interests. If the stock certificates or the Uniform Commercial Code Searches disclose any encumbrances, Seller shall have thirty (30) days from Purchaser's receipt of evidence of title to eliminate such encumbrances and to notify Purchaser accordingly.

2.03 Closing Documents. Within five (5) days of execution hereof and again at least ten (10) days prior to the closing date, Seller and each of the ERC Entities shall deliver to the Purchaser or his agents the following documents required by this Contract and such other documents as, in the opinion of Purchaser's or Seller's respective counsels, shall be required to fully comply with all of the terms of this Contract in form and substance satisfactory to Purchaser and Seller, including, but not limited to those listed below, and at closing the Seller and the ERC Entities shall execute and deliver to Purchaser, or cause to be executed and delivered to Purchaser said documents:

- a) Original certificates, dated the required date, signed by the Manager or the Member with responsibility for financial matters, of each of the ERC Entities, certifying the accuracy of the representations and warranties made herein with respect to such ERC Entity;
- b) Certified copies of the resolutions of Manager or the Members of each of the ERC Entities authorizing the execution and delivery of this Contract;

- c) Copies of written resignations of each Officer, Manager, and agent of each of the ERC Entities, effective as of the date of the closing (provided that nothing herein shall require such a resignation from Guy Quinn, Jr., if applicable to any of the ERC Entities); and
- d) Certified copies of orders dismissing the Seller and the ERC Entities from the C&D Suit and the ACC Suit.

In addition, at closing the Seller and each of the ERC Entities shall execute and deliver to the Purchaser any documents prepared prior to closing.

2.04 Closing Conditions. This Contract is subject to the following conditions subsequent:

- a) That on the date of closing there shall not have been instituted or, to the knowledge of any party to this Contract, threatened, any action or proceeding before any court or governmental body or regulatory authority of the United States or any political subdivision thereof as a result of, or in connection with, this Contract or the transactions contemplated hereby, which actions or proceedings the Purchaser believe, in their reasonable business judgment, make it inadvisable to proceed with the transaction contemplated hereby;
- b) That as of the date of closing no judicial, legislative, or other governmental action shall have been taken or rendered which would:
  - (i) prohibit or prevent the consummation of the transaction contemplated hereby,
  - (ii) prohibit or prevent the acquisition by the Purchaser of the Membership Interests or any asset previously held by any of the ERC Entities,
  - (iii) require the Purchaser to divest itself of the Membership Interests or any asset previously held by any of the ERC Entities, or
  - (iv) have the effect of depriving the Purchaser of either investment or voting power with respect to the Membership Interests or any of them;

which action the Purchaser believes, in its reasonable business judgment, makes it inadvisable to proceed with the transaction contemplated hereby; and

- c) That as of the date of closing there has been no material adverse change in the business, assets, or financial condition of any of the ERC Entities since the date of execution hereof.

### **III. WARRANTIES, REPRESENTATIONS, AND COVENANTS OF SELLER AND EACH OF THE ERC ENTITIES**

The Seller, each of the ERC Entities, and their respective Managers and Members each hereby jointly and severally warrant, represent, and covenant to the Purchaser as follows:

3.01 Corporate Organization. That ERC of Nevada, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Nevada; ERC Compactors, LLC, is a limited liability company duly organized, validly existing, and in good

standing under the laws of the State of Arizona; ERC Investments, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Arizona; ERC Corporation, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Arizona; and that each of the aforesaid ERC Entities holds all licenses, certificates, and permits from federal, state, or local governmental authorities necessary to conduct the business in which it is currently engaged.

3.02 Securities Regulation. That none of the ERC Entities is registered with the United States Securities and Exchange Commission or with the Securities Division of the Secretary of State of Nevada, Arizona, or Illinois, nor is required to be.

3.03 Financial Statements. That the balance sheets and the statement of income of each of the ERC Entities as of February 28, 2013, fairly present the financial position of such ERC Entity as of such date the results of its operations, its capital and reserves, in conformity with generally accepted accounting principles applied on a consistent basis (except as stated therein or in the notes thereto). The books of account of Seller and each of the ERC Entities have been kept accurately in the ordinary course of its Business, the transactions entered therein represent bona fide transactions and the revenues, expenses, assets and liabilities of Seller and each of the ERC Entities have been properly recorded in such books. The records are in good order, are complete, and have been maintained in accordance with sound business practices.

3.04 Customers. Neither the Seller nor the members of the ERC Entities have received actual notice from any of Seller's customers that any such customer will, for any reason, cease to do business with with Purchaser due to the instant transaction. Neither the Seller nor the members of the ERC Entities are aware of any fact or has any reason to believe that any of Seller's largest ten (10) customers in terms of dollars of trade with Seller will, for any reason, cease to do business with Purchaser due to the instant transaction, or of any fact that could have a material, adverse impact on the relationship between Seller and such customer.

3.05 Absence of Undisclosed Liabilities. That each of the ERC Entities as of February 28, 2013, had no liabilities or obligations of any nature, contingent or otherwise, which were not reflected in the balance sheet or in the notes thereto as of such date, which are required to be reflected or reserved against under generally accepted accounting principles.

3.06 No Material Adverse Change. That since February 28, 2013, there has been no material adverse change in the business, assets, or financial condition of any of the ERC Entities; and that there are no undisclosed agreements, concessions, litigation, or liabilities of any nature, contingent or otherwise.

3.07 Disclosure. That this Contract, the warranties, representations, and covenants herein, and the documents and certificates furnished by the Seller to the Purchaser pursuant to this Contract, do not contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which they were made, not misleading.

3.08 Taxes. That each of the ERC Entities has duly filed all tax returns and all reports of

all governmental units having jurisdiction over it, with respect to taxes imposed upon Seller and each such ERC Entity or upon its income, property, or operations; and that all taxes have been paid or reserved against to the extent that such taxes have become due, except for amounts due to the Illinois Director of Employment Security.

**3.09 Pending Litigation or Proceedings.** That the Seller and each of the ERC Entities has settled, been dismissed from, or otherwise resolved the claims against it or them in the C&D Suit and the ACC Suit prior to closing, and that there is no other action, suit, arbitration, or other legal or administrative proceeding or governmental investigation pending or, to the knowledge of the Seller and each of the ERC Entities, threatened, involving the Seller or any of the ERC Entities, nor any of their respective Managers, members, or officers, nor such Seller's or ERC Entity's business, assets, or financial condition; nor do Seller, any of the ERC Entities, or their respective Managers, members, or officers have reasonable grounds to know of any such action, suit, arbitration, or other administrative proceeding or governmental investigation; and that Seller and the ERC Entities are not in default in any respect with regard to any order, decree, judgment, award, determination, or ruling of any court, arbitrator, governmental body, or regulatory authority.

**3.10 Absence of Conflicts.** That subject to approval by the Managers or members of each of the ERC Entities, and regulatory approval where required, neither the execution and delivery by the Seller of this Contract nor the performance by the Seller or the ERC Entities of the terms and provisions hereof will:

- a) Conflict with the operating agreement of such ERC Entity or Purchaser;
- b) Conflict with, result in a breach of, or constitute a default under the terms of any indenture or other agreement or instrument to which Seller or such ERC Entity or Purchaser is a party or under which it or its property is bound;
- c) Result in the creation or imposition of any lien, encumbrance, or other restriction (except for the restrictions imposed by this Contract) of any nature whatsoever on, or give to others any interest or right (including rights of termination or cancellation) in or with respect to, any material contracts, rights, properties, or other assets of Seller or such ERC Entity or Purchaser;
- d) To the best knowledge of Seller or such ERC Entity, conflict with any law, order, or ruling applicable to the Seller or to such ERC Entity of any court, governmental body, or regulatory authority having jurisdiction over such ERC Entity or any of its properties or operations.

**3.11 Business Operations.** That since the date of execution hereof, all business operations have been conducted in accordance with sound, prudent, and generally accepted legal, insurance, and accounting principles and in compliance with all applicable laws.

**3.12 Unfair Contractual Arrangements.** That there are no contracts, commitments, or arrangements to which any of the ERC Entities is or will be a party that are unfair, impose an undue burden on any of the ERC Entities, or result in an inadequate benefit in light of the obligations undertaken; and that except as otherwise provided herein, there are no employment contracts.

**3.13 Title.** That the transferor or transferors of the Common Stock purchased hereunder

are the true and lawful owner, both of record and beneficially, of the Common Stock to be sold and delivered, that there are no options, warrants, calls, commitments, or agreements, of any character, and that, upon closing, such Common Stock can and will be free and clear of any and all liens, charges, encumbrances, pledges, security interests, and claims of others, of any nature whatsoever; and that such transferor or transferors have full right, power, legal capacity, and authority to execute this Contract and to sell and deliver to Purchaser the Common Stock to be sold and delivered hereunder.

3.14 No Further Use of Brand. After closing, neither Seller, the ERC Entities, their affiliates, nor the Managers and members who transferred any Membership Interests to Purchaser pursuant to this Agreement, shall use, display, or promote the name, logo, or brand "ERC" or "Environmentally Responsible Company" or "Environmentally Responsible Companies" including without limitation in connection with any business then existing or not yet registered, in the United States or any individual state or states.

3.15 No Continuation of Affiliates. Prior to closing, Seller shall dissolve or cause to be dissolved all other entities not a party to this Agreement bearing the name "ERC" or "Environmentally Responsible Company" or "Environmentally Responsible Companies" in whole or in part, in which any member, manager or agent also is a member, manager, or agent of Seller or any ERC Entity, including without limitation:

ERC Services, LLC, a Nevada limited liability company;  
ERC Nevada Compactors, LLC, an Arizona limited liability company;  
ERC of Chicago, LLC, an *Arizona* limited liability company (as distinguished from Purchaser);  
ERC Investors, LLC, an Arizona limited liability company;  
ERC Legacy, LLC, an Arizona limited liability company; and  
Environmentally Responsible Company Inc., a pending Arizona corporation.

3.16 Survive Closing. Unless otherwise specifically limited, all agreements, warranties, representations, and covenants contained herein (including those made elsewhere in this Contract) shall be deemed to have been made on the date hereof as well as on the closing date and shall survive closing.

#### **IV. DEFAULT**

4.01 Default. In the event that Seller seeks to declare a default by Purchaser in any of Purchaser's agreements, warranties, representations and covenants herein, the Seller shall provide Purchaser with written notice and explanation of such default, and if such default shall thereafter continue uncured for ten (10) days, said Seller may, at his election declare this Contract to be null and void, whereupon the Membership Interests deposited shall be returned to Seller.

In the event that Purchaser seeks to declare a default by Seller or any of the ERC Entities in any of their agreements, warranties, representations, and covenants herein, the Purchaser shall provide Seller and such ERC Entity with written notice and explanation of such default, and if such default shall thereafter continue uncured for ten (10) days, the Purchaser may, at his election declare this

Contract to be null and void or direct its escrowee to deliver to Seller the Membership Interests deposited by Seller; and such election shall not be exclusive or bar Purchaser from any remedy in law or in equity including specific performance.

4.02 Liquidated damages. In the event that Purchaser terminates this Agreement prior to closing, and such termination is not pursuant to any contingency set forth herein, Purchaser shall not be liable to Seller for any sum in excess of \$1,000.00 in the aggregate for all claims, which amount shall be liquidated damages and not a penalty.

## V. MISCELLANEOUS

5.01 Parties. In this Contract, the singular includes the plural and the masculine includes the feminine and neuter.

5.02 Successors. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5.03 Entire Contract. This Contract constitutes the entire agreement between the parties, all prior representations, agreements and understandings, written or oral, having been merged and superseded hereby.

5.04 Amendments. No alteration or attempted modification of any of the provisions hereof shall be binding unless in writing and signed by all parties hereto.

5.05 Rules Of Construction. This Contract shall not be construed more strictly against one party than the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both parties have substantially and materially contributed to the preparation hereof.

5.06 Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any provision hereof.

5.07 Severance. If any provision or provisions of this Contract shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.

5.08 Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be a duplicate original, and all of which together shall constitute but one and the same instrument.

5.09 Exhibits. If any exhibit referred to herein shall not have been attached hereto at the time of execution of this Contract, or if any such exhibit shall be incomplete at such time, such exhibit shall be later attached as soon as completed, and such exhibit shall, as later attached or completed, for all purposes be deemed a part of this Contract as if attached hereto at the time of execution. All exhibits referred to herein are hereby made a part hereof.

5.10 Waiver of Default. A waiver by either party of any default by the other party shall not be deemed to be a continuing waiver or waiver of any other default or of any other provision of this Contract, but shall apply solely to the instance in which the waiver is directed.

5.11 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, postage prepaid, certified or registered mail:

TO SELLERS OR ANY ERC ENTITY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TO PURCHASERS:

Guy Quinn, Jr.

\_\_\_\_\_  
\_\_\_\_\_

or at such other address as Seller or Purchaser may furnish to the other party in writing.

5.12 Governing Law. This Contract shall be governed by the laws of the State of Illinois. THE PARTIES HERETO AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN COOK COUNTY, ILLINOIS. THE PARTIES HERETO WAIVE ANY OBJECTION THAT THEY MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE. THE PARTIES HERETO WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT.

5.13 Time of Essence. Time shall in all respects be of the essence hereof.

5.14 Expenses. Whether or not the transaction contemplated by this Contract is consummated, each of the parties hereto shall be responsible for the payment of the fees and expenses of its respective counsel, accountants, and other experts, and all other expenses incurred by such party incident to the negotiation, preparation, and execution of this Contract or any

transaction incident hereto or contemplated hereby.

5.15 Commissions and Fees. Seller acknowledges and agrees that all obligations or commitments to any person or entity for a broker's or finder's or similar fee in connection with this transaction shall be borne by the Seller.

5.16 Attorneys' Fees. The parties hereto agree that should any litigation result which is related to this Contract, the party prevailing in such litigation shall be entitled to reasonable attorneys' fees incurred as a result thereof.

5.17 Authorized Signatures. The Parties hereto and the individuals executing this document on their behalf, covenant that the signatories to this Contract are duly authorized and empowered to so execute and bind their respective entity.

(Signature page follows)

The parties hereby agree to be bound and to comply with all of the foregoing terms and conditions.

DATED: February 28, 2013

SELLER:

ERC of Nevada LLC

PURCHASER:

ERC of Chicago, LLC

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By: Guy Quinn, Jr.  
Its: Manager

ERC Compactors, LLC

\_\_\_\_\_  
By:  
Its:

ERC Investments LLC

\_\_\_\_\_  
By:  
Its:

ERC Corporation, LLC

\_\_\_\_\_  
By:  
Its:

j) **Other Property.** All other or additional privileges, rights, interests, properties, and assets of Seller, of every kind and description and wherever located.

1.03 Intentionally Omitted. .

1.04 **Financing.** Purchaser agrees to satisfy all of Seller's existing liabilities and promissory notes (the "Notes"). A list of Seller's Notes are attached hereto and incorporated herein as Exhibit A.

1.05 **Acceptance.** Acceptance of this Contract shall not be complete until this Contract or counterparts thereof are executed by each of the Seller with the approval of at least two-thirds of the membership interests of each (or such higher amount if required by that Entity's operating agreement or by the laws of the state of its organization), pursuant to duly adopted resolutions executed by the members or managers authorized to execute such resolutions, authorizing Seller to fulfill all of the terms and conditions hereof, and to make the warranties, representations, and covenants herein, and to take such other corporate action as may reasonably be required by Purchaser, its agents, or the regulatory agencies to whom application for approval of this transaction shall be made.

1.06 **Conduct of Business.** Seller and Purchaser hereby agree that, prior to the closing date, the ERC Entities will conduct their operations in accordance with sound, prudent, and generally accepted legal and accounting practices and in compliance with all applicable laws; that they will make no material changes in the customary terms and conditions on which it does business; that they will notify Purchaser of any meetings to be held by their members or managers, and allow the Purchaser to attend such meetings, including executive sessions thereof, as an observer; that they will consult with the Purchaser in making any decisions or taking any action other than in the ordinary course of business, including but not limited to actions involving extension or renewal of any lease for the corporation's premises or equipment; and that they will not purchase, sell, transfer, assign, encumber, or otherwise dispose of any assets, other than in the ordinary course of business, without the prior written approval of Purchaser.

1.07 Intentionally Omitted.

1.08 **Litigation Contingency.** Seller has disclosed and Purchaser is aware that Seller and their affiliates are involved as defendants in litigation known as *C&D Construction Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the "C&D Suit") and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the "ACC Suit"). Purchaser has had an opportunity to investigate and seek legal counsel with respect to the claims and defenses alleged in each lawsuit and has elected to move forward with this Contract.

BD Purchaser Initials

[Signature] Seller Initials

*Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the "C&D Suit") and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the "ACC Suit"). Purchaser has had an opportunity to investigate and seek legal counsel with respect to the claims and defenses alleged in each lawsuit and has elected to move forward with this Contract. To Seller's Actual Knowledge there is no other action, suit, arbitration, or other legal or administrative proceeding or governmental investigation pending or threatened, involving the Seller or any of the ERC Entities, nor any of their respective Managers, members, or officers, nor such Seller's or ERC Entity's business, assets, or financial condition; nor do Seller, any of the ERC Entities, or their respective Managers, members, or officers have reasonable grounds to know of any such action, suit, arbitration, or other administrative proceeding or governmental investigation; and that Seller and the ERC Entities are not in default in any respect with regard to any order, decree, judgment, award, determination, or ruling of any court, arbitrator, governmental body, or regulatory authority.

 Purchaser Initials  
 Seller Initials

**3.10 Absence of Conflicts.** To Seller's Actual Knowledge that subject to approval by the Managers or members of each of the ERC Entities, and regulatory approval where required, neither the execution and delivery by the Seller of this Contract nor the performance by the Seller or the ERC Entities of the terms and provisions hereof will:

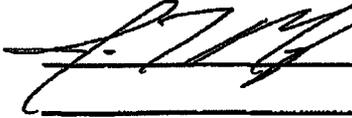
- a) Conflict with the operating agreement of such ERC Entity or Purchaser;
- b) Conflict with, result in a breach of, or constitute a default under the terms of any indenture or other agreement or instrument to which Seller or such ERC Entity or Purchaser is a party or under which it or its property is bound;
- c) Result in the creation or imposition of any lien, encumbrance, or other restriction (except for the restrictions imposed by this Contract) of any nature whatsoever on, or give to others any interest or right (including rights of termination or cancellation) in or with respect to, any material contracts, rights, properties, or other assets of Seller or such ERC Entity or Purchaser;
- d) Conflict with any law, order, or ruling applicable to the Seller or to such ERC Entity of any court, governmental body, or regulatory authority having jurisdiction over such ERC Entity or any of its properties or operations.

**3.11 Business Operations.** That since the date of execution hereof, all business operations have been conducted in accordance with sound, prudent, and generally accepted legal, insurance, and accounting principles and in compliance with all applicable laws.

**3.12 Unfair Contractual Arrangements.** To Seller's Actual Knowledge there are no contracts, commitments, or arrangements to which any of the ERC Entities are or will be a party that are unfair, impose an undue burden on any of the ERC Entities, or result in an inadequate

5.11 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, postage prepaid, certified or registered mail:

TO SELLERS OR ANY ERC ENTITY:

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TO PURCHASERS:

Guy Quinn, Jr.  
  
\_\_\_\_\_  
\_\_\_\_\_

or at such other address as Seller or Purchaser may furnish to the other party in writing.

5.12 Governing Law. This Contract shall be governed by the laws of the State of Arizona. THE PARTIES HERETO AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS CONTRACT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN MARICOPA COUNTY SUPERIOR COURT PHOENIX, ARIZONA. THE PARTIES HERETO WAIVE ANY OBJECTION THAT THEY MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE. THE PARTIES HERETO WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS CONTRACT.

5.13 Time of Essence. Time shall in all respects be of the essence hereof.

5.14 Expenses. Whether or not the transaction contemplated by this Contract is consummated, each of the parties hereto shall be responsible for the payment of the fees and expenses of its respective counsel, accountants, and other experts, and all other expenses incurred by such party incident to the negotiation, preparation, and execution of this Contract or any transaction incident hereto or contemplated hereby.

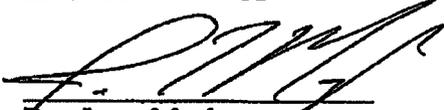
5.15 Commissions and Fees. Seller acknowledges and agrees that all obligations or commitments to any person or entity for a broker's or finder's or similar fee in connection with this transaction shall be borne by the Seller.

The parties hereby agree to be bound and to comply with all of the foregoing terms and conditions.

DATED: March 8, 2013

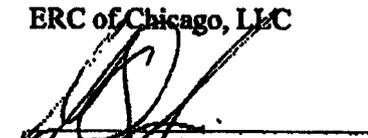
SELLER:

ERC of Nevada LLC

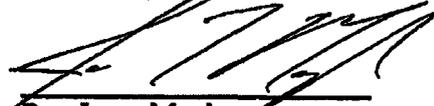
  
By: Jason Mogler  
Its: Manager

PURCHASER:

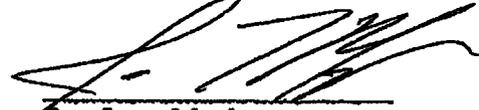
ERC of Chicago, LLC

  
By: Greg Quinn, Jr.  
Its: Manager

ERC Compactors, LLC

  
By: Jason Mogler  
Its: Manager

ERC Investments LLC

  
By: Jason Mogler  
Its: Manager

ERC Nevada Compactors,  
LLC  
By: Jason Mogler  
Its: Manager



# **EXHIBIT B**

## PURCHASE CONTRACT

This Purchase Contract (the "Contract") is entered into this \_\_\_\_ day of March, 2013, by and between ERC of Chicago, LLC, an Illinois limited liability company, also known as ERC Locomotives (the "Purchaser"), and ERC of Nevada, LLC, a Nevada limited liability company; ERC Compactors, LLC, an Arizona limited liability company; ERC Nevada Compactors, LLC, an Arizona limited liability company; ERC Investments, LLC, an Arizona limited liability company, (each, shall be collectively referred to herein as the "Seller" or "ERC Entity").

**WHEREAS**, Purchaser has substantial experience in the management and operation of recycling, material recovery facility, salvage center, and desires to purchase all of the membership interests of the Sellers, together with that portion of membership interests in the Purchaser owned by the Seller;

**WHEREAS**, Seller is the owner of one hundred percent (100%) of the membership interests in ERC Nevada Compactors, LLC; ERC Compactors, ERC Investments LLC, and a ninety-eight percent interest (98%) in ERC of Nevada LLC (collectively, the "Membership Interests"), and desires to sell all of its Membership Interests to the Purchaser;

**WHEREAS**, Purchaser has offered to purchase Seller's Membership Interests, and Seller has agreed to sell to Purchaser its Membership Interests, all as more fully set forth hereafter;

**NOW THEREFORE**, for the foregoing consideration, the receipt and sufficiency of which the parties hereto acknowledge, the parties hereto agree as follows:

### I. TERMS OF PURCHASE

1.01 Purchase Price. Seller and Purchaser hereby agree that for and in consideration of the sum of four million dollars (\$4,000,000.00) which sum shall be used to pay existing liabilities of Seller, Seller shall sell, transfer and deliver to Purchaser its membership interests of each ERC Entity free and clear of all liens, liabilities, and claims.

1.02 Surrender of Assets. Seller agrees, as a condition of closing, that it will transfer, assign, convey, and deliver to Purchaser title, free and clear from all liens and adverse claims, except those adverse claims asserted in the C&D Suit referenced herein, and possession and control, of all assets of Seller, including without limitation,:

- a) Fixed Assets. All of Seller's furniture, fixtures, leasehold improvements, equipment, supplies, computer hardware, printers, phone systems, other office equipment and vehicles, and all other tangible assets of Seller, wherever located (the "Fixed Assets");
- b) Inventory. Seller's entire inventory of finished goods, work-in-process, raw materials, supply inventories, and other inventories (the "Inventory") to the extent that such Inventories have not been sold prior to the closing by Seller in the ordinary course of business consistent with past practice;

- c) Prepaid Expenses. All right, title, and interest of Seller's in and to the prepaid expenses, deposits, and insurance policies (the "Prepaid Expenses");
- d) Assigned Contracts. All right, title, and interest of Seller under the contracts and agreements (including without limitation insurance policies and leases of personal property);
- e) Seller's Name. Seller shall transfer all of Seller's right, title and interest in, and all goodwill associated with, the collective company names of the ERC Entities listed herein and any names derived from or bearing a resemblance thereto. Seller shall grant Purchaser a license to use trademarks, trade names, service marks, or other trade rights in the ERC Entities and/or related entities for the sole and exclusive use in the State of Nevada. the names listed in Exhibit \_\_\_ which agreement shall be memorialized in writing by the parties prior to Closing.
- f) Intellectual Property; Other Intangible Assets. It is understood and agreed that ERC Investors, LLC shall retain ownership of a trademarks, trade names, service marks, or other trade rights. Seller shall transfer all of Seller's rights with respect to all mailing lists, all customer lists, all prospect lists, all web addresses, web sites and domain names, web site content, all records pertaining to e-commerce transactions, all advertising materials, all logos, all telephone numbers and all intellectual property used or useful in connection with operations or under development, including without limitation all copyrights, patents, trade secrets, proprietary and technical information, research and development, processes, formulas, know-how and other trade rights, together with all rights to, and all applications, registrations, licenses and franchises for, any of the foregoing, in any form or media (the "Intellectual Property"), and any other intangible assets of Seller including goodwill. Seller shall grant Purchaser a license to use the Intellectual Property listed in Exhibit \_\_\_ which agreement shall be memorialized in writing by the parties prior to Closing.
- g) Computer Software. All right, title, and interest of Seller in any computer software used by Seller in the operation of any computer hardware or other equipment transferred to Purchaser in accordance herewith, all of Seller's rights under any licenses related to Seller's use, at any time, of such computer equipment, hardware, or software, and all leases pursuant to which Seller leases any computer software, in any form or media, together with all documentation and manuals obtained in connection therewith (collectively, the "Software").
- h) Permits. All right, title, and interest of Seller in, to and under all permits, authorizations, certificates, approvals, registrations, variances, exemptions, rights of way, franchises, privileges, immunities, grants, ordinances, licenses and other rights of every kind and character relating to any operations or all or any of the Purchased Assets.
- i) Cash. Seller's cash, cash equivalents, and other items on deposit in the accounts of Seller, including without limitation at any financial institution.

- j) Other Property. All other or additional privileges, rights, interests, properties, and assets of Seller, of every kind and description and wherever located.

1.03 Intentionally Omitted. .

1.04 Financing. Purchaser agrees to satisfy all of Seller's existing liabilities and promissory notes (the "Notes"). A list of Seller's Notes are attached hereto and incorporated herein as Exhibit A.

1.05 Acceptance. Acceptance of this Contract shall not be complete until this Contract or counterparts thereof are executed by each of the Seller with the approval of at least two-thirds of the membership interests of each (or such higher amount if required by that Entity's operating agreement or by the laws of the state of its organization), pursuant to duly adopted resolutions executed by the members or managers authorized to execute such resolutions, authorizing Seller to fulfill all of the terms and conditions hereof, and to make the warranties, representations, and covenants herein, and to take such other corporate action as may reasonably be required by Purchaser, its agents, or the regulatory agencies to whom application for approval of this transaction shall be made.

1.06 Conduct of Business. Seller and Purchaser hereby agree that, prior to the closing date, the ERC Entities will conduct their operations in accordance with sound, prudent, and generally accepted legal and accounting practices and in compliance with all applicable laws; that they will make no material changes in the customary terms and conditions on which it does business; that they will notify Purchaser of any meetings to be held by their members or managers, and allow the Purchaser to attend such meetings, including executive sessions thereof, as an observer; that they will consult with the Purchaser in making any decisions or taking any action other than in the ordinary course of business, including but not limited to actions involving extension or renewal of any lease for the corporation's premises or equipment; and that they will not purchase, sell, transfer, assign, encumber, or otherwise dispose of any assets, other than in the ordinary course of business, without the prior written approval of Purchaser.

1.07 Intentionally Omitted.

1.08 Litigation Contingency. Seller has disclosed and Purchaser is aware that Seller and their affiliates are involved as defendants in litigation known as *C&D Construction Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the "C&D Suit") and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the "ACC Suit"). Purchaser has had an opportunity to investigate and seek legal counsel with respect to the claims and defenses alleged in each lawsuit and has elected to move forward with this Contract.

\_\_\_\_\_ Purchaser Initials

\_\_\_\_\_ Seller Initials

1.09 Due diligence. Purchaser hereby agrees that Purchaser has completed completed extensive due diligence regarding the subject matter of this Contract and no additional feasibility period is required.

## II. CLOSING

2.01 Time and Place of Closing. Closing shall on or before March 8, 2013, or as otherwise agreed in writing between the parties (the "Closing").

2.02 Intentionally Omitted.

2.03 Closing Documents. On or before Closing Seller and each of the ERC Entities shall deliver to the Purchaser or his agents the following documents required by this Contract and such other documents as, in the opinion of Purchaser's or Seller's respective counsels, shall be required to fully comply with all of the terms of this Contract in form and substance satisfactory to Purchaser and Seller, including, but not limited to those listed below, and at closing the Seller and the ERC Entities shall execute and deliver to Purchaser, or cause to be executed and delivered to Purchaser said documents:

- a) Original certificates, dated the required date, signed by the Manager or the Member with responsibility for financial matters, of each of the ERC Entities, certifying the accuracy of the representations and warranties made herein with respect to such ERC Entity;
- b) Certified copies of the resolutions of Manager or the Members of each of the ERC Entities authorizing the execution and delivery of this Contract;
- c) Copies of written resignations of each Officer, Manager, and agent of each of the ERC Entities, effective as of the date of the closing (provided that nothing herein shall require such a resignation from Guy Quinn, Jr., if applicable to any of the ERC Entities); and

In addition, at closing the Seller and each of the ERC Entities shall execute and deliver to the Purchaser any documents prepared prior to closing.

2.04 Closing Conditions. This Contract is subject to the following conditions subsequent:

- a) To Seller's Actual Knowledge, except as disclosed herein, that on the date of closing there shall not have been instituted or, to the knowledge of any party to this Contract, threatened, any action or proceeding before any court or governmental body or regulatory authority of the United States or any political subdivision thereof as a result of, or in connection with, this Contract or the transactions contemplated hereby, which actions or proceedings the Purchaser believe, in their reasonable business judgment, make it inadvisable to proceed with the transaction contemplated hereby;

b) To Seller's Actual Knowledge, except as disclosed herein, that as of the date of closing no judicial, legislative, or other governmental action shall have been taken or rendered which would:

(i) prohibit or prevent the consummation of the transaction contemplated hereby,

(ii) prohibit or prevent the acquisition by the Purchaser of the Membership Interests or any asset previously held by any of the ERC Entities,

(iii) require the Purchaser to divest itself of the Membership Interests or any asset previously held by any of the ERC Entities, or

(iv) have the effect of depriving the Purchaser of either investment or voting power with respect to the Membership Interests or any of them;

which action the Purchaser believes, in its reasonable business judgment, makes it inadvisable to proceed with the transaction contemplated hereby; and

c) To Seller's Actual Knowledge that as of the date of closing there has been no material adverse change in the business, assets, or financial condition of any of the ERC Entities since the date of execution hereof. Seller's Actual Knowledge shall mean the actual knowledge of Jason Mogler without affirmative duty to investigate unless required herein.

### **III. WARRANTIES, REPRESENTATIONS, AND COVENANTS OF SELLER AND EACH OF THE ERC ENTITIES**

The Seller, each of the ERC Entities, and their respective Managers and Members each hereby jointly and severally warrant, represent, and covenant to the Purchaser as follows:

3.01 Corporate Organization. That ERC of Nevada, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Nevada; ERC Compactors, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Arizona; ERC Investments, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Arizona; and that each of the aforesaid ERC Entities holds all licenses, certificates, and permits from federal, state, or local governmental authorities necessary to conduct the business in which it is currently engaged. Purchaser is aware that Seller holds no permits, licenses or certificates allowing it to engage any recycling activities and that all recycling activities related to Seller at Seller's Nevada location is done by C&D Construction Services, Inc.

3.02 Securities Regulation. That none of the ERC Entities is registered with the United States Securities and Exchange Commission or with the Securities Division of the Secretary of State

of Nevada, Arizona, or Illinois, nor is required to be.

3.03 Financial Statements. That Purchaser has had an opportunity to review the balance sheets and the statement of income of each of the ERC Entities as of February 28, 2013, and to Seller's Actual Knowledge each fairly present the financial position of such ERC Entity as of such date the results of its operations, its capital and reserves, in conformity with generally accepted accounting principles applied on a consistent basis (except as stated therein or in the notes thereto). The books of account of Seller and each of the ERC Entities have been kept accurately in the ordinary course of its Business, the transactions entered therein represent bona fide transactions and the revenues, expenses, assets and liabilities of Seller and each of the ERC Entities have been properly recorded in such books. The records are in good order, are complete, and have been maintained in accordance with sound business practices.

3.04 Customers. Neither the Seller nor the members of the ERC Entities have received actual notice from any of Seller's customers that any such customer will, for any reason, cease to do business with with Purchaser due to the instant transaction. Neither the Seller nor the members of the ERC Entities are aware of any fact or has any reason to believe that any of Seller's largest ten (10) customers in terms of dollars of trade with Seller will, for any reason, cease to do business with Purchaser due to the instant transaction, or of any fact that could have a material, adverse impact on the relationship between Seller and such customer.

3.05 Absence of Undisclosed Liabilities. Except with respect to liabilities disclosed in Exhibit B that each of the ERC Entities as of February 28, 2013, had no liabilities or obligations of any nature, contingent or otherwise, which were not reflected in the balance sheet or in the notes thereto as of such date, which are required to be reflected or reserved against under generally accepted accounting principles.

3.06 No Material Adverse Change. That since March 6, 2013, to Seller's Actual Knowledge there has been no material adverse change in the business, assets, or financial condition of any of the ERC Entities; and that there are no undisclosed agreements, concessions, litigation, or liabilities of any nature, contingent or otherwise.

3.07 Disclosure. To Seller's Actual Knowledge that this Contract, the warranties, representations, and covenants herein, and the documents and certificates furnished by the Seller to the Purchaser pursuant to this Contract, do not contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which they were made, not misleading.

3.08 Taxes. Except with respect to those matters disclosed in Exhibit C that each of the ERC Entities has duly filed all tax returns and all reports of all governmental units having jurisdiction over it, with respect to taxes imposed upon Seller and each such ERC Entity or upon its income, property, or operations; and that all taxes have been paid or reserved against to the extent that such taxes have become due. .

3.09 Pending Litigation or Proceedings. Seller has disclosed and Purchaser is aware that Seller and their affiliates are involved as defendants in litigation known as *C&D Construction*

*Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the “C&D Suit”) and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the “ACC Suit”). Purchaser has had an opportunity to investigate and seek legal counsel with respect to the claims and defenses alleged in each lawsuit and has elected to move forward with this Contract. To Seller’s Actual Knowledge there is no other action, suit, arbitration, or other legal or administrative proceeding or governmental investigation pending or threatened, involving the Seller or any of the ERC Entities, nor any of their respective Managers, members, or officers, nor such Seller’s or ERC Entity’s business, assets, or financial condition; nor do Seller, any of the ERC Entities, or their respective Managers, members, or officers have reasonable grounds to know of any such action, suit, arbitration, or other administrative proceeding or governmental investigation; and that Seller and the ERC Entities are not in default in any respect with regard to any order, decree, judgment, award, determination, or ruling of any court, arbitrator, governmental body, or regulatory authority.

\_\_\_\_\_ Purchaser Initials

\_\_\_\_\_ Seller Initials

3.10 Absence of Conflicts. To Seller’s Actual Knowledge that subject to approval by the Managers or members of each of the ERC Entities, and regulatory approval where required, neither the execution and delivery by the Seller of this Contract nor the performance by the Seller or the ERC Entities of the terms and provisions hereof will:

- a) Conflict with the operating agreement of such ERC Entity or Purchaser;
- b) Conflict with, result in a breach of, or constitute a default under the terms of any indenture or other agreement or instrument to which Seller or such ERC Entity or Purchaser is a party or under which it or its property is bound;
- c) Result in the creation or imposition of any lien, encumbrance, or other restriction (except for the restrictions imposed by this Contract) of any nature whatsoever on, or give to others any interest or right (including rights of termination or cancellation) in or with respect to, any material contracts, rights, properties, or other assets of Seller or such ERC Entity or Purchaser;
- d) Conflict with any law, order, or ruling applicable to the Seller or to such ERC Entity of any court, governmental body, or regulatory authority having jurisdiction over such ERC Entity or any of its properties or operations.

3.11 Business Operations. That since the date of execution hereof, all business operations have been conducted in accordance with sound, prudent, and generally accepted legal, insurance, and accounting principles and in compliance with all applicable laws.

3.12 Unfair Contractual Arrangements. To Seller’s Actual Knowledge there are no contracts, commitments, or arrangements to which any of the ERC Entities are or will be a party that are unfair, impose an undue burden on any of the ERC Entities, or result in an inadequate

benefit in light of the obligations undertaken; and that except as otherwise provided herein, there are no employment contracts.

3.13 Title. Except as disclosed herein, that the transferor or transferors of the Membership Interests purchased hereunder are the true and lawful owner, both of record and beneficially, of the Membership Interests to be sold and delivered, that there are no options, warrants, calls, commitments, or agreements, of any character, and that, upon closing, such Membership Interests can and will be free and clear of any and all liens, charges, encumbrances, pledges, security interests, and claims of others, of any nature whatsoever; and that such transferor or transferors have full right, power, legal capacity, and authority to execute this Contract and to sell and deliver to Purchaser the Membership Interests to be sold and delivered hereunder.

3.14 Intentionally Omitted.

3.15 No Continuation of Affiliates. Prior to Closing, Seller shall dissolve or cause to be dissolved all other entities operating in Nevada and not a party to this Contract bearing the name "ERC" or "Environmentally Responsible Company" or "Environmentally Responsible Companies" in whole or in part, in which any member, manager or agent also is a member, manager, or agent of Seller or any ERC Entity, including without limitation:

ERC Nevada Compactors, LLC, an Arizona limited liability company;

ERC Compactors, LLC, an Arizona limited liability company.

ERC of Chicago, LLC, an *Arizona* limited liability company (as distinguished from Purchaser);

ERC Legacy, LLC, an Arizona limited liability company; and

3.16 Intentionally Omitted.

#### **IV. DEFAULT**

4.01 Default. In the event that Seller seeks to declare a default by Purchaser in any of Purchaser's agreements, warranties, representations and covenants herein, the Seller shall provide Purchaser with written notice and explanation of such default, and if such default shall thereafter continue uncured for ten (10) days, said Seller may, at his election declare this Contract to be null and void, whereupon the Membership Interests deposited shall be returned to Seller.

In the event that Purchaser seeks to declare a default by Seller or any of the ERC Entities in any of their agreements, warranties, representations, and covenants herein, the Purchaser shall provide Seller and such ERC Entity with written notice and explanation of such default, and if such default shall thereafter continue uncured for ten (10) days, the Purchaser's sole remedy shall be to declare this Contract to be null and void following which the parties shall have no further rights or obligations under the Contract. .

4.02 Liquidated damages. In the event that Purchaser terminates this Contract prior to closing, and such termination is not pursuant to any contingency set forth herein, Purchaser shall not be liable to Seller for any sum in excess of \$1,000.00 in the aggregate for all claims, which amount shall be liquidated damages and not a penalty.

## V. MISCELLANEOUS

5.01 Parties. In this Contract, the singular includes the plural and the masculine includes the feminine and neuter.

5.02 Successors. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5.03 Entire Contract. This Contract constitutes the entire agreement between the parties, all prior representations, agreements and understandings, written or oral, having been merged and superseded hereby.

5.04 Amendments. No alteration or attempted modification of any of the provisions hereof shall be binding unless in writing and signed by all parties hereto.

5.05 Rules Of Construction. This Contract shall not be construed more strictly against one party than the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both parties have substantially and materially contributed to the preparation hereof.

5.06 Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any provision hereof.

5.07 Severance. If any provision or provisions of this Contract shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.

5.08 Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be a duplicate original, and all of which together shall constitute but one and the same instrument.

5.09 Exhibits. If any exhibit referred to herein shall not have been attached hereto at the time of execution of this Contract, or if any such exhibit shall be incomplete at such time, such exhibit shall be later attached as soon as completed, and such exhibit shall, as later attached or completed, for all purposes be deemed a part of this Contract as if attached hereto at the time of execution. All exhibits referred to herein are hereby made a part hereof.

5.10 Waiver of Default. A waiver by either party of any default by the other party shall not be deemed to be a continuing waiver or waiver of any other default or of any other provision of this Contract, but shall apply solely to the instance in which the waiver is directed.

5.11 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, postage prepaid, certified or registered mail:

TO SELLERS OR ANY ERC ENTITY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TO PURCHASERS:

Guy Quinn, Jr.

\_\_\_\_\_  
\_\_\_\_\_

or at such other address as Seller or Purchaser may furnish to the other party in writing.

5.12 Governing Law. This Contract shall be governed by the laws of the State of Arizona. THE PARTIES HERETO AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS CONTRACT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN MARICOPA COUNTY SUPERIOR COURT PHOENIX, ARIZONA. THE PARTIES HERETO WAIVE ANY OBJECTION THAT THEY MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE. THE PARTIES HERETO WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS CONTRACT.

5.13 Time of Essence. Time shall in all respects be of the essence hereof.

5.14 Expenses. Whether or not the transaction contemplated by this Contract is consummated, each of the parties hereto shall be responsible for the payment of the fees and expenses of its respective counsel, accountants, and other experts, and all other expenses incurred by such party incident to the negotiation, preparation, and execution of this Contract or any transaction incident hereto or contemplated hereby.

5.15 Commissions and Fees. Seller acknowledges and agrees that all obligations or commitments to any person or entity for a broker's or finder's or similar fee in connection with this transaction shall be borne by the Seller.

5.16 Attorneys' Fees. The parties hereto agree that should any litigation result which is related to this Contract, the party prevailing in such litigation shall be entitled to reasonable attorneys' fees incurred as a result thereof.

5.17 Authorized Signatures. The Parties hereto and the individuals executing this document on their behalf, covenant that the signatories to this Contract are duly authorized and empowered to so execute and bind their respective entity.

(Signature page follows)

The parties hereby agree to be bound and to comply with all of the foregoing terms and conditions.

DATED: March \_\_\_\_\_, 2013

SELLER:

ERC of Nevada LLC

PURCHASER:

ERC of Chicago, LLC

\_\_\_\_\_  
By: Jason Mogler  
Its: Manager

\_\_\_\_\_  
By: Guy Quinn, Jr.  
Its: Manager

ERC Compactors, LLC

\_\_\_\_\_  
By: Jason Mogler  
Its: Manager

ERC Investments LLC

\_\_\_\_\_  
By: Jason Mogler  
Its: Manager

ERC Nevada Compactors,  
LLC

\_\_\_\_\_  
By: Jason Mogler  
Its: Manager

# **EXHIBIT C**

## PURCHASE CONTRACT

This Purchase Contract (the "Contract") is entered into this \_\_\_\_ day of March, 2013, by and between ERC of Chicago, LLC, an Illinois limited liability company, also known as ERC Locomotives (the "Purchaser"), and ERC of Nevada, LLC, a Nevada limited liability company; ERC Compactors, LLC, an Arizona limited liability company; ERC Nevada Compactors, LLC, an Arizona limited liability company; ERC Investments, LLC, an Arizona limited liability company, (each, shall be collectively referred to herein as the "Seller" or "ERC Entity").

**WHEREAS**, Purchaser has substantial experience in the management and operation of recycling, material recovery facility, salvage center, and desires to purchase all of the membership interests of the Sellers, together with that portion of membership interests in the Purchaser owned by the Seller;

**WHEREAS**, Seller is the owner of one hundred percent (100%) of the membership interests in ERC Nevada Compactors, LLC; ERC Compactors, ERC Investments LLC, and a ninety-eight percent interest (98%) in ERC of Nevada LLC (collectively, the "Membership Interests"), and desires to sell all of its Membership Interests to the Purchaser;

**WHEREAS**, Purchaser has offered to purchase Seller's Membership Interests, and Seller has agreed to sell to Purchaser its Membership Interests, all as more fully set forth hereafter;

**NOW THEREFORE**, for the foregoing consideration, the receipt and sufficiency of which the parties hereto acknowledge, the parties hereto agree as follows:

### I. TERMS OF PURCHASE

1.01 Purchase Price. Seller and Purchaser hereby agree that for and in consideration of the sum of four million dollars (\$4,000,000.00) which sum shall be used to pay existing liabilities of Seller, Seller shall sell, transfer and deliver to Purchaser its membership interests of each ERC Entity free and clear of all liens, liabilities, and claims.

1.02 Surrender of Assets. Seller agrees, as a condition of closing, that it will transfer, assign, convey, and deliver to Purchaser title, free and clear from all liens and adverse claims, except those adverse claims asserted in the C&D Suit referenced herein, and possession and control, of all assets of Seller, including without limitation,:

- a) Fixed Assets. All of Seller's furniture, fixtures, leasehold improvements, equipment, supplies, computer hardware, printers, phone systems, other office equipment and vehicles, and all other tangible assets of Seller, wherever located (the "Fixed Assets");
- b) Inventory. Seller's entire inventory of finished goods, work-in-process, raw materials, supply inventories, and other inventories (the "Inventory") to the extent that such Inventories have not been sold prior to the closing by Seller in the ordinary course of business consistent with past practice;

- c) Prepaid Expenses. All right, title, and interest of Seller's in and to the prepaid expenses, deposits, and insurance policies (the "Prepaid Expenses");
- d) Assigned Contracts. All right, title, and interest of Seller under the contracts and agreements (including without limitation insurance policies and leases of personal property);
- e) Seller's Name. Seller shall transfer all of Seller's right, title and interest in, and all goodwill associated with, the collective company names of the ERC Entities listed herein and any names derived from or bearing a resemblance thereto. Seller shall grant Purchaser a license to use trademarks, trade names, service marks, or other trade rights in the ERC Entities and/or related entities for the sole and exclusive use in the State of Nevada. the names listed in Exhibit \_\_\_ which agreement shall be memorialized in writing by the parties prior to Closing.
- f) Intellectual Property; Other Intangible Assets. It is understood and agreed that ERC Investors, LLC shall retain ownership of a trademarks, trade names, service marks, or other trade rights. Seller shall transfer all of Seller's rights with respect to all mailing lists, all customer lists, all prospect lists, all web addresses, web sites and domain names, web site content, all records pertaining to e-commerce transactions, all advertising materials, all logos, all telephone numbers and all intellectual property used or useful in connection with operations or under development, including without limitation all copyrights, patents, trade secrets, proprietary and technical information, research and development, processes, formulas, know-how and other trade rights, together with all rights to, and all applications, registrations, licenses and franchises for, any of the foregoing, in any form or media (the "Intellectual Property"), and any other intangible assets of Seller including goodwill. Seller shall grant Purchaser a license to use the Intellectual Property listed in Exhibit \_\_\_ which agreement shall be memorialized in writing by the parties prior to Closing.
- g) Computer Software. All right, title, and interest of Seller in any computer software used by Seller in the operation of any computer hardware or other equipment transferred to Purchaser in accordance herewith, all of Seller's rights under any licenses related to Seller's use, at any time, of such computer equipment, hardware, or software, and all leases pursuant to which Seller leases any computer software, in any form or media, together with all documentation and manuals obtained in connection therewith (collectively, the "Software").
- h) Permits. All right, title, and interest of Seller in, to and under all permits, authorizations, certificates, approvals, registrations, variances, exemptions, rights of way, franchises, privileges, immunities, grants, ordinances, licenses and other rights of every kind and character relating to any operations or all or any of the Purchased Assets.
- i) Cash. Seller's cash, cash equivalents, and other items on deposit in the accounts of Seller, including without limitation at any financial institution.

j) Other Property. All other or additional privileges, rights, interests, properties, and assets of Seller, of every kind and description and wherever located.

1.03 Intentionally Omitted. .

1.04 Financing. Purchaser agrees to satisfy all of Seller's existing liabilities and promissory notes (the "Notes"). A list of Seller's Notes are attached hereto and incorporated herein as Exhibit A.

1.05 Acceptance. Acceptance of this Contract shall not be complete until this Contract or counterparts thereof are executed by each of the Seller with the approval of at least two-thirds of the membership interests of each (or such higher amount if required by that Entity's operating agreement or by the laws of the state of its organization), pursuant to duly adopted resolutions executed by the members or managers authorized to execute such resolutions, authorizing Seller to fulfill all of the terms and conditions hereof, and to make the warranties, representations, and covenants herein, and to take such other corporate action as may reasonably be required by Purchaser, its agents, or the regulatory agencies to whom application for approval of this transaction shall be made.

1.06 Conduct of Business. Seller and Purchaser hereby agree that, prior to the closing date, the ERC Entities will conduct their operations in accordance with sound, prudent, and generally accepted legal and accounting practices and in compliance with all applicable laws; that they will make no material changes in the customary terms and conditions on which it does business; that they will notify Purchaser of any meetings to be held by their members or managers, and allow the Purchaser to attend such meetings, including executive sessions thereof, as an observer; that they will consult with the Purchaser in making any decisions or taking any action other than in the ordinary course of business, including but not limited to actions involving extension or renewal of any lease for the corporation's premises or equipment; and that they will not purchase, sell, transfer, assign, encumber, or otherwise dispose of any assets, other than in the ordinary course of business, without the prior written approval of Purchaser.

1.07 Intentionally Omitted.

1.08 Litigation Contingency. Seller has disclosed and Purchaser is aware that Seller and their affiliates are involved as defendants in litigation known as *C&D Construction Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the "C&D Suit") and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the "ACC Suit"). Purchaser has had an opportunity to investigate and seek legal counsel with respect to the claims and defenses alleged in each lawsuit and has elected to move forward with this Contract.

BD. Purchaser Initials

[Signature] Seller Initials

1.09 Due diligence. Purchaser hereby agrees that Purchaser has completed completed extensive due diligence regarding the subject matter of this Contract and no additional feasibility period is required.

## II. CLOSING

2.01 Time and Place of Closing. Closing shall on or before March 8, 2013, or as otherwise agreed in writing between the parties (the "Closing").

2.02 Intentionally Omitted.

2.03 Closing Documents. On or before Closing Seller and each of the ERC Entities shall deliver to the Purchaser or his agents the following documents required by this Contract and such other documents as, in the opinion of Purchaser's or Seller's respective counsels, shall be required to fully comply with all of the terms of this Contract in form and substance satisfactory to Purchaser and Seller, including, but not limited to those listed below, and at closing the Seller and the ERC Entities shall execute and deliver to Purchaser, or cause to be executed and delivered to Purchaser said documents:

- a) Original certificates, dated the required date, signed by the Manager or the Member with responsibility for financial matters, of each of the ERC Entities, certifying the accuracy of the representations and warranties made herein with respect to such ERC Entity;
- b) Certified copies of the resolutions of Manager or the Members of each of the ERC Entities authorizing the execution and delivery of this Contract;
- c) Copies of written resignations of each Officer, Manager, and agent of each of the ERC Entities, effective as of the date of the closing (provided that nothing herein shall require such a resignation from Guy Quinn, Jr., if applicable to any of the ERC Entities); and

In addition, at closing the Seller and each of the ERC Entities shall execute and deliver to the Purchaser any documents prepared prior to closing.

2.04 Closing Conditions. This Contract is subject to the following conditions subsequent:

- a) To Seller's Actual Knowledge, except as disclosed herein, that on the date of closing there shall not have been instituted or, to the knowledge of any party to this Contract, threatened, any action or proceeding before any court or governmental body or regulatory authority of the United States or any political subdivision thereof as a result of, or in connection with, this Contract or the transactions contemplated hereby, which actions or proceedings the Purchaser believe, in their reasonable business judgment, make it inadvisable to proceed with the transaction contemplated hereby;

b) To Seller's Actual Knowledge, except as disclosed herein, that as of the date of closing no judicial, legislative, or other governmental action shall have been taken or rendered which would:

(i) prohibit or prevent the consummation of the transaction contemplated hereby,

(ii) prohibit or prevent the acquisition by the Purchaser of the Membership Interests or any asset previously held by any of the ERC Entities,

(iii) require the Purchaser to divest itself of the Membership Interests or any asset previously held by any of the ERC Entities, or

(iv) have the effect of depriving the Purchaser of either investment or voting power with respect to the Membership Interests or any of them;

which action the Purchaser believes, in its reasonable business judgment, makes it inadvisable to proceed with the transaction contemplated hereby; and

c) To Seller's Actual Knowledge that as of the date of closing there has been no material adverse change in the business, assets, or financial condition of any of the ERC Entities since the date of execution hereof. Seller's Actual Knowledge shall mean the actual knowledge of Jason Mogler without affirmative duty to investigate unless required herein.

### **III. WARRANTIES, REPRESENTATIONS, AND COVENANTS OF SELLER AND EACH OF THE ERC ENTITIES**

The Seller, each of the ERC Entities, and their respective Managers and Members each hereby jointly and severally warrant, represent, and covenant to the Purchaser as follows:

3.01 Corporate Organization. That ERC of Nevada, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Nevada; ERC Compactors, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Arizona; ERC Investments, LLC, is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Arizona; and that each of the aforesaid ERC Entities holds all licenses, certificates, and permits from federal, state, or local governmental authorities necessary to conduct the business in which it is currently engaged. Purchaser is aware that Seller holds no permits, licenses or certificates allowing it to engage any recycling activities and that all recycling activities related to Seller at Seller's Nevada location is done by C&D Construction Services, Inc.

3.02 Securities Regulation. That none of the ERC Entities is registered with the United States Securities and Exchange Commission or with the Securities Division of the Secretary of State

of Nevada, Arizona, or Illinois, nor is required to be.

3.03 Financial Statements. That Purchaser has had an opportunity to review the balance sheets and the statement of income of each of the ERC Entities as of February 28, 2013, and to Seller's Actual Knowledge each fairly present the financial position of such ERC Entity as of such date the results of its operations, its capital and reserves, in conformity with generally accepted accounting principles applied on a consistent basis (except as stated therein or in the notes thereto). The books of account of Seller and each of the ERC Entities have been kept accurately in the ordinary course of its Business, the transactions entered therein represent bona fide transactions and the revenues, expenses, assets and liabilities of Seller and each of the ERC Entities have been properly recorded in such books. The records are in good order, are complete, and have been maintained in accordance with sound business practices.

3.04 Customers. Neither the Seller nor the members of the ERC Entities have received actual notice from any of Seller's customers that any such customer will, for any reason, cease to do business with with Purchaser due to the instant transaction. Neither the Seller nor the members of the ERC Entities are aware of any fact or has any reason to believe that any of Seller's largest ten (10) customers in terms of dollars of trade with Seller will, for any reason, cease to do business with Purchaser due to the instant transaction, or of any fact that could have a material, adverse impact on the relationship between Seller and such customer.

3.05 Absence of Undisclosed Liabilities. Except with respect to liabilities disclosed in Exhibit B that each of the ERC Entities as of February 28, 2013, had no liabilities or obligations of any nature, contingent or otherwise, which were not reflected in the balance sheet or in the notes thereto as of such date, which are required to be reflected or reserved against under generally accepted accounting principles.

3.06 No Material Adverse Change. That since March 6, 2013, to Seller's Actual Knowledge there has been no material adverse change in the business, assets, or financial condition of any of the ERC Entities; and that there are no undisclosed agreements, concessions, litigation, or liabilities of any nature, contingent or otherwise.

3.07 Disclosure. To Seller's Actual Knowledge that this Contract, the warranties, representations, and covenants herein, and the documents and certificates furnished by the Seller to the Purchaser pursuant to this Contract, do not contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which they were made, not misleading.

3.08 Taxes. Except with respect to those matters disclosed in Exhibit C that each of the ERC Entities has duly filed all tax returns and all reports of all governmental units having jurisdiction over it, with respect to taxes imposed upon Seller and each such ERC Entity or upon its income, property, or operations; and that all taxes have been paid or reserved against to the extent that such taxes have become due. .

3.09 Pending Litigation or Proceedings. Seller has disclosed and Purchaser is aware that Seller and their affiliates are involved as defendants in litigation known as *C&D Construction*

*Services, Inc. et al. v. ERC Investments, LLC, et al.*, case A-12-660270-B, in Clark County, Nevada (the "C&D Suit") and *In re: Tri-Core Companies, LLC, et al.*, docket no. S-20867A-12-0459, before the Arizona Corporation Commission (the "ACC Suit"). Purchaser has had an opportunity to investigate and seek legal counsel with respect to the claims and defenses alleged in each lawsuit and has elected to move forward with this Contract. To Seller's Actual Knowledge there is no other action, suit, arbitration, or other legal or administrative proceeding or governmental investigation pending or threatened, involving the Seller or any of the ERC Entities, nor any of their respective Managers, members, or officers, nor such Seller's or ERC Entity's business, assets, or financial condition; nor do Seller, any of the ERC Entities, or their respective Managers, members, or officers have reasonable grounds to know of any such action, suit, arbitration, or other administrative proceeding or governmental investigation; and that Seller and the ERC Entities are not in default in any respect with regard to any order, decree, judgment, award, determination, or ruling of any court, arbitrator, governmental body, or regulatory authority.

 Purchaser Initials  
 Seller Initials

**3.10 Absence of Conflicts.** To Seller's Actual Knowledge that subject to approval by the Managers or members of each of the ERC Entities, and regulatory approval where required, neither the execution and delivery by the Seller of this Contract nor the performance by the Seller or the ERC Entities of the terms and provisions hereof will:

- a) Conflict with the operating agreement of such ERC Entity or Purchaser;
- b) Conflict with, result in a breach of, or constitute a default under the terms of any indenture or other agreement or instrument to which Seller or such ERC Entity or Purchaser is a party or under which it or its property is bound;
- c) Result in the creation or imposition of any lien, encumbrance, or other restriction (except for the restrictions imposed by this Contract) of any nature whatsoever on, or give to others any interest or right (including rights of termination or cancellation) in or with respect to, any material contracts, rights, properties, or other assets of Seller or such ERC Entity or Purchaser;
- d) Conflict with any law, order, or ruling applicable to the Seller or to such ERC Entity of any court, governmental body, or regulatory authority having jurisdiction over such ERC Entity or any of its properties or operations.

**3.11 Business Operations.** That since the date of execution hereof, all business operations have been conducted in accordance with sound, prudent, and generally accepted legal, insurance, and accounting principles and in compliance with all applicable laws.

**3.12 Unfair Contractual Arrangements.** To Seller's Actual Knowledge there are no contracts, commitments, or arrangements to which any of the ERC Entities are or will be a party that are unfair, impose an undue burden on any of the ERC Entities, or result in an inadequate

benefit in light of the obligations undertaken; and that except as otherwise provided herein, there are no employment contracts.

3.13 Title. Except as disclosed herein, that the transferor or transferors of the Membership Interests purchased hereunder are the true and lawful owner, both of record and beneficially, of the Membership Interests to be sold and delivered, that there are no options, warrants, calls, commitments, or agreements, of any character, and that, upon closing, such Membership Interests can and will be free and clear of any and all liens, charges, encumbrances, pledges, security interests, and claims of others, of any nature whatsoever; and that such transferor or transferors have full right, power, legal capacity, and authority to execute this Contract and to sell and deliver to Purchaser the Membership Interests to be sold and delivered hereunder.

3.14 Intentionally Omitted.

3.15 No Continuation of Affiliates. Prior to Closing, Seller shall dissolve or cause to be dissolved all other entities operating in Nevada and not a party to this Contract bearing the name "ERC" or "Environmentally Responsible Company" or "Environmentally Responsible Companies" in whole or in part, in which any member, manager or agent also is a member, manager, or agent of Seller or any ERC Entity, including without limitation:

ERC Nevada Compactors, LLC, an Arizona limited liability company;

ERC Compactors, LLC, an Arizona limited liability company.

ERC of Chicago, LLC, an *Arizona* limited liability company (as distinguished from Purchaser);

ERC Legacy, LLC, an Arizona limited liability company; and

3.16 Intentionally Omitted.

#### **IV. DEFAULT**

4.01 Default. In the event that Seller seeks to declare a default by Purchaser in any of Purchaser's agreements, warranties, representations and covenants herein, the Seller shall provide Purchaser with written notice and explanation of such default, and if such default shall thereafter continue uncured for ten (10) days, said Seller may, at his election declare this Contract to be null and void, whereupon the Membership Interests deposited shall be returned to Seller.

In the event that Purchaser seeks to declare a default by Seller or any of the ERC Entities in any of their agreements, warranties, representations, and covenants herein, the Purchaser shall provide Seller and such ERC Entity with written notice and explanation of such default, and if such default shall thereafter continue uncured for ten (10) days, the Purchaser's sole remedy shall be to declare this Contract to be null and void following which the parties shall have no further rights or obligations under the Contract. .

4.02 Liquidated damages. In the event that Purchaser terminates this Contract prior to closing, and such termination is not pursuant to any contingency set forth herein, Purchaser shall not be liable to Seller for any sum in excess of \$1,000.00 in the aggregate for all claims, which amount shall be liquidated damages and not a penalty.

## V. MISCELLANEOUS

5.01 Parties. In this Contract, the singular includes the plural and the masculine includes the feminine and neuter.

5.02 Successors. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5.03 Entire Contract. This Contract constitutes the entire agreement between the parties, all prior representations, agreements and understandings, written or oral, having been merged and superseded hereby.

5.04 Amendments. No alteration or attempted modification of any of the provisions hereof shall be binding unless in writing and signed by all parties hereto.

5.05 Rules Of Construction. This Contract shall not be construed more strictly against one party than the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both parties have substantially and materially contributed to the preparation hereof.

5.06 Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any provision hereof.

5.07 Severance. If any provision or provisions of this Contract shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.

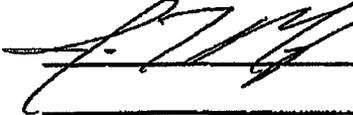
5.08 Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be a duplicate original, and all of which together shall constitute but one and the same instrument.

5.09 Exhibits. If any exhibit referred to herein shall not have been attached hereto at the time of execution of this Contract, or if any such exhibit shall be incomplete at such time, such exhibit shall be later attached as soon as completed, and such exhibit shall, as later attached or completed, for all purposes be deemed a part of this Contract as if attached hereto at the time of execution. All exhibits referred to herein are hereby made a part hereof.

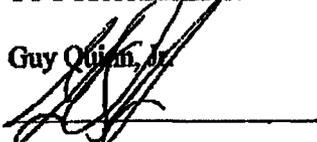
5.10 Waiver of Default. A waiver by either party of any default by the other party shall not be deemed to be a continuing waiver or waiver of any other default or of any other provision of this Contract, but shall apply solely to the instance in which the waiver is directed.

5.11 Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, postage prepaid, certified or registered mail:

TO SELLERS OR ANY ERC ENTITY:

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TO PURCHASERS:

Guy Quinn, Jr.  
  
\_\_\_\_\_  
\_\_\_\_\_

or at such other address as Seller or Purchaser may furnish to the other party in writing.

5.12 Governing Law. This Contract shall be governed by the laws of the State of Arizona. THE PARTIES HERETO AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS CONTRACT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN MARICOPA COUNTY SUPERIOR COURT PHOENIX, ARIZONA. THE PARTIES HERETO WAIVE ANY OBJECTION THAT THEY MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE. THE PARTIES HERETO WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS CONTRACT.

5.13 Time of Essence. Time shall in all respects be of the essence hereof.

5.14 Expenses. Whether or not the transaction contemplated by this Contract is consummated, each of the parties hereto shall be responsible for the payment of the fees and expenses of its respective counsel, accountants, and other experts, and all other expenses incurred by such party incident to the negotiation, preparation, and execution of this Contract or any transaction incident hereto or contemplated hereby.

5.15 Commissions and Fees. Seller acknowledges and agrees that all obligations or commitments to any person or entity for a broker's or finder's or similar fee in connection with this transaction shall be borne by the Seller.

5.16 Attorneys' Fees. The parties hereto agree that should any litigation result which is related to this Contract, the party prevailing in such litigation shall be entitled to reasonable attorneys' fees incurred as a result thereof.

5.17 Authorized Signatures. The Parties hereto and the individuals executing this document on their behalf, covenant that the signatories to this Contract are duly authorized and empowered to so execute and bind their respective entity.

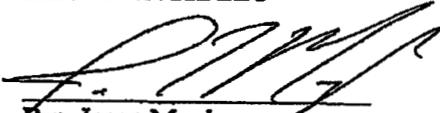
(Signature page follows)

The parties hereby agree to be bound and to comply with all of the foregoing terms and conditions.

DATED: March 8, 2013

SELLER:

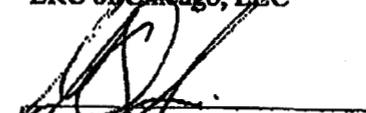
ERC of Nevada LLC



By: Jason Mogler  
Its: Manager

PURCHASER:

ERC of Chicago, LLC



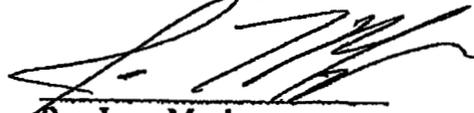
By: Guy Quinn, Jr.  
Its: Manager

ERC Compactors, LLC



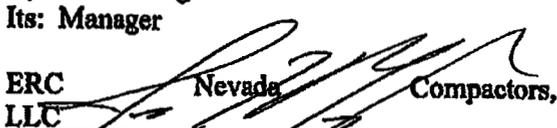
By: Jason Mogler  
Its: Manager

ERC Investments LLC



By: Jason Mogler  
Its: Manager

ERC Nevada Compactors,  
LLC



By: Jason Mogler  
Its: Manager

