

**SALE OF UNREGISTERED SECURITIES.**

On April 17, 2006, the Company completed a private placement of \$1,320,810 of its Series D Convertible Preferred Stock (the "Series D Offering"). In connection with the Series D Offering, the Company issued (a) 132,081 shares of its Series D Convertible Preferred Stock and (b) Series E Common Stock Purchase Warrants entitling the holder to purchase up to an aggregate of 880,540 shares of its Common Stock at an exercise price of three dollars (\$3.00) per share .

The issuance of the Series D Convertible Preferred Stock and Series E Warrants were exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) of the Act for transactions not involving a public offering and Rule 506 promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended. Such securities were issued only to institutional, accredited investors, and a limited number of non-accredited investors.

Midtown Partners & Co., LLC ("Midtown Partners"), an SEC and NASD registered broker dealer, acted as the placement agent for the Company in connection with the issuance of Series D Convertible Preferred Stock. Midtown Partners is located in Tampa, Florida. In connection with the Series D Offering, Midtown Partners is entitled to receive cash commissions equal of \$99,181, plus payment of \$19,836 as reimbursement of non-accountable expenses. Midtown Partners & Co., LLC is also entitled to receive (a) a Series BD 4 Common Stock Purchase Warrant entitling Midtown Partners to purchase 66,121 shares of the Company's common stock at an exercise price of one dollar and fifty cents (\$1.50) per share, and (c) a Series BD 5 Common Stock Purchase Warrants entitling Midtown Partners to purchase 66,121 shares of the Company's common stock at an exercise price of three dollars (\$3.00) per share.

The issuance of the Series BD Warrants to Midtown Partners was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) of the Act for transactions not involving a public offering and Rule 506 promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended. Such securities were issued only to institutional or accredited investors.