

**FILED/EFFECTIVE**

## Articles of Merger

02 MAY 22 PM 3:14

Pursuant to the provisions of I.C. §30-1-1101, the undersigned corporations have adopted the following Articles of Merger for the purpose of combining the undersigned corporations:

1. Johnson-Leavitt Insurance Agency, Inc. is an Idaho corporation organized and existing pursuant to the laws of the State of Idaho.

2. Starley-Leavitt Insurance Agency, Inc., is an Idaho corporation organized and existing pursuant to the laws of the State of Idaho.

3. The attached plan of merger was approved by the stockholders of each of the undersigned corporations in the manner prescribed by I.C. §30-1-1103.

7. As to each of the undersigned corporations, the number of shares outstanding, and the total number of shares voting for and against the plan of merger, respectively, are as follows:

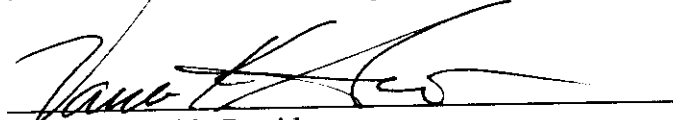
<u>Name of Corporation</u>	<u>Number of Shares Outstanding</u>	<u>Voted For</u>	<u>Voted Against</u>
Johnson-Leavitt Insurance Agency, Inc.	1,667	1,667	0
Starley-Leavitt Insurance Agency, Inc.	2,500	2,500	0

8. The manner of the adoption of the plan of merger and the vote by which it was adopted constitute full legal compliance with the provisions of I.C. §30-1-1103 and with the articles of incorporation and bylaws of the undersigned corporations.

6. The effective date of the merger is May 1, 2002.

IN WITNESS WHEREOF, these Articles of Merger are executed by an officer of Johnson-Leavitt Insurance Agency, Inc., and by an officer of Starley-Leavitt Insurance Agency, Inc. on the dates set forth below.

Johnson-Leavitt Insurance Agency, Inc.

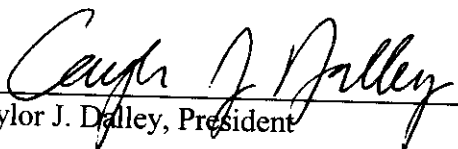
  
Vance K. Smith, President

Date: May 10, 2002

IDAHO SECRETARY OF STATE  
05/22/2002 05:00  
CK: 663 CT: 158613 BH: 467377  
1 @ 30.00 = 30.00 MERGER # 4

C80165

Starley-Leavitt Insurance Agency, Inc.

  
Caylor J. Dalley, President

Date: MAY 22, 2002

## PLAN OF MERGER

### Part A--The Parties.

This Plan of Merger (the "Plan"), effective May 1, 2002, involves the following corporations and persons. Equity positions shown below are as of April 30, 2002, or prior to the effective date of the Plan. The persons and corporations listed below are hereinafter sometimes jointly referred to as the "Parties."

I. Johnson-Leavitt Insurance Agency, Inc., an Idaho corporation which sells insurance and insurance-related products and services to the public, hereinafter referred to as "Johnson";

II. Starley-Leavitt Insurance Agency, Inc., an Idaho corporation which sells insurance and insurance-related products and services to the public, hereinafter referred to as "Starley";

III. Leavitt Group Enterprises, Inc., a Nevada corporation which in the business of providing accounting, management, marketing, data processing, data processing training, systems design and implementation, agency financing, and legal services for insurance agencies, hereinafter referred to as "LGE";

IV. Allen Starley, an individual residing in the State of Idaho, hereinafter referred to as "Allen Starley"; and

V. Grant Starley, an individual residing in the State of Idaho, hereinafter referred to as "Grant Starley."

### Part B—Ownership and Fair Market Value of Shares

#### Part B--Plan of Merger

The name of the subsidiary corporation to be merged is Johnson. The surviving corporation is Starley. LGE owns sixty percent (60%) of the shares of both Johnson and Starley; Allen Starley owns forty percent (40%) of the shares of Starley; and Grant Starley owns forty percent (40%) of the shares of Johnson. As a part of this Plan of Merger, the shareholders shall surrender, and redeem, their stock certificates as follows:

LGE shall surrender Johnson stock certificate #1 in the amount of six hundred (600) shares, and Johnson-Leavitt stock certificate #2 in the amount of four hundred (400) shares, and the interests and equities represented by those shares of the subsidiary corporation's stock shall be subsumed into and evidenced by LGE's existing Starley stock certificate #3 in the amount of one thousand (1,000) shares, and stock certificate #4 in the amount of five hundred (500) shares.

Allen Starley shall surrender Starley stock certificate #7 in the amount of one thousand (1,000) shares, and the interests and equities represented by those shares of the surviving corporation's stock shall be subsumed into and evidenced by the surviving corporation issuing new stock certificate #8 in the amount of nine hundred and thirty-two and twelve one hundredths (932.12) shares.

Grant Starley shall surrender Johnson stock certificate #3 in the amount of six hundred and sixty-seven (667) shares, and the interests and equities represented by those shares of the subsidiary corporation's stock shall be subsumed into and evidenced by the surviving corporation issuing new stock certificate #9 in the amount of sixty-seven and eighty-eight hundredths (67.88) shares.

#### Part C--Outstanding Shares of Subsidiary Corporation

The only shares of Johnson which are issued and outstanding are one thousand six hundred and sixty-seven (1,667) shares of common stock. All one thousand six hundred and sixty-seven (1,667) shares of such stock shall be subsumed into and evidenced by shares of the surviving corporation as set forth in Part B, above.

#### Part D--Tax-Free Reorganization

The parties intend to utilize a Type A Reorganization, described in the Internal Revenue Code in Section 368(1)(A), to complete the reorganization as tax-free. In sum:

- a. A Type A Reorganization is a merger or consolidation effected under the laws of a state, a territory, the District of Columbia, or the U.S.
- b. In order to have a wholly or partially tax-free reorganization, there must be a "plan" of reorganization (Code Sec. 354). Although there is no statutory requirement for a formal written plan, the regulations require that a copy of the plan be filed with the returns of all corporate parties to a reorganization. The parties intend that this Plan of Merger serve as the written plan under Section 354.