SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 10, 2009

Secured Diversified Investment, Ltd.
(Exact name of registrant as specified in its charter)

Nevada	000-30653	80-0068489
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

6980 O'Bannon Drive, Las Vegas, NV	89117
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (702) 939-3254

3416 Via Lido, Suite F Newport Beach, CA 92263
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

CURRENT REPORT ON FORM 8-K
Secured Diversified Investment, Ltd.

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Item 1.01. Entry into a Material Definitive Agreement

The Share Exchange Agreement and Plan of Reorganization

Since June 16, 2008, we have operated our business under the protection of Chapter 11 of the United States Bankruptcy Code. Our chapter 11 bankruptcy case has been pending in the U.S. Bankruptcy Court for the District of Nevada (the "Court") as Case No. BK-S-08-16332-LBR. By order entered January 27, 2009, the Court confirmed our Plan of Reorganization (the "Plan"). The Effective Date of the Plan, as defined therein, was February 6, 2009.

On February 10, 2009, pursuant to the terms of the Plan, we entered into a Share Exchange Agreement with Galaxy Gaming, Inc., a privately held Nevada Corporation ("Galaxy"). In connection with the closing of the Share Exchange Agreement, we obtained 100% of the issued and outstanding shares of Galaxy, and Galaxy became our wholly-owned subsidiary (the "Share Exchange"). Also pursuant to the terms of the Plan, all of our outstanding debt obligations (other than administrative expenses related to chapter 11 case) have been discharged in exchange for our issuance of new common stock on a pro rata basis to our creditors.

Pursuant to the terms and conditions of the Share Exchange Agreement:

- We issued 25,000,000 shares of our common stock pro-rata to the former shareholders of Galaxy in exchange for obtaining ownership of 100% of the issued and outstanding shares of Galaxy; and

- Our sole officer and director, Munjit Johal has resigned from all named executive officer positions. Mr. Robert Saucier, the President of Galaxy, has been appointed our President, Chief Executive Officer, Chief Financial Officer and sole director. Mr. William O'Hara has been appointed our Chief Operations Officer.

In addition, pursuant to the terms of the Plan:

- We issued 4,000,000 shares of new common stock on a pro rata basis to our creditors in exchange for the discharge of our outstanding debts under chapter 11 of the U.S. Bankruptcy Code;

- All of our pre-Share Exchange issued and outstanding equity interests were extinguished and rendered null and void; and

- As a result, following these events, there are currently 29,000,000 shares of our common stock issued and outstanding.

The foregoing description of the Share Exchange Agreement and the Plan of Reorganization does not purport to be complete and is qualified in its entirety by reference to the complete text of the Share Exchange Agreement, which is filed as Exhibit 2.2 hereto and incorporated herein by reference, and the complete text of the Plan of Reorganization, which is filed as Exhibit 2.1 hereto and incorporated herein by reference.

Item 1.03 Bankruptcy or Receivership

The information set forth in Items 1.01 and 2.01 of this Current Report on Form 8-K that relates to the confirmation of the company's Plan of Reorganization is incorporated by reference into this Item 1.03. The Plan was confirmed by order of the U.S. Bankruptcy Court for the District of Nevada entered January 27, 2009. The complete text of the Plan of Reorganization and the court Order confirming the Plan is filed as Exhibit 2.1 hereto and incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to the completion of the Share Exchange is incorporated by reference into this Item 2.01.

As used in this Current Report on Form 8-K, all references to the "Company," "SDI," "we," "our" and "us" or similar terms, refer to Secured Diversified Investment, Ltd., including its predecessors and its subsidiaries, except where the context makes clear that the reference is only to Galaxy. Information about the Company and the principal terms of the Share Exchange are set forth below.

Share Exchange

The Share Exchange. The 25,000,000 shares of our common stock issued pro rata to former shareholders of Galaxy in connection with the Share Exchange Agreement were not registered under the Securities Act of 1933, as amended (the "Securities Act"), but were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated under that section. These provisions exempt transactions by an issuer not involving any public offering. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. Certificates representing these shares contain a legend stating the same.

Prior to the Share Exchange, there were no material relationships between us and Galaxy, or any of their respective affiliates, directors or officers, or any associates of their respective officers or directors.

The pro rata issuance of 4,000,000 shares of our common stock to our former creditors pursuant to the terms of the Plan was a public offering exempt from the requirements of section 5 of the Securities Act of 1933 under the terms of the U.S. Bankruptcy Code, 11 U.S.C. §1145(a)(1).

Following the effectiveness of the Plan and the Share Exchange, there were 29,000,000 shares of common stock outstanding, including:

Shares	Held by
25,000,000	Galaxy shareholders
4,000,000	former SDI creditors

General Changes Resulting from the Share Exchange. We intend to carry on the business of our wholly-owned subsidiary, Galaxy, as our primary line of business. Our intention is to cease all business operations associated with our prior business. We have relocated our principal executive offices to 6980 O'Bannon Drive, Las Vegas, NV 89117, and our phone number is 702-939-3254.

The Share Exchange and its related transactions were unanimously approved by the holders of Galaxy's common stock by written consent in lieu of a meeting. Pursuant to Nev. Rev. Stat. §78.622, no further action of SDI's directors or shareholders was required to carry out the Share Exchange following confirmation of the Plan by the Court.

Changes to the Board of Directors. In connection with the Share Exchange, our sole officer and director, Munjit Johal has resigned from all positions. Mr. Robert Saucier, the President of Galaxy, has been appointed our President, CEO, CFO and sole director.

All directors hold office for one-year terms until the election and qualification of their successors. Officers are elected by the board of directors and serve at the discretion of the board.

Accounting Treatment; Change of Control. Galaxy is deemed to be the accounting acquirer in the Share Exchange. Consequently, the assets and liabilities and the historical operations of Galaxy prior to the Share Exchange will be reflected in the financial statements and will be recorded at the historical cost basis of Galaxy. Our financial statements after completion of the Share Exchange will include the assets and liabilities of both companies, the historical operations of Galaxy, and our operations from the closing date of the Share Exchange. As a result of the issuance of the shares of our common stock pursuant to the Share Exchange, a change in control of the Company occurred on the date of the consummation of the Share Exchange. Except as described herein, no arrangements or understandings exist among present or former controlling stockholders with respect to the election of members of our board of directors and, to our knowledge, no other arrangements exist that might result in a future change of control of the Company. We will continue to be a "small business issuer," as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), following the Share Exchange.

Description of Our Company

Company Overview

We were initially formed under the laws of the State of Utah on November 22, 1978 to pursue a position in the entertainment industry focusing on transactions involving the purchase and sale of literary property rights in connection with all types of theatrical pictures, plays, television films, music publications and other forms of entertainment. Ultimately, our efforts in the entertainment industry were unsuccessful, so we decided to search out other business opportunities. On July 23, 2002, our shareholders voted to change the direction of our business and pursue ownerships interests in a portfolio of real properties. To further our new objective, we moved our domicile to Nevada and changed our name from "Book Corporation of America" to "Secured Diversified Investment Ltd." Since pursuing this strategy, we have been unsuccessful in generating revenues or profits from our investment properties. The majority of our real estate assets became impaired, were liquidated or lost through foreclosure.

On June 26, 2008, we were served with an involuntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court"), Case No. 08-16332. The bankruptcy court's Order for Relief was entered on July 30, 2008. During the pendency of our chapter 11 bankruptcy case, we continued to operate our business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

Following confirmation of the Plan and the consummation of the Share Exchange, we are now pursuing the business plan of Galaxy through Galaxy, our wholly-owned subsidiary.

Business of Company

We are engaged in the business of developing proprietary table games and other gaming products, and licensing those games and products to casinos in the United States and internationally. We are also seeking to acquire other companies who compete in the same industry.

Our plan is to grow by developing new game content, enhancing our product portfolio with electronics, expanding our global distribution network, increasing the performance of our sales force, and acquiring available competitors.

Robert Saucier is our President, Chief Executive Officer, Chief Financial Officer and sole director. William O'Hara is our Chief Operating Officer.

Proprietary Table Games

Up until approximately twenty years ago, casino operated table games consisted mainly of public domain games such as Blackjack, Craps, and Roulette. That began to change, however, in 1988 when a game called Caribbean Stud was invented and first played in an Aruban casino. The game, a variation of stud poker, was designed to be house-banked in a casino and played directly against a dealer, rather than the player vs. player style of traditional poker games. Caribbean Stud features an optional side wager whereby, for one dollar, players have the chance to win a progressive jackpot, which can reach as high as several hundred thousand dollars.

The inventors applied for and obtained various US and international patents. They then leased their game and its associated intellectual property to other casinos. The game quickly proved its popularity in U.S. and foreign markets. The popularity and financial success of Caribbean Stud led to the birth of the proprietary table game industry.

Numerous other proprietary table games and side bets have been invented by other individuals during the last twenty years as the industry has grown. The low overhead costs and steady revenue stream associated with maintaining successful proprietary table games has spurred the industry.

Gaming in general continues to expand both domestically and internationally. In certain jurisdictions (most notably Asia), the table game segment continues to increase in proportion to other forms of gaming. In other markets, such as North America, the ratio between table games and other segments of gaming appears to have stabilized. However, universally the ratio between proprietary table games and those table games found in the public domain has been steadily increasing in favor of proprietary games. Current estimates of the international live table game market are depicted in the following table:

Live Table Games	The Americas	Europe & Africa	Asia Pacific	Total
Public Domain Games	16,335	6,235	8,895	31,465
Proprietary Card Games	7,690	530	450	8,670
Dice Games	1,100	75	330	1,505
Roulette Games	2,470	5,380	900	8,750
Total Table Games	**27,595**	**12,220**	**10,575**	**50,390**

Growth in the gaming sector is forecasted to continue for at least the next several decades. Recently, more and more jurisdictions both domestically and internationally have reported that they intend to allow gaming or expanded forms of gaming. Most visibly, numerous casino mega-resort projects have been announced or are under construction along the Las Vegas Strip, the Cotai Strip (Macau), the Ho Tram Strip (Vietnam), and in Singapore. In addition to these multi-billion dollar projects, it is estimated that at least one hundred additional casinos will be built in the next five years. With this anticipated growth, we expect the number of table games in five years to be as follows:

Live Table Games	The Americas	Europe & Africa	Asia Pacific	Total
Public Domain Games	19,365	6,770	16,975	43,110
Proprietary Card Games	10,430	730	1,650	12,810
Dice Games	1,150	95	390	1,635
Roulette Games	3,255	5,965	2,300	11,520
Total Table Games	**34,200**	**13,560**	**21,315**	**69,075**

History and Development of Galaxy

In 1997, Galaxy's founder and president, Robert Saucier, was an investor in a small casino in Washington State. The casino had ten table games, primarily blackjack. During his tenure there, Mr. Saucier invented a side bet for blackjack known as "Horseshoe Blackjack." The side bet became very popular and the casino's win from the games increased significantly. On October 7, 1997, a predecessor company, Galaxy Gaming Corporation, was formed and Mr. Saucier exchanged all of his rights, title and interest in his invention for stock in the corporation. Other Washington casinos recognized the popularity and profitability of this side bet and requested licenses to play Horseshoe Blackjack side bets at their casinos. The side bet was modified and its name was later changed to "Lucky Ladies."

Lucky Ladies remained Galaxy's only product until late 2002 when we debuted a new casino poker game called "Texas Shootout". This game quickly became popular with casinos and their customers. At this time, Galaxy also increased its sales force and expanded distribution into new jurisdictions. Since then, Galaxy has grown methodically and intentionally by reinvesting retained earnings and introducing new products at a regular pace.

Galaxy has grown to become the second largest provider of casino table games (1,500+ tables) in the world behind industry giant Shuffle Master Gaming (4,000± tables). A significant portion of Shuffle Master's growth has been through acquisitions of competitive companies and products. Galaxy has previously been unable to compete for these acquisitions due to a limited capital structure. Accordingly, most of its growth has been through direct sales leading to placements of its installed base of games.

In early 2008, Galaxy released Emperor's Challenge® – which is generating additional revenues for us. In the fourth quarter of 2008, we introduced Lucky 8 Baccarat – which is also generating additional revenues for us

Our Products

Currently, we have an installed base of products on over 1,500 gaming tables. Our games are briefly described below. Additional information regarding our games may be found on our wholly-owned subsidiary's web site, www.galaxygaming.com. Information found on the web site should not be considered part of this report.

Side Bets

Our current line-up of table game products includes four side-bets to the game of blackjack and one to the game of baccarat, as described below:

Lucky Ladies is an optional bonus side bet for blackjack that considers the first two cards the player receives. If the cards are equal to a point value of twenty, the player wins. The amount the player wins varies upon the construction of the hands (e.g. both cards of same suit, two Queen of Hearts, etc.) and ranges from 4 to 1 of their wager up to 1,000 to 1. Lucky Ladies was our first product and has grown to become the number one side bet in the world in terms of the number of tables in play.

Bonus Blackjack is an optional bonus side bet for blackjack that considers the first two cards the player receives and/or the first two cards the dealer receives. If the cards in either the player's hand or the dealer's hand are equal to a point value of twenty-one (aka "Blackjack"), the player wins, provided that they placed a wager on the corresponding triggering event. The game also has a progressive jackpot. If a player places a wager on both the dealer and player indicia and they receive an Ace and Jack of Spades, the player wins the progressive jackpot.

Suited Royals is an optional bonus side bet for blackjack that considers the first two cards the player receives. If the cards are of the same suit, the player wins and is paid odds according to a posted pay schedule. Higher odds are paid if the cards contain certain combinations such as two suited face cards, a King and Queen in suit, or a King and Queen of Diamonds – the highest triggering event, which results in the player being awarded odds of 100 to 1 of their wager.

Super Pairs is an optional bonus side bet for blackjack that considers the first two cards the player receives. If the first two cards are a pair, the player wins and is paid odds. Higher odds (up to 50 to 1) are paid if the cards are of a certain suit such as diamonds.

Lucky 8 Baccarat is an optional bonus side bet for the game of baccarat that considers the point total of either the player's hand, the banker's hand, or both. Players are afforded the opportunity to wager on whether or not the selected hand contains the point value of eight. Typically, players may win either odds from three to one up to 1,000 to one, or a bonus jackpot, depending upon the nature of the configuration of the corresponding hand and, at times, the opposing hand.

Premium Games

We also offer several stand-alone proprietary games. Typically these games generate more revenue per unit than the side bet games listed above. These games include:

Texas Shootout is a unique version of the popular game of Texas Hold'em. Whereas traditional poker is played against other players, in Texas Shootout each player competes against the casino dealer. The game is played with six decks of cards and the players receive four cards each. Players then select which two cards to play and discard the remaining two. Alternatively, players may split their four cards into two – two card hands and increase their wager. The dealer selects two of his four cards, then deals five community cards face-up on the table. The players and dealer each combine their two cards with the five community cards to form the best five card poker hand possible. The player wins if his hand has a greater value than the dealer's hand. There is also a popular bonus side bet that pays each player at odds in the event their hand matches one of the qualifying events listed on the posted pay schedule. Players may be awarded up to 5,000 to 1 on this bonus side bet.

Emperor's Challenge is a variation of the game Pai Gow Poker. Although Pai Gow Poker is an extremely popular casino game among players, casinos earn less money with the game because approximately 42% of all hands result in a push or tie. Emperor's Challenge Pai Gow Poker offers two side bets and an opportunity for the player to engage in a tie-breaking system which increases the casino's potential earnings. Players may be awarded up to 8,000 to 1 on one of the bonus side bets known as the "Emperor's Treasure" bet. The other side bet is known as "Pai Gow Insurance" and provides the player an opportunity to protect against the outcome when receiving a poor hand.

Three Card Split. Players place up to four wagers and receive three cards each. Players then "split" their three card hand into a one card sub-hand and a two card sub-hand. The dealer also receives three cards and likewise, splits his hand into two sub-hands. As a result, the dealer and the players each have three sub-hands consisting of one, two and three cards each. If any of the players' sub-hands are greater than the dealer's, the player wins that corresponding wager. In addition, the game contains an optional bonus side bet whereby the player's three cards are combined with a single community card to form a four card hand. The player's four card hand is compared to a posted pay schedule and the player is paid at odds in the event he has a qualifying hand.

Competition

We face significant competition in the table game industry. Gaming is a dynamic, high-growth market. Our competition for casino placement and players comes from a variety of sources, including companies that design and market traditional table games, proprietary table games, proprietary side bets, slot machines, and other gaming products.

Many of our competitors have longer operating histories, significantly greater resources, greater brand recognition and more firmly established supply relationships. Moreover, we expect additional competitors to emerge in the future. We believe that the principal competitive factors in our market include products that appeal to casinos and players, and a well-developed sales and distribution network. Although we plan to compete effectively in this market, we recognize that this market is relatively new and is evolving rapidly, and, accordingly, there can be no assurance that we will be able to compete effectively in this marketplace.

As is common with most new industries as they mature, there has been significant consolidation of competitors in the proprietary table game industry. During the past decade our leading competitor, Shuffle Master Gaming, has actively pursued and consummated the acquisition of smaller companies. As a result, the number of significant competitors has dwindled, and in the process, Shuffle Master has become the dominant company.

Recently, new competition in the traditional table game space has been introduced by electronic table game providers. Although not yet a significant factor in directly competitive markets, their popularity is growing and it is anticipated that these new fully automated and hybrid electronic table games will increasingly become a competitive factor. Companies now competing for this market include Shuffle Master, DigiDeal, Poker Tek and Table Max. In May of 2008, we entered into a letter of intent with Table Max to license its game content under a royalty agreement.

The following table is our estimate of the most significant competitors in our industry, and their prominent proprietary games and side bets. For comparative purposes, we have included our statistics in the table as well:

Company	Proprietary Games	Side Bets
Shuffle Master Gaming	3 Card Poker; 4 Card Poker; Play Four Poker; Caribbean Stud; Let-it-Ride; Ultimate Texas Hold 'em; Texas Hold 'em Bonus; Casino War	Bet-the-Set; Fortune Pai Gow Poker; Royal March; Dragon Bonus
Galaxy Gaming	Texas Shootout; Three Card Split; Emperor's Challenge	Lucky Ladies; Bonus Blackjack; Super Pairs; Suited Royals
TCS / John Huxley	Casino Hold 'em	Perfect Pairs
Masque Publishing	Spanish 21	Match the Dealer
Prime Table Games	3 Card Poker; Two Way Hold 'em	21+3
Hop Bet		Fire Bet (Craps)
Gaming Entertainment	Pai Gow Plus; 3-5-7; Mini Pai Gow Poker	
Canadian 21 Stook		Lucky Lucky
Paltronics / AC Coin		Wheel of Madness; 21 Madness

We believe that our success will depend upon our ability to remain competitive in our field. We compete with others in efforts to obtain financing, acquire other gaming companies, and license and distribute products. The failure to compete successfully in the market for proprietary table games and side bets and for resources could have a material adverse effect on our business.

Strategy

Our company’s new long-term business strategy is designed to capitalize on the current opportunity we perceive within the gaming industry. Our goal is to grow our company by expanding the products we offer, by increasing our sales and distribution network, and by purchasing other companies who compete successfully in our market.

Intellectual Property

We invent and fully develop proprietary casino table games. These game concepts and the intellectual property associated with them are typically protected by domestic and international patents, trademarks and copyrights.

There can be no assurance that the steps we and our subsidiary have taken to protect our intellectual property will be sufficient. In addition, the laws of some foreign countries do not protect intellectual property to the same extent as the laws of the United States, which could increase the likelihood of misappropriation. Furthermore, other companies could develop similar or superior trademarks without violating our intellectual property rights. If we resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome, disruptive and expensive, and distract the attention of management, and there can be no assurance that we would prevail.

Government Regulation

Galaxy is subject to a wide range of complex gaming laws and regulations in over 200 jurisdictions, both foreign and domestic, in which Galaxy may be licensed or have applications pending. Jurisdictions may require Galaxy to be licensed, its key personnel to be found suitable, qualified or licensed, and its products to be reviewed and approved before placement. Additionally, gaming laws and regulations of most jurisdictions provide that beneficial owners of 5% or more of Galaxy's common stock are subject to reporting procedures and may be subject to licensure that includes suitability investigations and submission of personal and financial information as required. Furthermore, most jurisdictions have ongoing reporting requirements for certain transactions and are concerned with Galaxy's accounting practices, internal controls, business relationships, and the fair operation of its products. Gaming regulatory requirements vary from jurisdiction to jurisdiction and licensing, approval, and processes related to findings of suitability, qualifications or licensure of the Company, its products, key personnel, and certain shareholders can be lengthy and expensive.

General Regulatory Licensing and Approvals. Galaxy intends to maintain its existing licenses and to seek the necessary licenses, approvals, qualifications and findings of suitability for the company, its products and its management personnel in new jurisdictions where Galaxy anticipates sales opportunities.

Native American Gaming Regulation. Gaming on Native American lands within the United States is governed by the Federal Indian Gaming Regulatory Act of 1988 ("IGRA") and specific tribal ordinances and regulations. Class III gaming, as defined under IGRA, also requires a Tribal-State Compact, which is a written agreement between a specific tribe and the respective state. This compact authorizes the type of Class III gaming activity and the standards, procedures and controls under which the Class III gaming activity must be conducted. The National Indian Gaming Commission ("NIGC") has oversight authority over gaming on Native American lands and generally monitors tribal gaming including the establishment and enforcement of required minimum internal control standards. Each Tribe is sovereign and must have a tribal gaming commission or office established to regulate tribal gaming activity to ensure compliance with IGRA, NIGC, and its Tribal-State Compact. Galaxy has complied with each of the numerous vendors licensing and specific product approval and shipping notification requirements imposed by Tribal-State Compacts and enforced by tribal and/or state gaming agencies under IGRA in the Native American lands in which Galaxy does business.

Other Jurisdictions. Galaxy has obtained or expects to obtain all licenses/registrations required by jurisdictions having legalized gaming. In general, such requirements vary from jurisdiction to jurisdiction and company approvals as well as individual and/or product approvals may be required.

Application of Future or Additional Regulatory Requirements. In the future, we intend to seek the necessary registrations, licenses, approvals, and findings of suitability for us, our products, and our personnel in other jurisdictions throughout the world where significant sales of our products are expected to be made. However, we may be unable to obtain these registrations, licenses, approvals, or findings of suitability, which if obtained may be revoked, suspended, or conditioned. In addition, we may be unable to obtain on a timely basis, or to obtain at all, the necessary approvals of our future products as they are developed, even in those jurisdictions in which we already have existing products licensed or approved. If a registration, license, approval or finding of suitability is required by a regulatory authority and we fail to seek or do not receive the necessary registration, license, approval or finding of suitability, we may be prohibited from selling our products for use in that jurisdiction or may be required to sell our products through other licensed entities at a reduced profit.

Employees

We have eleven employees, including executive officers, management personnel, accounting personnel, office staff, and sales staff. Our employees are co-employed by Advantstaff, Inc. a professional employer organization used by us to provide payroll and HR services. As needed from time to time, we also pay for the services of independent contractors.

Research and Development Expenditures

We have incurred approximately $80,000 in research and development expenditures in the year ended December 31, 2007. These costs were incurred primarily in the development of new proprietary table games and side bets.

Subsidiaries

We currently have one wholly-owned subsidiary, Galaxy. Galaxy, in turn, currently holds 10 wholly-owned subsidiaries, which have been utilized to divide its business operations into geographic regions. We are currently in the process of transferring all assets and operations from these subsidiaries to Galaxy. When this process is complete, Galaxy's 10 subsidiaries will be dissolved. All 10 subsidiaries are limited liability companies, and include:

- Galaxy Gaming of Arizona, LLC
- Galaxy Gaming of British Columbia, LLC
- Galaxy Gaming of California, LLC
- Galaxy Gaming of Manitoba, LLC
- Galaxy Gaming of Nova Scotia, LLC
- Galaxy Gaming of Oklahoma, LLC
- Galaxy Gaming of Ontario, LLC
- Galaxy Gaming of Oregon, LLC
- Galaxy Gaming of South Dakota, LLC
- Galaxy Gaming of Washington, LLC

Description of Property

We do not own any real property. We maintain our corporate office at 6980 O'Bannon Drive, Las Vegas, NV. We pay $17,500 per month to Abyss Group, LLC as a result of an assumption of a prior lease between Abyss Group, LLC and Galaxy Gaming, LLC. Galaxy Gaming LLC's members are our President, Robert Saucier, and the Alix Saucier Regulatory Trust, Jeffrey Whitehead, Esquire, Trustee. The lease is set to expire in August of 2010. We expect that our present corporate office provides facilities suited to our current operations. As our business operations grow, it may be necessary for us to seek additional office space.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. To the extent that any statements made in this Report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “may,” “anticipates,” believes,” “should,” “intends,” “estimates,” and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties are outlined in “Risk Factors” and include, without limitation:

- Our limited and unprofitable operating history;
- the ability to raise additional capital to finance our activities;
- legal and regulatory risks associated with the Merger;
- the future trading of our common stock;
- our ability to operate as a public company;
- general economic and business conditions;
- the volatility of our operating results and financial condition; and
- our ability to attract or retain qualified senior scientific and management personnel.

The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Current Report on Form 8-K.

Information regarding market and industry statistics contained in this Report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this Report. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

Management’s Discussion and Analysis or Plan of Operation

THE FOLLOWING DISCUSSION SHOULD BE READ TOGETHER WITH THE INFORMATION CONTAINED IN THE FINANCIAL STATEMENTS AND RELATED NOTES INCLUDED ELSEWHERE IN THIS CURRENT REPORT ON FORM 8-K.

The following discussion reflects our plan of operation. This discussion should be read in conjunction with our audited financial statements and the audited financial statements of Galaxy for the fiscal years ended December 31, 2007 and December 31, 2008. This discussion contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, including statements regarding our expected financial position, business and financing plans. These statements involve risks and uncertainties. Our actual results could differ materially from the results described in or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Current Report on Form 8-K, particularly under the headings “Forward Looking Statements” and “Risk Factors.”

Plan of Operation in the Next Twelve Months

We are currently seeking to expand our business. As noted previously, we are currently the second largest company in the proprietary table games industry. We intend to expand our installed base of table games, which will increase our recurring revenues, by employing the following strategies:

- Develop new game content.
- Enhance our portfolio with electronics.
- Expand our distribution network.
- Increase the performance of our sales force.
- Acquire available competitors.

Develop New Game Content

During 2008, Galaxy introduced two new table game products, Emperor’s Challenge and Lucky 8 Baccarat which are contributing to our current growth trend. We hope other products scheduled to be released in 2009 will positively impact our revenues.

We are currently at a disadvantage to our leading competitor, Shuffle Master, in terms of the number and variety of products offered. Due to the numerous game titles in their possession, they have the ability to control 100% of the proprietary table mix in many casinos. The solution for us is to quickly increase the number of table games in our portfolio. We have numerous new games in various stages of development which, when fully released, we believe will overcome this disadvantage.

Currently, the majority of our product development is performed by our founder and CEO, Mr. Saucier. Our future growth plans include the creation of a research and development team to lessen our dependency on our CEO for this important element.

Enhance Our Portfolio with Electronics

The games Caribbean Stud and Let it Ride benefitted from electronic enhancements. With the exception of Bonus Blackjack, none of our products currently utilize electronics. We are currently developing electronic enhancements for table games and expect them to be released and generating revenues in 2009.

Expand Our Distribution Network

We intend to increase our recurring revenues and market share not only in North America, but throughout all available international markets. Expanding our distribution network requires that we first seek and obtain registration or licensing in most additional gaming jurisdictions. In regulated gaming jurisdictions, this is not a simple task. A collaborative effort between our inside legal counsel and/or compliance officer and outside specialized local gaming attorneys will be required to expand our reach. We do not currently have the necessary skilled specialist in house to accomplish this in an expedited manner. Recruiting such a professional will be vital to our gaming jurisdiction expansion plans.

Increase Sales Force Performance

We recognize that the quality and performance of our sales team is integral to our expansion and success. We intend to recruit, train, monitor and reward a group of highly motivated sales professionals. We also intend to implement a comprehensive sales training program for the purpose of continually increasing our sales executives' performance.

Currently, our sales team's progress is monitored and tracked by a highly sophisticated, custom sales force automation / client relationship management system. We have spent considerable capital and human resources to develop this system and believe it is a significant factor in the past and future success of our sales force. This system is under constant development and improvement by us.

Because of the high margin, recurring revenue nature of our products, we believe that significant expenditures on improving our sales and client retention efforts are justified. Accordingly, we intend to provide significant incentives and rewards to our sales executives based upon their performance.

Acquire Available Competitors

We feel that our growth may be enhanced through the acquisition of competing gaming companies and/or products. We believe that there are opportunities for consolidation and resulting synergistic economies of scale through acquisition. Many of the companies we intend to target have solid streams of mid to high margin recurring revenue, yet they operate at a loss because they are burdened by excessive overhead and inefficient cost management. This presents us with an opportunity to add these royalties to our revenues and manage the products through our existing organizational structure, thus increasing our revenue stream without adding significantly to our recurring expenses.

Financing

In anticipation of our current aggressive growth plans and acquisition strategy, as well as the investments in our infrastructure necessitated by our strategy, we require additional funding. Because we will be unable to adequately fund the growth initiatives outlined herein without new sources of investor financing, we are currently attempting to raise funds through the sale of our Common Stock. If we fail to raise capital, we will still pursue acquisitions and growth, however, our acquisition opportunities will be limited and our growth strategy will be negatively impacted.

Off Balance Sheet Transactions

We have had no off balance sheet transactions.

Significant Equipment

We do not intend to purchase any significant equipment for the next twelve months.

Results of Operations of Galaxy for the Years Ended December 31, 2006 and 2007

For the years ended December 31, 2006 and 2007, we generated gross revenues of $2,106,013 and $1,969,680, respectively. Our Cost of Goods Sold was $124,791, our Operating Expenses were $2,093,988, our Other Expenses were $37,739, and our Provision for Income Taxes was $29,778 for the year ended December 31, 2006. Our Cost of Goods Sold was $230,467 and our Operating Expenses were $1,822,866 for the year ended December 31, 2007. Therefore, our Net Loss for the years ended December 31, 2006 and 2007 were $180,283and $83,653, respectively.

Results of Operations of Galaxy for the Three and Nine Months Ended September 30, 2008

For the three months ended September 30, 2008, we generated gross revenues of $552,301. Our Cost of Goods Sold was $21,269, our Operating Expenses were $562,512, and our Other Expenses were $32,267 for the three months ended September 30, 2008. Our Net Loss for the third quarter of 2008 was therefore $63,747. For the nine month period ended September 30, 2008, we generated gross revenues of $1,690,413. Our Cost of Goods Sold was $96,852, our Operating Expenses were $1,743,813, and our Other Expenses were $83,806 for the nine months ended September 30, 2008. Our Net Loss for the nine month period ended September 30, 2008 was therefore $234,058.

Liquidity and Capital Resources

As of September 30, 2008, Galaxy had total current assets of $438,708 and total assets in the amount of $1,112,763. Our total current liabilities as of September 30, 2008 were $764,978. Galaxy, therefore, had a working capital deficit of $326,270 as of September 30, 2008.

Galaxy's operating activities used $205,764 in cash for the nine months ended September 30, 2008 and $156,750 in cash for the year ended December 31, 2007. The primary components of our negative operating cash flow for the nine months ended September 30, 2008 were our Net Loss of $234,058 along with a decrease of $149,615 in Unearned Income offset by a $137,782 increase in Accounts Payable and a $32,906 increase in Accrued Expenses and Taxes. Cash flows provided by financing activities during the year ended December 31, 2008 were $191,298 consisting of an increase in Debt Due to Related Parties of $206,327 offset by Payments on Long Term Debt of $15,029. Investing Activities generated $31,616 in cash during the nine months ended September 30, 2008.

Based upon our current financial condition, we do not have sufficient cash to operate our business at the current level for the next twelve months. We intend to fund operations through increased sales and debt and/or equity financing arrangements, which may be insufficient to fund expenditures or other cash requirements. We plan to seek additional financing in a private equity offering to secure funding for operations. There can be no assurance that we will be successful in raising additional funding. If we are not able to secure additional funding, the implementation of our business plan will be impaired. There can be no assurance that such additional financing will be available to us on acceptable terms or at all. In addition, we expect to incur higher capital expenditures in the future to expand our operations. We will from time to time acquire products and businesses complementary to our business. As a public entity, we may issue shares of our common stock and preferred stock in private or public offerings to obtain financing, capital or to acquire other businesses that can improve our performance and growth. To the extent that we seek to acquire other businesses in exchange for our common stock, fluctuations in our stock price could have a material adverse effect on our ability to complete acquisitions.

Risk Factors

The following are certain identifiable risk factors for our business operations through our wholly-owned subsidiary, Galaxy. Risk factors related to our former business operations have been excluded but can be found in prior filings with the Securities and Exchange Commission.

Because we have a limited operating history related to our current business strategy, we are subject to the risks of failure associated with any new business ventures.

We have not incorporated our strategy of the acquisition of competitors and have a limited operating history in this area on which potential investors can assess our performance and prospects. Potential investors should be aware that there is a substantial risk of failure associated with any new business strategy as a result of problems encountered in connection with their commencement of new operations. These include, but are not limited to, the entry of new competition, unknown or unexpected additional costs, and expenses that may exceed estimates.

If we are unsuccessful in acquiring products and operations from other companies in the gaming industry, our growth strategy will be negatively impacted.

Our plan of operations includes the acquisition of products from competing companies or the acquisition of competing companies themselves. Our ability to acquire these companies and/or their products will be dependent upon raising sufficient funds to do so through equity offerings and/or through other methods of financing in a timely fashion. If we are unable to timely raise the funds to make these acquisitions, our planned growth will likely occur at a significantly slower pace.

Because the payment of dividends is at the discretion of the Board of Directors, investors may not realize cash dividends at the frequency or in the amounts they anticipate.

We have never declared or paid any cash dividends on our Common Stock. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Distributions to our stockholders are subordinate to the payment of our debts and obligations. If we have insufficient funds to pay our debts and obligations, distributions to stockholders will be suspended pending the payment of such debts and obligations. Accordingly, investors must rely on sales of their own Common Stock after price appreciation, which may never occur, as the only way to recover their initial investment. Additionally, because of significant restrictions on the resale of the Shares being offered in this Memorandum, investors may be unable to sell their Shares should they desire to do so.

Forward looking assessments have been prepared by the current management of the Company based on numerous assumptions, which may eventually prove to be incorrect.

Our ability to accomplish our objectives and whether or not we will be financially successful is dependent upon numerous factors, each of which could have a material effect on the results obtained. Some of these factors are within the discretion and control of management and others are beyond management's control. The assumptions and hypothesis used in preparing any forward-looking assessments of profitability contained herein are considered reasonable by management. There can be no assurance, however, that any projections or assessments contained herein or otherwise made by management will be realized or achieved at any level.

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Except for the historical information, this offering contains various forward-looking statements which represent our expectations or beliefs concerning future events, including the future levels of cash flow from operations. Management believes that all statements that express expectations and projections with respect to future matters; our ability to negotiate contracts having favorable terms; and the availability of capital resources; are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could impact our financial performance. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass.

A wide range of factors could materially affect future developments and performance, including:

- the impact of general economic and political conditions in the U.S. and in other countries in which we currently do business, including those resulting from recessions, political events and acts or threats of terrorism or military conflicts;
- the impact of the geopolitical environment;
- our ability to integrate the operations of recently acquired companies;
- shifts in population and other demographics;
- industry conditions, including competition;
- fluctuations in operating costs;
- technological changes and innovations;
- changes in labor conditions;
- fluctuations in exchange rates and currency values;

- capital expenditure requirements;
- the outcome of pending and future litigation settlements;
- legislative or regulatory requirements;
- interest rates;
- the effect of leverage on our financial position and earnings;
- taxes;
- access to capital markets; and
- certain other factors set forth in our filings with the Securities and Exchange Commission.

If our business is unsuccessful, our shareholders may lose their entire investment.

Although shareholders will not be bound by or be personally liable for our expenses, liabilities or obligations beyond their total original capital contributions, should we suffer a deficiency in funds with which to meet our obligations, the shareholders as a whole may lose their entire investment in the Company.

The capital requirements necessary to implement our strategic initiatives could pose additional risks to our business

The purchase price of possible acquisitions, share repurchases, special dividends and/or other strategic initiatives could require additional debt or equity financing on our part. Since the terms and availability of this financing depend to a large degree upon general economic conditions and third parties over which we have no control, we can give no assurance that we will obtain the needed financing or that we will obtain such financing on attractive terms. In addition, our ability to obtain financing depends on a number of other factors, many of which are also beyond our control, such as interest rates and national and local business conditions. If the cost of obtaining needed financing is too high or the terms of such financing are otherwise unacceptable in relation to the strategic opportunity we are presented with, we may decide to forego that opportunity. Additional indebtedness could increase our leverage and make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures. Additional equity financing could result in dilution to our shareholders.

If Sherron is successful in its attempt to execute against certain of our intellectual property, our financial condition will be materially adversely impacted.

As noted herein, a judgment was issued in Washington against Mr. Saucier in 1998. Although, we and Mr. Saucier believe that it is no longer valid, Sherron claims to be the assignee of that judgment. Sherron is currently suing in Washington claiming that Galaxy is the alter-ego of Robert Saucier. Sherron is also currently attempting to execute against certain intellectual property of Galaxy, claiming the property belongs to Mr. Saucier. In the event that Sherron prevails in any of its attempts, we may be liable for damages in an amount up to two million dollars, and we would experience difficulty in paying or obtaining the financing to pay a properly adjudicated liability to Sherron. We may also be required to pay a licensing fee to Sherron to continue using the intellectual property upon which some of our games are based. There is no guarantee that if this became necessary, that we would be able to negotiate a viable licensing fee with Sherron or that we would be able to negotiate a licensing deal with Sherron at all. Should Sherron prevail in its litigation against Galaxy, our revenues and expenses, would be adversely materially impacted, and our business may ultimately fail.

If we are unable to integrate effectively and efficiently any businesses and operation we may acquire in the future, our business may ultimately fail.

Part of our strategy includes acquiring additional businesses and facilities that compete in our industry. Our capitalization and results of operations may change significantly as a result of future acquisitions, and stockholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in connection with any future acquisitions. Unexpected costs or challenges may arise whenever businesses with different operations and management are combined. Inefficiencies and difficulties may arise because of unfamiliarity with new assets and new geographic areas of any acquired businesses. Successful business combinations will require our management and other personnel to devote significant amounts of time to integrating the acquired businesses with any pre-existing operations. These efforts may temporarily distract their attention from day-to-day business, the development or acquisition of new properties and other business opportunities. In addition, the management of the acquired business may not join our management team. Any change in management may make it more difficult to integrate an acquired business with our existing operations. Following an acquisition, we may discover previously unknown liabilities associated with the acquired business for which we have no recourse under applicable indemnification provisions.

If our intellectual property is infringed, misappropriated or subjected to claims of infringement or invalidity, our business may be negatively impacted.

We endeavor to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements. Because of the differences in foreign patent, trademark and other laws concerning proprietary rights, our intellectual property frequently does not receive the same degree of protection in foreign countries as it would in the United States. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

We have numerous patents and trademarks, and utilize patent protection in the United States relating to certain existing and proposed processes and products. We cannot provide assurance that all of our existing patents are valid or will continue to be valid, or that any pending patent applications will be approved. Our competitors may in the future challenge the validity or enforceability of our patents. The patents we own could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. We cannot provide assurance that competitors will not infringe on any of our patents or that we will have adequate resources or other allocation of resources to enforce our patents.

We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we generally require employees, consultants, advisors and collaborators to enter into confidentiality agreements. We cannot provide assurance that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, it could have a material adverse effect on our business.

We rely on our trademarks, trade names and brand names to distinguish our products from the products of our competitors, and have registered or applied to register many of these trademarks. We cannot provide assurance that our trademark applications will be approved. Third parties may oppose our trademark applications or challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources towards advertising and marketing new brands. Further, we cannot provide assurance that competitors will not infringe our trademarks or that we will have adequate resources to enforce our trademarks.

We also face the risk that we may have infringed or could in the future infringe third parties' intellectual property rights. We have many competitors in both the United States and foreign countries, some of which have substantially greater resources and have made substantial investments in competing technologies. Some competitors have applied for and obtained, and may in the future apply for and obtain, patents that may prevent, limit or otherwise interfere with our ability to make and sell our products.

Significant litigation regarding intellectual property rights exists in our industry. We have in the past made, are currently making, and/or may in the future make, enforcement claims against third parties, and third parties have in the past made, are currently making, and may in the future make, claims of infringement against us or against our licensees or manufacturers in connection with their use of our technology. Any claims, even those which are without merit, could:

- be expensive and time consuming to defend;
- cause one or more of our patents to be ruled or rendered unenforceable or invalid;
- cause us to cease making, licensing or using products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products;
- divert management's attention and resources;
- require us to pay significant amounts in damages;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a necessary product, process or component; or
- limit our ability to bring new products to the market in the future.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful challenge to or invalidation of one of our patents or trademarks or a successful claim of infringement against us or one of our licensees in connection with its use of our technology, could adversely affect our business.

In addition, the gaming industry is characterized by the rapid development of new technologies, which requires us to continuously introduce new products using these technologies and innovations, as well as to expand into new markets that may be created. Therefore, our success depends in part on our ability to continually adapt our products and systems to incorporate new technologies and to expand into markets that may be created by new technologies. However, to the extent technologies are protected by the intellectual property rights of others, including our competitors, we may be prevented from introducing products based on these technologies or expanding into markets created by these technologies. If the intellectual property rights of others prevent us from taking advantage of innovative technologies, our financial condition, operating results or prospects may be harmed.

Because the gaming industry is highly regulated, we must adhere to various regulations and maintain our licenses to continue our operations.

Our products are subject to extensive regulation under the laws, rules and regulations of the jurisdictions in which they are used. We will also become subject to regulation in any other jurisdiction where our customers operate in the future. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers and persons with financial interests in gaming operations, including makers of gaming equipment such as ourselves. Some jurisdictions, however, empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and require access to and periodic reports concerning gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

In addition, legislative and regulatory changes may affect demand for our products. Such changes could affect us in a variety of ways. Legislation or regulation may introduce limitations on our products or opportunities for the use of our products, and could foster competitive games or technologies at our or our customers' expense. For example, current regulations in a number of jurisdictions where our customers operate limit the amount of space allocable to our products and substantial changes in those regulations may adversely affect demand for our products. Our business will also suffer if our products became obsolete due to changes in laws or regulations or the regulatory framework.

Legislative or regulatory changes negatively impacting the gaming industry as a whole or our customers in particular could also decrease their demand for our products. Opposition to gaming could result in restrictions or even prohibitions of gaming operations in any jurisdiction or could result in increased taxes on gaming revenues. Tax matters, including changes is state, federal or foreign state tax legislation or assessments by tax authorities could have a negative impact on our business. A reduction in growth of the gaming industry or in the number of gaming jurisdictions or delays in the opening of new or expanded casinos could reduce demand for our products. We cannot provide assurance that changes in current or future laws or regulations or future judicial intervention in any particular jurisdiction would not have a material adverse effect on our existing and proposed foreign and domestic operations.

If our products currently in development do not achieve commercial success, our business will be negatively impacted.

We have a number of products in various stages of development. We believe that our future success will depend in large part upon our ability to enhance our existing products and to develop, introduce and market new products and improvements to our existing products. As a result, we expect, as needed, to continue to make significant investments in product development. Our development of products is dependent on factors such as reaching definitive agreements with third parties and obtaining requisite governmental approvals.

Future technological advances in the gaming products industry may result in the availability of new products or increase the efficiency of existing products. We may not be able to access or finance capital expenditures for new technologies that are more cost-effective or create superior products. We cannot provide assurance that existing, proposed or as yet undeveloped technologies will not render our technology less profitable or less viable, or that we will have available the financial and other resources to compete effectively against companies possessing such technologies.

While we are pursuing and will continue to pursue product development opportunities, there can be no assurance that such products will come to fruition or become successful. Furthermore, while a number of those products are being tested, we cannot provide any definite date by which they will be commercially available. We cannot provide assurance that these products will prove to be commercially viable, or that we will be able to obtain the various gaming licenses necessary to distribute them to our customers. We may experience operational problems with such products after commercial introduction that could delay or defeat the ability of such products to generate revenue or operating profits. Future operational problems

could increase our costs, delay our plans or adversely affect our reputation or our sales of other products which, in turn, could have a material adverse effect on our success and our ability to satisfy our obligations. We cannot predict which of the many possible future products will meet evolving industry standards and consumer demands. We cannot provide assurance that we will be able to adapt to such technological changes, offer such products on a timely basis or establish or maintain a competitive position.

Because we compete in a single industry, and our business would suffer if our products become obsolete or demand for them decreases.

We derive substantially all of our revenues from leasing, licensing, selling and other financing arrangements of products for the gaming industry. Our business would suffer if the gaming industry, in general, and table games in particular, suffered a downturn or loss in popularity, if our products became obsolete or if use of our products decreased. Our operating license agreements with our customers are typically month-to-month. Accordingly, consistent demand for and satisfaction with our products by our customers is critical to our financial condition and future success, and problems, defects or dissatisfaction with our products could cause us to lose customers or revenues from leases with minimal notice. Additionally, our success depends on our ability to keep pace with technological changes and advances in our industry and to adapt and improve our products in response to evolving customer needs and industry trends. If demand for our products weakens due to lack of market acceptance, technological change, competition or other factors, it could have a material adverse effect on our business, financial condition and results of operations and our ability to achieve sufficient cash flow to run our operations and service our indebtedness.

If our new products do not receive regulatory approval, our revenue and business prospects will be adversely affected.

We may be required to seek regulatory approval of any new gaming product that we develop. The future success of our business plan is thus directly dependent on our obtaining and maintaining this requisite government approval. Each of these products may require separate regulatory approval in each market in which we do business, and this regulatory approval may either not be granted or not be granted in a timely manner, for reasons primarily outside of our control. A lack of regulatory approval for these and our other products and technologies, or new versions of our existing games or other products and technologies, or delays in obtaining necessary regulatory approvals, will adversely affect our revenues and business prospects.

We can provide no assurance that we will receive the necessary approvals in all of the jurisdictions we have been, or will be, seeking approval, nor can we provide assurance that there will not be any production delays in developing and distributing these products and technologies. Any delay in production or in the regulatory process, or a denial of regulatory approval altogether, for any one of these new product lines will adversely impact our revenues and business.

Because we require regulatory licenses to operate our business, the loss or suspension of our licenses would be extremely detrimental to our business and results of operations.

The distribution of gaming products and conduct of gaming operations are extensively regulated by various domestic and foreign gaming authorities. Although the laws of different jurisdictions vary in their technical requirements and are amended from time-to-time, virtually all jurisdictions in which we operate require registrations, licenses, findings of suitability, permits and other approvals, as well as documentation of qualifications, including evidence of the integrity, financial stability and responsibility of our officers, directors, major stockholders and key personnel. Our current and future operations are therefore dependent upon receipt and maintenance of these regulatory licenses, permits, approvals, registrations, findings of suitability, orders and authorizations issued by government regulators in the gaming industry.

Nevada regulatory authorities in particular have broad powers to request detailed financial and other information, to limit, condition, suspend or revoke a registration, gaming license or related approval and to approve changes in our operations. Substantial fines or forfeiture of assets for violations of gaming laws or regulations may be levied. The suspension or revocation of any license we may be granted or the levy of substantial fines or forfeiture of assets could significantly harm our business, financial condition and results of operations. Furthermore, compliance costs associated with gaming laws, regulations and licenses are significant. Any change in the laws, regulations or licenses applicable to our business or a violation of any current or future laws or regulations applicable to our business or gaming license could require us to make substantial expenditures or could otherwise negatively affect our gaming operations.

Because of various state gaming regulations, holders of our common stock are individually subject to various requirements of the gaming laws of each jurisdiction in which we are licensed.

Pursuant to applicable laws, gaming regulatory authorities in most jurisdictions in which we are subject to regulation may, in their discretion, require a holder of any of our securities to provide information, respond to questions, make filings, be investigated, licensed, qualified or found suitable to own our securities. Moreover, the holder of the securities making any such required application is generally required to pay all costs of the investigation, licensure, qualification or finding of suitability.

If any holder of our securities fails to comply with the requirements of any gaming authority, we have the right, at our option, to require such holder to dispose of such holder's securities within the period specified by the applicable gaming law or to redeem the securities to the extent required to comply with the requirements of the applicable gaming law.

Additionally, if a gaming authority determines that a holder is unsuitable to own our securities, such holder will have no further right to vote, receive dividends, distributions or other economic benefit, rights or payments with respect to the securities or to continue any ownership or other economic interest in our business. We can be sanctioned if we permit any of the foregoing to occur, which may include the loss of our licenses.

If future authorizations or regulatory approvals are not granted in a timely manner or at all, our results of operation would be adversely affected.

We will be subject to regulation in any other jurisdiction where our customers may operate in the future. Future authorizations or approvals required by domestic and foreign gaming authorities may not be granted at all or as timely as we would like, and current or future authorizations may not be renewed. In addition, we may be unable to obtain the authorizations necessary to license new products or new technologies or to license our current products or technologies in new markets. If we are not able to obtain requisite approvals, our ability to generate revenue may be significantly impaired. In either case, our results of operations would likely be adversely affected. Gaming authorities can also place burdensome conditions and limits on future authorizations and approvals. If we fail to maintain or obtain a necessary registration, license, approval or finding of suitability, we may be prohibited from selling our products or technologies for use in the jurisdiction, or we may be required to sell them through other licensed entities at a reduced profit.

The continued growth of markets for our products and technologies is contingent upon regulatory approvals by various federal, state, local and foreign gaming authorities. We cannot predict which new jurisdictions or markets, if any, will accept and which authorities will approve the operation of our gaming products and technologies, or the timing of any such approvals.

Because Native American tribes maintain sovereign immunity, enforcement of our rights against Native American tribes could be difficult.

We currently deal and intend to expand our dealings with a number of Native American tribes. Native American Tribes are subject to sovereign immunity and tribal jurisdiction. Native American tribes generally enjoy sovereign immunity from suit similar to that enjoyed by individual states and the United States. In order to sue a Native American tribe or an agency or instrumentality of a Native American tribe, the tribe must have effectively waived its sovereign immunity with respect to the matter in dispute. Moreover, even if a Native American tribe were to waive sovereign immunity, such waiver may not be valid. In the absence of an effective waiver of sovereign immunity by a Native American tribe, we could be precluded from judicially enforcing any rights or remedies against that tribe. Consequently, if a dispute arises with respect to any of our existing or proposed agreements with a Native American Tribe, it could be difficult for us to enforce our rights.

If there is a decline in the public's acceptance or opinion of gaming, our future performance and results of operation may be negatively affected.

In the event that there is a decline in public acceptance of gaming, this may affect our ability to do business in some markets, either through unfavorable legislation affecting the introduction of gaming into emerging markets, or through legislative and regulatory changes in existing gaming markets which may adversely affect our ability to continue to lease and license our games in those jurisdictions, or through resulting reduced casino patronage. We can provide no assurance that the level of support for legalized gaming or the public use of leisure money in gaming activities will not decline.

Because we are dependent on the success of our customers, we are subject to industry fluctuations and risks that impact our customers may impact us.

Our success depends on our customers using our products to expand their existing operations, to replace existing products, or to equip a new casino. Any slowdown in the replacement cycle or delays in expansions or new openings may negatively impact our operations.

Casino operators in the gaming industry are undergoing a period of consolidation. The result of this trend is that a smaller number of companies control a larger percentage of our current and potential customer base. Consolidation may also give our customers additional leverage with respect to the prices of our products. Because a significant portion of our sales come from repeat customers, to the extent one of our customers is sold to or merges with an entity that utilizes more of one of our competitors' products and services, or that reduces spending on our products, our business could be negatively impacted. Additionally, to the extent the new owner allocates capital to expenditures other than gaming machines, such as hotel furnishings, restaurants and other improvements, or generally reduces expenditures, our business could be negatively impacted.

If fewer players visit our customers' facilities, if such players have less disposable income to spend at our customers' facilities or if our customers are unable to devote resources to purchasing and leasing our products, there could be an adverse affect on our business. Such risks that affect our customers include:

- global geopolitical events such as terrorist attacks and other acts of war or hostility;
- natural disasters such as major fires, floods, hurricanes and earthquakes;
- adverse economic and market conditions in gaming markets, including recession, economic slowdown, higher interest rates, higher airfares and higher energy and gasoline prices; and
- concerns about SARS, Avian flu or other influenza or contagious illnesses.

If certain market risks are realized, our business, results of operations and prospects may be negatively impacted.

In the normal course of our business, we are routinely subjected to a variety of market risks, examples of which include, but are not limited to, interest rate movements, collectability of receivables and recoverability of residual values on leased assets such as those in certain international markets. Further, some of our customers may experience financial difficulties, or may otherwise not pay accounts receivable when due, resulting in increased write-offs. Although we do not anticipate any material losses in these risk areas, no assurances can be made that material losses will not be incurred in these areas in the future**.**

If we do not retain our key personnel, including our President, Robert Saucier, and attract and retain other highly skilled employees, our business may suffer.

If we fail to retain, recruit, and motivate the necessary personnel, our business and our ability to obtain new customers, develop new products, and provide acceptable levels of customer service could suffer. The success of our business is heavily dependent on the leadership of our key management personnel and on our key employees. We are particularly dependent upon our President, Robert Saucier, whose thorough knowledge of our operations and creative drive in developing new games are vital to our success.

Our employment contracts with our corporate officers and certain other key employees are primarily "at will" employment agreements, under which either the employee or we may terminate employment. If any of these persons were to leave our company it could be difficult to replace them, and our business could be harmed. We do not have key-man life insurance.

Our success also depends on our ability to recruit, retain, and motivate highly skilled personnel. Competition for these persons in our industry is intense and we may not be able to successfully recruit, train, or retain qualified personnel.

If a downturn in general economic conditions or in the gaming industry or a reduction in demand for gaming occurs, our results of operations may be adversely affected.

Our business operations are affected by international, national and local economic conditions. A recession or downturn in the general economy, or in a region constituting a significant source of our customers, or a reduction in demand for gaming, could harm the health of casino operators and our other customers and consequently result in fewer customers leasing or purchasing our products, which would adversely affect our revenues.

Because we distribute product internationally, economic, political and other risks associated with our international sales and operations could adversely affect our operating results.

Since we sell our products worldwide, our business is subject to risks associated with doing business internationally. Our sales to customers outside the United States accounted for approximately 20% of our consolidated revenue from continuing operations in fiscal 2007. Accordingly, our future results could be harmed by a variety of factors, including:

- changes in foreign currency exchange rates;
- exchange controls;
- changes in regulatory requirements;
- changes in a specific country's or region's political or economic conditions;
- tariffs, other trade protection measures and import or export licensing requirements;
- potentially negative consequences from changes in tax laws or application of such tax laws;
- difficulty in staffing and managing widespread operations;
- changing labor regulations;
- requirements relating to withholding taxes on remittances and other payments by subsidiaries;
- different regimes controlling the protection of our intellectual property;
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions; and
- restrictions on our ability to repatriate dividends from our subsidiaries.

Our international operations are affected by global economic and political conditions. Changes in economic or political conditions in any of the countries in which we operate could result in exchange rate movement, new currency or exchange controls or other restrictions being imposed on our operations.

Fluctuations in the value of foreign currencies may adversely affect our results of operations. Because our financial results are reported in U.S. dollars, if we generate sales or earnings in other currencies, the translation of those results into U.S. dollars can result in a significant increase or decrease in the amount of those sales or earnings.

We also have agreements with casinos in Native American jurisdictions, which may subject us to sovereign immunity risk and could subject us to additional compliance costs.

Because we distribute product internationally, fluctuations in the value of foreign currencies may adversely affect our results of operations.

We may be exposed to foreign currency exchange rate risk inherent in our leases and sales commitments, anticipated leases and sales, anticipated purchases, and assets, liabilities and debt denominated in currencies other than the U.S. dollar. We expect to transact business in numerous countries around the world. As such, we expect our cash flows and earnings to continue to be exposed to the risks that may arise from fluctuations in foreign currency exchange rates. Although we have thus far not engaged in hedging activities, we may use forward contracts and options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenues and, to a lesser extent, cost of leases and sales denominated in currencies other than the U.S. dollar. Alternatively, we may choose not to hedge the foreign currency risk associated with our foreign currency exposures if such exposure acts as a natural foreign currency hedge for other offsetting amounts denominated in the same currency or the currency is difficult or too expensive to hedge. Further, hedging or not hedging does not eliminate the foreign currency risk.

Because our business strategy includes the acquisition of other companies, we face considerable business and financial risk in implementing acquisitions.

As part of our overall growth strategy, we have in the past acquired, and will continue to seek to acquire, complementary products, assets and businesses. We regularly engage in discussions with respect to and investigate possible acquisitions. Future acquisitions could result in potentially dilutive issuances of equity securities, significant expenditures of cash, the incurrence of debt and contingent liabilities and an increase in amortization expenses, which could have a material adverse effect upon our business, financial condition and results of operations.

The risks associated with acquisitions could have a material adverse effect upon our business, financial condition and results of operations. We cannot assure that we will be successful in consummating future acquisitions on favorable terms or at all or that any future acquisition will work out as we expect.

Our acquisitions of any future potential acquisitions, may not produce the revenues, earnings or business synergies that we anticipate, and may not perform as expected for a variety of reasons, including:

- difficulties in the integration of the operations, financial reporting, technologies, products and personnel, including those caused by national, geographic and cultural differences;
- risks of entering markets in which we have no or limited prior experience;
- difficulties in the use, development or sale of intellectual property or future or present products;
- the potential loss of employees;
- currency fluctuations or changes in exchange rates in connection with sales to customers in foreign currencies;
- diversion of management's attention away from other business concerns; and
- expenses of any undisclosed or potential legal liabilities.

Any one or a combination of these factors may cause our revenues or earnings to decline.

If our products contain defects, our reputation could be harmed and our results of operations adversely affected.

Some of our products are complex and may contain undetected defects. The occurrence of defects or malfunctions could result in financial losses for our customers and in turn termination of leases, cancellation of orders, product returns and diversion of our resources. Any of these occurrences could also result in the loss of or delay in market acceptance of our products and loss of sales.

Because the effects of some events are unforeseeable, we may be adversely affected by the occurrence of extraordinary events, such as terrorist attacks.

The occurrence of extraordinary events, such as terrorist attacks, intentional or unintentional mass casualty incidents or similar events may substantially decrease the use of and demand for gaming, which may decrease our revenues. The occurrence of future terrorist attacks, military actions by the United States, contagious disease outbreaks or similar events cannot be predicted, and their occurrence can be expected to further negatively affect the economies of the United States and other foreign countries where we do business generally.

Our board of directors may change our operating policies and strategies without prior notice or stockholder approval and such changes could harm our business and results of operations and the value of our stock.

Our board of directors has the authority to modify or waive certain of our current operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our stock. However, the effects might be to cause harm to us.

Our Chief Executive Officer, Robert Saucier, and our Chief Operating Officer, William O'Hara have significant influence over our affairs, and might cause us to engage in transactions that are not in our or our stockholders' best interests.

In addition to managing us, our current and future officers provide advice on our operating policies and strategies. Our officers may also cause us to engage in future transactions with them and their affiliates, subject to the approval of, or guidelines approved by, the Board of Directors. Our directors, however, rely primarily on information supplied by our officers in reaching their determinations. Accordingly, our officers have significant influence over our affairs, and may cause us to engage in transactions which are not in our best interest. Currently, our President, Robert Saucier, and William O'Hara are our only executive officers and thus have particular influence and control over our operating policies, strategies, and business decisions.

Because executive management is free to devote time to other ventures, shareholders may not agree with their allocation of time. Our executive officers will devote only that portion of their time, which, in their judgment and experience, is reasonably required for the management and operation of our business. Executive management may have conflicts of interest in allocating management time, services and functions among us and any present and future ventures which are or may be organized by them, or any future officers or directors and/or their affiliates.

Management will not be required to direct us as their sole and exclusive function, and they may have other business interests and engage in other activities in addition to those relating to us. This includes rendering advice or services of any kind to other investors and creating or managing other proprietary table game businesses. Neither we nor any of the shareholders shall have the right, by virtue of the Operating Agreement or the relationship created thereby, in or to such other ventures or activities, or to the income or proceeds derived therefrom.

Because our articles of incorporation and bylaws and Nevada law limit the liability of our officers, directors, and others, shareholders may have no recourse for acts performed in good faith.

Under our articles of incorporation, bylaws and Nevada law, each of our officers, directors, employees, attorneys, accountants and agents are not liable to us or the shareholders for any acts they perform in good faith, or for any non-action or failure to act, except for acts of fraud, willful misconduct or gross negligence. Our articles and bylaws provide that we will indemnify each of our officers, directors, employees, attorneys, accountants and agents from any claim, loss, cost, damage liability and expense by reason of any act undertaken or omitted to be undertaken by them, unless the act performed or omitted to be performed constitutes fraud, willful misconduct or gross negligence.

New legislation, including the Sarbanes-Oxley Act of 2002, may make it more difficult for us to retain or attract officers and directors.

The Sarbanes-Oxley Act of 2002 was enacted in response to public concerns regarding corporate accountability in connection with recent accounting scandals. The stated goals of the Sarbanes-Oxley Act are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies, and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. The Sarbanes-Oxley Act generally applies to all companies that file or are required to file periodic reports with the SEC, under the Securities Exchange Act of 1934. As a public company, we are required to comply with the Sarbanes-Oxley Act. The enactment of the Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the SEC that increase responsibilities and liabilities of directors and executive officers. The perceived increased personal risk associated with these recent changes may deter qualified individuals from accepting these roles. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We continue to evaluate and monitor developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

We will become subject to the management report and auditor attestation report requirements of Section 404 of the Sarbanes-Oxley Act as of the end of our fiscal year ending December 31, 2008; if we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be adversely affected.

We are a public company in the United States that is subject to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act and the related SEC rules require, beginning with our fiscal year ending December 31, 2008, that we evaluate the effectiveness, as of the end of each fiscal year, of our internal control over financial reporting and include in our annual reports for each fiscal year (i) a report of our management on our internal control over financial reporting that contains, among other things, management's assessment of the effectiveness of our internal control over financial reporting as of the end of the most recent fiscal year, including a statement whether or not internal control over financial reporting is effective and (ii) the opinion of our registered public accounting firm, either unqualified or adverse, as to whether we maintained, in all material respects, effective internal control over financial reporting as of the end of such fiscal year. Our management and auditors will not be permitted to conclude that our internal control over financial reporting is effective if there is one or more "material weaknesses" in our internal control over financial reporting, as defined in rules of the SEC and the U.S. Public Company Accounting Oversight Board, or the PCAOB. Our management or our auditors may conclude that our efforts to remediate the problems identified below were not successful or that otherwise our internal control over financial reporting is not effective. This could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our reporting processes, which could adversely impact the market price of our ADSs. We will need to incur significant costs and use significant management and other resources in order to comply with Section 404 of the Sarbanes-Oxley Act.

There is no relationship between the price of our common stock and our assets, earning, book value, or any other objective criteria of value.

Our common stock has been arbitrarily determined by past offerings. Among the factors considered in determining the price and amount were our current immediate needs, our uncertain prospects, the backgrounds of the directors and the current condition of the financial markets. There is, however, no relationship whatsoever between our common stock price and our assets, earnings, book value or any other objective criteria of value.

Because our common stock is quoted on the over-the-counter bulletin board or traded and a public market for our common stock exists, short selling could increase the volatility of our stock price.

Short selling occurs when a person sells shares of stock which the person does not yet own and promises to buy stock in the future to cover the sale. The general objective of the person selling the shares short is to make a profit by buying the shares later, at a lower price, to cover the sale. Significant amounts of short selling, or the perception that a significant amount of short sales could occur, could depress the market price of our common stock. In contrast, purchases to cover a short position may have the effect of preventing or retarding a decline in the market price of our common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on over-the-counter bulletin board or any other available markets or exchanges. Such short selling if it were to occur could impact the value of our stock in an extreme and volatile manner to the detriment of our shareholders.

Because we will be subject to the "Penny Stock" rules once our shares are quoted on the over-the-counter bulletin board, the level of trading activity in our stock may be reduced.

Broker-dealer practices in connection with transactions in "penny stocks" are regulated by penny stock rules adopted by the Securities and Exchange Commission. Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on some national securities exchanges or quoted on Nasdaq). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

Because our shares are quoted on the over-the-counter bulletin board, we are required to remain current in our filings with the SEC and our securities will not be eligible for quotation if we are not current in our filings with the SEC.

Because our shares are quoted on the over-the-counter bulletin board, we are required to remain current in our filings with the SEC in order for shares of our common stock to be eligible for quotation on the over-the-counter bulletin board. In the event that we become delinquent in our required filings with the SEC, quotation of our common stock will be terminated following a 30 day grace period if we do not make our required filing during that time. If our shares are not eligible for quotation on the over-the-counter bulletin board, investors in our common stock may find it difficult to sell their shares.

Directors and Executive Officers

The following persons are our executive officers and directors.

Name	Age	Office(s) held
Robert Saucier	54	President, CEO, CFO, and Director
William O'Hara	68	COO

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors.

Robert B. Saucier is our President, CEO, and sole director. Mr. Saucier is the founder of Galaxy and has served as President and CEO of that company and its accounting and operational predecessors since 1997. Besides leading the executive team, Mr. Saucier's primary responsibilities include product development, strategic planning, developing acquisition strategies and investor relations. During his career, Mr. Saucier has founded and grown five start-up companies. He was founder and CEO of the Mars Hotel Corporation, (1992 - 1998) a company that developed and managed the first non-tribal casino in Washington. Previously, Mr. Saucier founded International Pacific and served as its President and Chairman (1986 -1992). He also founded and led Titan International, Inc. (1981 - 1986), a company that was engaged in electronic safety, security and surveillance systems. Throughout his career, Mr. Saucier has consulted with and invested in numerous business ventures and real estate development projects.

William O'Hara is our Chief Operating Officer and is in charge of the day-to-day operations of our business After a successful 21-year career in the cosmetic, cosmetology and aesthetic industry, Bill O'Hara began his gaming industry career as the first employee of Shuffle Master Gaming in 1991. Mr. O'Hara relocated to Las Vegas in 1992 to head up that company's sales, service and marketing. In 1998, he joined Casinovations, Inc. as Senior Vice President of operations and president of its Mississippi subsidiary. In 2000, Mr. O'Hara joined PDS Gaming as the Senior Vice President of their newly formed electronic table games division. (Bill joined Galaxy Gaming in February 2008.)

Directors

Our bylaws authorize no less than one (1) and no more than fifteen (15) directors. We currently have one Director.

Term of Office

Our Directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by the Company to become directors or executive officers.

Director or Officer Involvement in Certain Legal Proceedings

To the best of our knowledge, except as described below, during the past five years, none of the following occurred with respect to a present or former director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Sherron Associates, Inc. – A judgment was issued in Washington against Mr. Saucier in 1998. We and Mr. Saucier believe that it is invalid. Nonetheless, Sherron Associates, Inc. ("Sherron") claims to be the assignee of that judgment. Sherron previously obtained a default judgment in Washington against various Galaxy companies through service by publication in Washington. That judgment was reversed and dismissed with prejudice. This judgment was domesticated in Nevada before its dismissal; the domestication action was likewise dismissed.

Sherron filed suit again against Galaxy in Washington still claiming its is the assignee of the judgment and that Galaxy is the alter-ego of Robert Saucier. Galaxy position is that Sherron is not the holder of the alleged judgment against Saucier and that the previous judgment is invalid and unenforceable.

Sherron is currently attempting to execute against certain intellectual property of Galaxy, erroneously claiming the property belongs to Mr. Saucier. In the unlikely event that Sherron prevails in any of its attempts, damages would be less than two million dollars. Although we would experience difficulty in paying or obtaining the financing to pay a properly adjudicated liability to Sherron, we and our legal advisors believe that the chances of a proper judgment issuing against us are remote. Some of the Galaxy companies and Mr. Saucier have filed actions against Sherron in Nevada for various abuses of process in the litigation.

Committees of the Board

We do not currently have a compensation committee, executive committee, or stock plan committee.

Audit Committee

We do not have a separately-designated standing audit committee. The entire Board of Directors performs the functions of an audit committee, but no written charter governs the actions of the Board when performing the functions of what would generally be performed by an audit committee. The Board approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the Board reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

Nominating Committee

Our Board of Directors does not maintain a nominating committee. As a result, no written charter governs the director nomination process. Our size and the size of our Board, at this time, do not require a separate nominating committee.

When evaluating director nominees, our directors consider the following factors:

- The appropriate size of our Board of Directors;
- Our needs with respect to the particular talents and experience of our directors;
- The knowledge, skills and experience of nominees, including experience in finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;
- Experience in political affairs;
- Experience with accounting rules and practices; and
- The desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by new Board members.

Our goal is to assemble a Board that brings together a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Board will also consider candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the Board may also consider such other factors as it may deem are in our best interests as well as our stockholders. In addition, the Board identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service or if the Board decides not to re-nominate a member for re-election, the Board then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Board are polled for suggestions as to individuals meeting the criteria described above. The Board may also engage in research to identify qualified individuals. To date, we have not engaged third parties to identify or evaluate or assist in identifying potential nominees, although we reserve the right in the future to retain a third party search firm, if necessary. The Board does not typically consider shareholder nominees because it believes that its current nomination process is sufficient to identify directors who serve our best interests.

Executive Compensation

Compensation Discussion and Analysis

The company's current executive compensation system consists of cash compensation to the executive officers who are primarily responsible for the day-to-day management and continuing development of its business. The company's COO, William O'Hara is party to a three-year Employment Agreement with company which is filed as Exhibit 10.1 hereto. Mr. O'Hara's compensation arrangement consists of a base annual salary together with potential monthly bonus to be awarded for those months in which the company achieves higher sales figures than in any previous month. The objective of this arrangement is to provide Mr. O'Hara with regular compensation which is reasonable in light of the cash constraints faced by the company's developing business while also providing an incentive for the COO to lead the operations towards a continually expanding revenue base.

The company presently does not have an employment agreement or any fixed policy regarding compensation of Robert Saucier, its President, CEO, and CFO. Currently, Mr. Saucier receives cash compensation of approximately $30,000 per year. Mr. Saucier is the founder of the company and accordingly, he holds a strong entrepreneurial interest in developing and expanding the company to the best of his ability.

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our current executive officers for each of the last two completed fiscal years.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Robert Saucier, CEO, CFO President, Director	2008	30,000	0	0	0	0	0	0	30,000
	2007	30,000	0	0	0	0	0	0	30,000
William O'Hara, COO	2008	100,141	3,865	0	0	0	0	0	104,006
	2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Munjit Johal, former CFO, CEO, President, and Director[2]	2008	15,000	0	0	0	0	0	0	15,000
	2007	84,000	0	0	0	0	0	0	84,000
Jan Wallace, former President and CEO[1]	2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2007	180,000	0	0	0	0	0	0	180,000

(1) Effective January 17, 2008, Ms. Jan Wallace resigned from all positions as an officer of our company. Ms. Wallace did not obtain any payment for her services in 2007; all such monies noted in "salary" were accrued by the company as debt and subsequently discharged under chapter 11 of the United States Bankruptcy Code.

(2) Mr. Johal did not obtain any payment for his services in 2007; all such monies noted in "salary" were accrued by the company as debt. Mr. Johal received $15,000 in total compensation in 2008, all received prior to the filing of our proceeding under chapter 11 of the U.S. Bankruptcy Code. Upon the closing of the Share Exchange, Mr. Johal resigned as our director and from all named executive officer positions.

Narrative Disclosure to the Summary Compensation Table

We do not have a written employment contract with our President, CEO, and CFO Robert Saucier. We currently pay him an annual salary of $30,000. The company's COO, William O'Hara is party to a three-year Employment Agreement with company which is filed as Exhibit 10.1 hereto. Mr. O'Hara receives a base annual salary of $150,000. In addition, for each month in which our total sales are higher than any previous month, Mr. O'Hara earns a bonus equal to 10% of the increased sales above the prior monthly record.

Outstanding Equity Awards At Fiscal Year-end Table

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer outstanding as of the end of our last completed fiscal year.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Shares of Stock That Have Not Vested (#)	Market Value of Shares or Shares of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Shares or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Shares or Other Rights That Have Not Vested (#)
Robert Saucier, CEO, CFO, President, Director	-	-	-	-	-	-	-	-	-
William O'Hara, COO	-	-	-	-	-	-	-	-	-
Munjit Johal, former CFO, CEO, President, and Director	-	-	-	-	-	-	-	-	-
Jan Wallace, former President and CEO	-	-	-	-	-	-	-	-	-

Compensation of Directors Table

The table below summarizes all compensation paid to our directors for our last completed fiscal year.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Robert Saucier	30,000	0	0	0	0	0	30,000
Munjit Johal (former director)	0	0	0	0	0	0	0

Narrative Disclosure to the Director Compensation Table

Directors do not currently receive any cash compensation from the Company or for their service as members of the Board of Directors. The compensation summarized above reflects the compensation each of our directors and former directors received in their capacities as executive officers of the Company. We may compensate our directors through stock options once a plan has been put in place. We have no stock option plan as of the date of this report. We may also reimburse our directors a nominal fee for attending meetings and for travel expenses.

Stock Option Grants

We have not granted any stock options to the executive officers or directors since our inception.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of February 10, 2009, the beneficial ownership of our common stock by each executive officer and director, by each person known by us to beneficially own more than 5% of the our common stock and by the executive officers and directors as a group. Except as otherwise indicated, all shares are owned directly and the percentage shown is based on 29,000,000 shares of common stock issued and outstanding on February 10, 2009.

Title of class	Name and address of beneficial owner [1]	Amount of beneficial ownership	Percent of class
Executive Officers & Directors:			
Common	Triangulum Partners, LLC[2] 6980 O'Bannon Drive Las Vegas, Nevada 89117 Beneficial owner: Robert Saucier	25,000,000	86.21%
Total of All Directors and Executive Officers:		**25,000,000 Shares**	**86.21%**
More Than 5% Beneficial Owners:			
	None.		

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

(2) Mr. Robert Saucier, our CEO, CFO, President, and Director, is the Manager of Triangulum Partners, LLC. In that capacity, he is able to direct voting and investment decisions regarding the entity's shares of common stock.

Certain Relationships and Related Transactions

Except as set forth below, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction over the last two years or in any presently proposed transaction which, in either case, has or will materially affect us:

1. We maintain our corporate office at 6980 O'Bannon Drive, Las Vegas, NV. We sub-lease the property from Galaxy Gaming, LLC at a cost of $17,500 per month. Mr. Robert Saucier, our CEO, CFO, President, and Director, holds a 10% membership interest in Galaxy Gaming, LLC and is the Manager of that entity.

Item 3.02. Unregistered Sales of Equity Securities

The information set forth in Item 1.01 and 2.01 of this Current Report on Form 8-K that relates to the unregistered sales of equity securities is incorporated by reference into this Item 3.02.

In connection with the Share Exchange Agreement, we issued 25,000,000 shares of our common stock pro rata to former shareholders of Galaxy. The issuance of these shares was not registered under the Securities Act of 1933, as amended (the "Securities Act"). These shares were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated under that section. These provisions exempt transactions by an issuer not involving any public offering. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. Certificates representing these shares contain a legend stating the same.

The pro rata issuance of 4,000,000 shares of our common stock to our former creditors pursuant to the terms of the Plan was a public offering exempt from the requirements of section 5 of the Securities Act of 1933 under the terms of the U.S. Bankruptcy Code, 11 U.S.C. §1145(a)(1).

Description of Securities

Following consummation of the Plan, our authorized capital stock consists of 65,000,000 shares of common stock, $0.001 par value per share, and 10,000,000 shares of preferred stock, $0.001 par value per share. Immediately following the Share Exchange, there were 29,000,000 shares of common stock issued and outstanding. There are no shares of preferred stock issued and outstanding.

Common Stock

The holders of common stock are entitled to one vote per share. Our certificate of incorporation does not provide for cumulative voting. The holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of legally available funds. However, the current policy of the board of directors is to retain earnings, if any, for operations and growth. Upon liquidation, dissolution or winding-up, the holders of common stock are entitled to share ratably in all assets that are legally available for distribution. The holders of common stock have no preemptive, subscription, redemption or conversion rights.

Subject to any preferential rights of any outstanding series of preferred stock created by our board of directors from time to time, the holders of shares of our common stock will be entitled to such cash dividends as may be declared from time to time by our board of directors from funds available therefore.

Subject to any preferential rights of any outstanding series of preferred stock created from time to time by our board of directors, upon liquidation, dissolution or winding up, the holders of shares of our common stock will be entitled to receive pro rata all assets available for distribution to such holders.

In the event of any merger or consolidation with or into another company in connection with which shares of our common stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of our common stock will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash). Holders of our common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to our common stock.

Preferred Stock

Our board of directors is authorized by our articles of incorporation to divide the authorized shares of our preferred stock into one or more series, each of which must be so designated as to distinguish the shares of each series of preferred stock from the shares of all other series and classes. Our board of directors is authorized, within any limitations prescribed by law and our articles of incorporation, to fix and determine the designations, rights, qualifications, preferences, limitations and terms of the shares of any series of preferred stock including, but not limited to, the following:

1. The number of shares constituting that series and the distinctive designation of that series, which may be by distinguishing number, letter or title;

2. The dividend rate on the shares of that series, whether dividends will be cumulative, and if so, from which date(s), and the relative rights of priority, if any, of payment of dividends on shares of that series;

3. Whether that series will have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

4. Whether that series will have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors determines;

5. Whether or not the shares of that series will be redeemable, and, if so, the terms and conditions of such redemption, including the date or date upon or after which they are redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

6. Whether that series will have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

7. The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of that series;

8. Any other relative rights, preferences and limitations of that series

Registration Rights

We have not agreed to file a registration statement with the Securities and Exchange Commission (the "SEC") to register shares of our common stock.

Market Price and Dividends

Galaxy is, and has always been, a privately-held company. There has never been a public market for the securities of Galaxy. Galaxy has never declared or paid any cash dividends on its capital stock. In addition, there has never been a trading market for Galaxy's common stock.

Our common stock has been quoted on the OTC Bulletin Board ("OTCBB"), which is sponsored by FINRA under the symbol "SDFD.OB." The OTCBB is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks", as well as volume information.

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTCBB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ending December 31, 2008

Quarter Ended	High $	Low $
December 31, 2008	n/a	n/a
September 30, 2008	n/a	n/a
June 30, 2008	n/a	n/a
March 31, 2008	1.01	1.01

Fiscal Year Ending December 31, 2007

Quarter Ended	High $	Low $
December 31, 2007	0.15	0
September 30, 2007	0.15	0.15
June 30, 2007	n/a	n/a
March 31, 2007	n/a	n/a

Transfer Agent

The transfer agent for our common stock is Quicksilver Stock Transfer, LLC, at P.O. Box 371270
Las Vegas, NV 89137.

Indemnification of Directors and Officers

Our officers and directors are indemnified as provided by the Nevada Revised Statutes and our bylaws.

Under the governing Nevada statutes, director immunity from liability to a company or its shareholders for monetary liabilities applies automatically unless it is specifically limited by a company's articles of incorporation. Our articles of incorporation do not contain any limiting language regarding director immunity from liability. Excepted from this immunity are:

1. a willful failure to deal fairly with the company or its shareholders in connection with a matter in which the director has a material conflict of interest;

2. a violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);

3. a transaction from which the director derived an improper personal profit; and

4. willful misconduct.

Our bylaws provide that we will indemnify our directors and officers to the fullest extent not prohibited by Nevada law; provided, however, that we may modify the extent of such indemnification by individual contracts with our directors and officers; and, provided, further, that we shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless:

1. such indemnification is expressly required to be made by law;

2. the proceeding was authorized by our Board of Directors;

3. such indemnification is provided by us, in our sole discretion, pursuant to the powers vested us under Nevada law; or;

4. such indemnification is required to be made pursuant to the bylaws.

Our bylaws provide that we will advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the company, or is or was serving at the request of the company as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefore, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under our bylaws or otherwise.

Our bylaws provide that no advance shall be made by us to an officer of the company, except by reason of the fact that such officer is or was a director of the company in which event this paragraph shall not apply, in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made: (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the company.

Item 5.01. Changes in Control of Registrant.

The information set forth in Item 1.01, 2.01, and 3.02 of this Current Report on Form 8-K that relates to changes of control of the Company is incorporated by reference into this Item 5.01.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

The information set forth in Item 1.01, 2.01, and 3.02 of this Current Report on Form 8-K that relates to departure and appointment of officers and directors is incorporated by reference into this Item 5.02.

Item 5.03. Amendments to Articles of Incorporation; Change In Fiscal Year

Pursuant to the terms of the Plan, our Articles of Incorporation were amended and restated in their entirety. The complete text of our Amended and Restated Articles of Incorporation is filed herewith as Exhibit 3.1 and incorporated herein by reference. Our fiscal year end remains December 31.

Item 9.01. Financial Statements and Exhibits

Financial Statements of Businesses Acquired. In accordance with Item 9.01(a), the audited financial statements of our predecessor, Galaxy, for the years ended December 31, 2007 and 2008 are filed in this Current Report on Form 8-K as Exhibit 99.1.

Pro Forma Financial Information. In accordance with Item 9.01(b), our pro forma financial statements are filed in this Current Report on Form 8-K as Exhibit 99.2.

(c) *Exhibits.*

The exhibits listed in the following Exhibit Index are filed as part of this Current Report on Form 8-K.

Exhibit No.	Description
2.1	Share Exchange Agreement
2.2	Plan of Reorganization, with Order Confirming Chapter 11 Plan of Reorganization
3.1	Amended and Restated Articles of Incorporation
3.2	Amended and Restated Bylaws
10.1	Employment Agreement with William O'Hara, Chief Operating Officer
99.1	Audited financial statements for Galaxy Gaming, Inc. for the years ended December 31, 2007 and December 31, 2006.; Unaudited Financial Statements for Galaxy Gaming, Inc., ending September 30, 2008
99.2	Unaudited pro forma consolidated balance sheet as of September 30, 2008; and unaudited pro forma consolidated statement of operations as of September 30, 2008

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 13, 2009

Secured Diversified Investment, Ltd.

By: /s/Robert Saucier
Robert Saucier

President and CEO

SHARE EXCHANGE AGREEMENT

by and among

GALAXY GAMING, INC.

and

SECURED DIVERSIFIED INVESTMENT, LTD.

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LIST OF EXHIBITS

SHARE EXCHANGE AGREEMENT

This SHARE EXCHANGE AGREEMENT is entered into by and among GALAXY GAMING, INC., a Nevada corporation ("Galaxy"), and SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation (the "Company").

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of Galaxy and the Company have approved, and deem it advisable and in the best interests of their respective stockholders to consummate, the acquisition of Galaxy by the Company, which acquisition is to be effected by the acquisition by the Company of all of equitable and other legal rights, title and interests in and to the share capital of Galaxy pursuant to a voluntary share exchange transaction (the "Exchange"), upon the terms and subject to the conditions set forth in this Agreement (as defined herein);

WHEREAS, the parties hereto intend that the Exchange shall qualify as a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"); and

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement shall have the following meanings:

"Acquisition Proposal" shall have the meaning given to such term in Section 6.2 hereof.

"Action" shall mean any claim, action, suit, proceeding, investigation or order.

"Affiliate" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such Person. For the purposes of this definition, "control" (including, with correlative meaning, the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such Person through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Share Exchange Agreement, including the exhibits attached hereto or referred to herein, as the same may be amended or modified from time to time in accordance with the provisions hereof.

"Articles of Incorporation" shall have the meaning given to such term in Section 2.3(a) hereof.

"Balance Sheet" shall have the meaning given to such term in Section 4.6 hereof.

"Balance Sheet Date" shall have the meaning given to such term in Section 4.6 hereof.

"By-laws" shall have the meaning given to such term in Section 2.3(b) hereof.

"Closing" shall have the meaning given to such term in Section 2.5 hereof.

"Closing Date" shall have the meaning given to such term in Section 2.5 hereof.

"Code" shall have the meaning given to such term in the second recital to this Agreement.

"Commission" shall mean the United States Securities and Exchange Commission.

"Company" shall have the meaning given to such term in the preamble to this Agreement.

"Company Capital Stock" shall mean, collectively, the Company Common Stock and the Company Preferred Stock, if any.

"Company Chapter 11 Plan" shall mean the Plan of Reorganization proposed by the Company in its pending case under chapter 11 of the United States Bankruptcy Code.

"Company Common Stock" shall mean the common stock, par value $0.001, of the Company.

"Company Financial Statements" have the meaning given to such term in Section 4.5 hereof.

"Company Material Adverse Effect" shall mean any change, effect or circumstance that is materially adverse or is reasonably likely to be materially adverse to the business, assets, liabilities, condition (financial or otherwise) or operations of the Company and its subsidiaries, taken as a whole, other than any such change, effect or circumstance relating to general economic, regulatory or political conditions, except to the extent such change, effect or circumstance disproportionately affects the Company and its subsidiaries, taken as a whole.

"Company Preferred Stock" shall mean, collectively, all Preferred Stock, if any, issued or issuable by the Company.

"Company Options" shall have the meaning given to such term in Section 3.3(a) hereof.

"Company SEC Documents" shall have the meaning assigned to such term in Section 4.21 hereof.

"Contract" shall have the meaning given to such term in Section 4.4 hereof.

"Consents" shall mean any permits, filings, notices, licenses, consents, authorizations, accreditation, waivers, approvals and the like of, to, with or by any Person.

"Dissenting Shares" shall have the meaning given to such term in Section 3.2(d) hereof.

"Effective Time" shall have the meaning given to such term in Section 2.2 hereof.

"Employee Benefit Plans" shall have the meaning assigned to it in Section 4.13 hereof.

"Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq. and comparable state statutes dealing with the registration, labeling and use of pesticides and herbicides; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. §§ 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; and the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., as any of the above referenced statutes have been amended as of the date hereof, all rules, regulations and policies promulgated pursuant to any of the above referenced statutes, and any other foreign, federal, state or local law, statute, ordinance, rule, regulation or policy governing environmental matters, as the same have been amended as of the date hereof.

"ERISA" shall mean the Employee Retirement Income Securities Act of 1974, as amended, and the regulations issued thereunder.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations issued thereunder.

"Fair Market Value" shall mean, with respect to a share of Galaxy Common Stock, the average of the daily closing prices for the 10 consecutive business days prior to the date on which value is to be determined. The closing price for each day shall be the last sales price or in case no sale takes place on such day, the average of the closing high bid and low asked prices, in either case (a) as officially quoted on the OTC Bulletin Board, the NASDAQ Stock Market or such other market on which the Common Stock is then listed for trading or quoted, or (b) if, in the reasonable judgment of the Board of Directors of Galaxy, the OTC Bulletin Board or the NASDAQ Stock Market is no longer the principal United States market for the Galaxy Common Stock, then as quoted on the principal United States market for the Common Stock as determined by the Board of Directors of Galaxy, or (c) if, in the reasonable judgment of the Board of Directors of Galaxy, there exists no principal United States market for the Galaxy Common Stock, then as reasonably determined in good faith by the Board of Directors of Galaxy.

"Federal Securities Laws" means the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States consistently applied.

"Hazardous Material" means any substance or material meeting any one or more of the following criteria: (a) it is or contains a substance designated as or meeting the characteristics of a hazardous waste, hazardous substance, hazardous material, pollutant, chemical substance or mixture, contaminant or toxic substance under any Environmental Law; (b) its presence at some quantity requires investigation, notification or remediation under any Environmental Law; (c) it contains, without limiting the foregoing, asbestos, polychlorinated biphenyls, petroleum

hydrocarbons, petroleum derived substances or waste, pesticides, herbicides, crude oil or any fraction thereof, nuclear fuel, natural gas or synthetic gas; or (d) mold.

"Indebtedness" shall mean any obligation of the Company that under GAAP is required to be shown on the Balance Sheet of the Company as a Liability. Any obligation secured by a Lien on, or payable out of the proceeds of production from, property of the Company shall be deemed to be Indebtedness even though such obligation is not assumed by the Company.

"Indebtedness for Borrowed Money" shall mean (a) all Indebtedness in respect of money borrowed including, without limitation, Indebtedness which represents the unpaid amount of the purchase price of any property and is incurred in lieu of borrowing money or using available funds to pay such amounts and not constituting an account payable or expense accrual incurred or assumed in the ordinary course of business of the Company, (b) all Indebtedness evidenced by a promissory note, bond or similar written obligation to pay money, or (c) all such Indebtedness guaranteed by the Company or for which the Company is otherwise contingently liable.

"Intellectual Property" shall have the meaning given to such term in Section 4.13(b) hereof.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended.

"Letter of Transmittal" shall have the meaning assigned to it in Section 3.2 hereof.

"Liability" shall mean any and all liability, debt, obligation, deficiency, Tax, penalty, fine, claim, cause of action or other loss, cost or expense of any kind or nature whatsoever, whether asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, and whether due or to become due and regardless of when asserted.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction and including any lien or charge arising by statute or other law.

"NRS" shall mean the Nevada Revised Statutes, as amended.

"Galaxy" shall have the meaning given to such term in the preamble to this Agreement.

"Galaxy Balance Sheet" shall have the meaning assigned to such term in Section 5.9 hereof.

"Galaxy Balance Sheet Date" shall have the meaning assigned to it in Section 5.8 hereof.

"Galaxy Capital Stock" shall mean, collectively, the Galaxy Common Stock and the Galaxy Preferred Stock, if any.

"Galaxy Common Stock" shall mean the common stock, par value $0.001 per share, of Galaxy.

"Galaxy Employee Benefit Plans" shall have the meaning assigned to such term in Section 5.11 hereof.

"Galaxy Financial Statements" shall have the meaning assigned to such term in Section 5.8 hereof.

"Galaxy Material Adverse Effect" means any change, effect or circumstance that is materially adverse or is reasonably likely to be materially adverse to the business, assets, liabilities, condition (financial or otherwise) or operations of Galaxy and its subsidiaries, taken as a whole, other than any such change, effect or circumstance relating to general economic, regulatory or political conditions, except to the extent such change, effect or circumstance disproportionately affects Galaxy and its subsidiaries, taken as a whole.

"Galaxy Preferred Stock" shall mean the preferred stock, par value $0.001 per share, of Galaxy, if any.

"Permitted Liens" shall mean (a) Liens for taxes and assessments or governmental charges or levies not at the time due or in respect of which the validity thereof shall currently be contested in good faith by appropriate proceedings; (b) Liens in respect of pledges or deposits under workmen's compensation laws or similar legislation, carriers', warehousemen's, mechanics', laborers' and materialmens' and similar Liens, if the obligations secured by such Liens are not then delinquent or are being contested in good faith by appropriate proceedings; and (c) Liens incidental to the conduct of the business of the Company that were not incurred in connection with the borrowing of money or the obtaining of advances or credits and which do not in the aggregate materially detract from the value of its property or materially impair the use made thereof by the Company in its business.

"Person" shall mean any individual, corporation, limited liability company, partnership, joint venture, trust or other entity or organization, including any government or political subdivision or an agency or instrumentality thereof.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations issued thereunder.

"Share Exchange" or the "Exchange" shall have the meaning given to such term in the second recital to this Agreement.

"Tax" or "Taxes" shall mean (a) any and all taxes, assessments, customs, duties, levies, fees, tariffs, imposts, deficiencies and other governmental charges of any kind whatsoever (including, but not limited to, taxes on or with respect to net or gross income, franchise, profits, gross receipts, capital, sales, use, ad valorem, value added, transfer, real property transfer, transfer gains, transfer taxes, inventory, capital stock, license, payroll, employment, social security, unemployment, severance, occupation, real or personal property, estimated taxes, rent, excise, occupancy, recordation, bulk transfer, intangibles, alternative minimum, doing business, withholding and stamp), together with any interest thereon, penalties, fines, damages costs, fees, additions to tax or additional amounts with respect thereto, imposed by the United States (federal, state or local) or other applicable jurisdiction; (b) any liability for the payment of any amounts described in clause (a) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group or as a result of transferor or successor liability,

including, without limitation, by reason of Code Section 1.1502-6; and (c) any liability for the payments of any amounts as a result of being a party to any Tax Sharing Agreement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in either clauses (a) or (b).

"Tax Return" shall include all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns (including Form 1099 and partnership returns filed on Form 1065)) required to be supplied to a Tax authority relating to Taxes.

"Tax Sharing Agreements" shall have the meaning given to such term in Section 4.12 hereof.

ARTICLE II
THE EXCHANGE

Section 2.1 Share Exchange. Upon the terms and subject to the conditions of this Agreement, at the Effective Time, the parties shall cause the Share Exchange to be consummated by taking all appropriate actions to ensure that all equitable and legal rights, title and interests in and to the share capital of Galaxy is assigned, delivered and transferred to the Company, in exchange for the pro-rata issuance of an aggregate of 25,000,000 shares of new Company Common Stock to the shareholders of Galaxy.

Section 2.2 Effective Time. Galaxy and the Company shall cause a certificate of exchange to be filed on the Closing Date with the Secretary of State of the State of Nevada as provided in the NRS, and shall make all other filings or recordings required by the NRS in connection with the Exchange. The Exchange shall become effective at such time as the certificate of exchange is duly filed in accordance with the NRS and the Secretary of State of Nevada or such later time as specified in the certificate of exchange, and such time is hereinafter referred to as the "Effective Time."

Section 2.3 Company Articles of Incorporation; By-laws; Directors and Officers.

(a) Amended and Restated Articles of Incorporation in the form attached as Exhibit A hereto shall be the articles of incorporation of the Company (the "Articles of Incorporation") from and after the Effective Time until thereafter changed or amended as provided therein or in accordance with applicable law.

(b) Amended and Restated By-laws in the form attached as Exhibit B hereto shall be the by-laws of the Company (the "By-laws") from and after the Effective Time until thereafter changed or amended as provided therein or in accordance with applicable law.

(c) One or more of the directors of Galaxy immediately prior to the Effective Time shall be the initial directors of the Company and shall hold office from the Effective Time until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles of Incorporation and By-laws. The officers of Galaxy immediately prior to the Effective Time shall become the officers of the Company and shall hold office from the Effective Time until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles of Incorporation and By-laws.

(d) At the Effective Time as contemplated by Section 2.2 hereof, the officers and directors of the Company designated on Exhibit C hereto shall resign, to be replaced by the officers and directors designated on Exhibit C hereto, who shall immediately take such offices or who shall take such offices upon compliance with the Federal Securities Laws, as the case may be. The appointment of new directors in accordance with the terms of this Section 2.3(d) shall be accomplished through the filling of vacancies in the Board of Directors of the Company in compliance with the applicable provisions of the NRS and the by-laws of the Company and without the vote (by written consent or otherwise) of the shareholders of Galaxy or the Company.

Section 2.4 Effects of the Exchange. The Exchange shall have the effects set forth in the NRS. Without limiting the generality of the foregoing, at the Effective Time, except as otherwise provided herein, the Company shall become the sole shareholder of Galaxy and shall be the owner of any and all right, title, and interest in the equity capital of Galaxy.

Section 2.5 Closing. The consummation of the transactions contemplated by this Agreement, including the Exchange (the "Closing"), shall take place at the offices of Cane Clark LLP, 3273 E. Warm Springs Rd., Las Vegas, NV at 10:00 a.m. local time on the date on which all of the conditions to the Closing set forth in Article VIII hereof shall be fulfilled or waived in accordance with this Agreement (other than conditions that can be satisfied only at the Closing, but subject to the fulfillment or waiver of those conditions at the Closing) (the "Closing Date").

Section 2.6 Tax-Free Exchange. The parties hereto intend that the Exchange will be treated as a tax-free reorganization under Section 368 of the Code.

ARTICLE III
EXCHANGE CONSIDERATION; CONVERSION AND EXCHANGE OF SECURITIES

Section 3.1 Manner and Basis of Converting and Exchanging Capital Stock. At the Effective Time, by virtue of the Exchange and without any action on the part of the Company, Galaxy or the holders of any outstanding shares of capital stock or other securities of the Company or Galaxy:

(a) Company Common Stock. Each share of common stock, par value $0.001 per share, of the Company which is: (1) authorized to be issued under the terms of the Company Chapter 11 Plan and (2) not otherwise extinguished or cancelled under the terms of the Company Chapter 11 Plan shall continue to constitute one validly issued, fully paid and non-assessable share of capital stock of the Company.

(b) Galaxy Common Stock. Each share of Galaxy Common Stock issued and outstanding immediately prior to the Effective Time (including all shares of Galaxy Common Stock issued upon conversion of all Galaxy Preferred Stock immediately prior to the Effective Time) shall be exchanged for the right to receive five new shares of Company Common Stock (an aggregate of 25,000,000 shares) to be issued to the holders of Galaxy Common Stock.

(c) Treasury Stock. Notwithstanding any provision of this Agreement to the contrary, each share of Company Capital Stock held in the treasury of the Company and each share of Company Capital Stock, if any, owned by Galaxy or any direct or indirect wholly-

owned subsidiary of Galaxy immediately prior to the Effective Time shall be canceled in the Exchange.

(d) No Fractional Shares. No fractional shares of Company Common Stock shall be issued in, or as a result of, the Exchange. Any fractional shares of Company Common Stock that a holder of record of Galaxy Capital Stock would otherwise be entitled to receive as a result of the Exchange shall be aggregated. If a fractional share of Company Common Stock results from such aggregation, the number of shares required to be issued to such record holder shall be rounded up to the nearest whole number of shares of Company Common Stock.

Section 3.2 Surrender and Exchange of Certificates.

(a) Letter of Transmittal. Promptly after the Effective Time, Galaxy shall mail, or cause to be mailed, to each record holder of certificate(s) formerly representing ownership of Galaxy Capital Stock that was converted into the right to receive Company Common Stock pursuant to Section 3.1 hereof (i) a letter of transmittal ("Letter of Transmittal") for delivery of such certificate(s) to the Company and (ii) instruction for use in effecting the surrender of certificate(s), in each case in form and substance mutually agreeable to the Company and Galaxy. Delivery shall be effected, and risk of loss and title to the Galaxy Common Stock shall pass, only upon delivery to the Company (or a duly authorized agent of the Company) of certificate(s) formerly representing ownership of Galaxy Capital Stock (or an affidavit of lost certificate and indemnification or surety bond) and a properly completed and duly executed Letter of Transmittal, as described in Section 3.2(b) hereof. Notwithstanding the foregoing, Galaxy shall not be required to mail, or cause to be mailed, a Letter of Transmittal to any record holder of certificate(s) formerly representing ownership of Galaxy Capital Stock if such holder has previously agreed or consented to the exchange of certificates that are held in custody by Galaxy for the benefit of such holder.

(b) Exchange Procedures. The Company shall issue to each former record holder of Galaxy Common Stock, upon delivery to the Company (or a duly authorized agent of the Company) of (i) certificate(s) representing ownership of Galaxy Common Stock endorsed in blank or accompanied by duly executed stock powers (or an affidavit of lost certificate and indemnification in form and substance reasonably acceptable to the Company stating that, among other things, the former record holder has lost his or her certificate(s) or that such certificate(s) have been destroyed) and (ii) a properly completed and duly executed Letter of Transmittal in form and substance reasonably satisfactory to the Company, a certificate or certificates registered in the name of such record holder representing the number of shares of Company Common Stock that such record holder is entitled to receive in accordance with Section 3.1 hereof. Subject to Section 3.2(d) hereof, until the certificate(s) (or affidavit) is delivered together with the Letter of Transmittal in the manner contemplated by this Section 3.2(b), each certificate (or affidavit) representing ownership of Galaxy Common Stock shall be deemed at and after the Effective Time to represent only the right to receive Company Common Stock and the former record holders thereof shall cease to have any other rights with respect to his or her Galaxy Common Stock.

(c) Termination of Exchange Process. Any Company Common Stock that remains unclaimed by a former record holder of Galaxy Common Stock at the first anniversary of the Effective Time may be deemed "abandoned property" subject to applicable abandoned

property, escheat and other similar laws in the State in which the former record holder resides. Neither the Company or Galaxy shall be liable to any person in respect of any Company Common Stock delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(d) Dissenting Shares. Notwithstanding any provision of this Agreement to the contrary, shares of Galaxy Common Stock issued and outstanding immediately prior to the Effective Time and held by a stockholder who has not voted in favor of the Exchange or consented thereto in writing and who has demanded appraisal for such shares of Company Capital Stock in accordance with the NRS ("Dissenting Shares") shall not be entitled to vote for any purpose or receive dividends, shall not be converted into the right to receive Company Common Stock in accordance with Section 3.1 hereof, and shall only be entitled to receive such consideration as shall be determined pursuant to the NRS; provided, however, that if, after the Effective Time, such stockholder fails to perfect or withdraws or loses his or her right to appraisal or otherwise fails to establish the right to be paid the value of such stockholder's shares of Galaxy Common Stock under the NRS, such shares of Galaxy Capital Stock shall be treated as if they had converted as of the Effective Time into the right to receive Company Common Stock in accordance with Section 3.1 hereof, and such shares of Galaxy Common Stock shall no longer be Dissenting Shares. All negotiations with respect to payment for Dissenting Shares shall be handled jointly by Galaxy and the Company prior to the Closing and exclusively by the Company thereafter.

(e) Stock Transfer Books. At the Effective Time, the stock transfer books of Galaxy will be closed and there will be no further registration of transfers of shares of Galaxy Common Stock thereafter on the records of the Company. If, after the Effective Time, certificates formerly representing Galaxy Common Stock are presented to the Company, these certificates shall be canceled and exchanged for the number of shares of Company Common Stock to which the former record holder may be entitled pursuant to Section 3.1 hereof.

(f) Further Rights in Galaxy Common Stock. All shares of Company Common Stock issued upon exchange of shares of Galaxy Common Stock in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Galaxy Common Stock.

Section 3.3 Options, Warrants.

(a) As of the Effective Time, all options to purchase Galaxy Common Stock issued by Galaxy, whether vested or unvested, (the "Old Options") shall be automatically converted to become options to purchase shares of Company Common Stock ("Company Options") without further action by the holder thereof, all in accordance with the applicable provisions of Galaxy's currently effective incentive stock option plan (the "Option Plan"). Each Company Option shall constitute an option to acquire the same number of shares of Company Common Stock as is equal to the number of shares of Galaxy Common Stock subject to the unexercised portion of the Old Options (with any fraction resulting from such multiplication to be rounded down to the nearest whole number [share]). The exercise price per share of each Company Option shall be the same as the current exercise price of such Old Option (with any fraction resulting from such multiplication to be rounded up to the nearest whole cent). Upon conversion, each Company Option shall be subject to the same terms and conditions

applicable to the corresponding Old Option immediately prior to the conversion thereof including, without limitation, exercisability, vesting schedule, and status as an "incentive stock option" under Section 422 of the Code, if applicable, and the Company shall assume and adopt the Option Plan. It is the Parties intention that any Old Options intended to be "incentive stock options" under Section 422 of the Code shall remain incentive stock options as Company Options. The Old Options shall be converted in accordance with the applicable requirements of Section 409A and Section 424 of the Code and the regulations promulgated thereunder so that the conversion will not be treated as a new grant or modification under Section 409A of the Code, and the regulations thereunder, and will qualify as a substitution or assumption under Section 424 of the Code, and the regulations thereunder. As soon as practicable after the Effective Time, the Company shall deliver to the holders of Old Options, notices describing the conversion of such Old Options, and the agreements evidencing the Old Options shall continue in effect on the same terms and conditions. Prior to the Effective Time, the Company shall reserve for issuance the number of shares of Company Common Stock necessary to satisfy the Company's obligations hereunder.

(b) As of the Effective Time, all warrants to purchase Galaxy Common Stock issued by Galaxy, whether vested or unvested, (the "Old Warrant" and together with the Old Options, the "Old Securities") shall be automatically converted to become warrants to purchase shares of Company Common Stock ("Company Warrant") without further action by the holder thereof, all in accordance with the applicable provisions of the Old Warrant. The Company Warrant shall constitute a warrant to acquire the same number of shares of Company Common Stock as is equal to the number of shares of Galaxy Common Stock subject to the unexercised portion of the Old Warrant (with any fraction resulting from such multiplication to be rounded down to the nearest whole number). The strike price per share of each Company Warrant shall be the same as the current strike price of such Old Warrant.

(c) As soon as practicable after the Effective Time, Galaxy shall take appropriate actions to collect the Old Securities and the agreements evidencing the Old Securities, which shall be deemed to be canceled and shall entitle the holder to exchange the Old Securities for Company Options and Company Warrants.

(d) The Company shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Company Common Stock for delivery upon exercise of the Company Options and Company Warrants to be issued for Old Securities in accordance with this Section 3.3.

Section 3.4 Company Common Stock. The Company shall reserve a sufficient number of shares of Company Common Stock to complete the conversion and exchange of Galaxy Common Stock into Company Common Stock contemplated by Sections 3.1 and 3.2 hereof, and the issuance of any Company Common Stock underlying options and warrants, notes or other rights to acquire Company Common Stock in accordance with Section 3.3 hereof.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Galaxy as follows:

Section 4.1 Organization. The Company (i) is duly organized, validly existing and in good standing (or its equivalent) under the laws of the State of Nevada, (ii) has all licenses, permits, authorizations and other Consents necessary to own, lease and operate its properties and assets and to carry on its business as it is now being conducted and (iii) has all requisite corporate or other applicable power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted and presently proposed to be conducted, except where such failure would not have, or be reasonably likely to have, a Company Material Adverse Effect. The Company is duly qualified or authorized to conduct business and is in good standing (or its equivalent) as a foreign corporation or other entity in all jurisdictions in which the ownership or use of its assets or nature of the business conducted by it makes such qualification or authorization necessary, except where the failure to be so duly qualified, authorized and in good standing would not have a Company Material Adverse Effect.

Section 4.2 Authorization; Validity of Agreement. The Company has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of the Company and no other action (except the confirmation of the Company Chapter 11 Plan) on the part of the Company or any of its stockholders or subsidiaries is necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and (assuming due and valid authorization, execution and delivery hereof by Galaxy) is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3 Confirmation of Company Chapter 11 Plan Required. The effectiveness of this Agreement is conditioned upon entry of a final order confirming the Company Chapter 11 Plan. In the event the Company Chapter 11 Plan is denied confirmation, this Agreement shall become null and void and no party shall have any further obligation hereunder.

Section 4.4 Consents and Approvals; No Violations. Except for (a) entry of an order confirming the Company Chapter 11 Plan, and (b) filing of the certificate of exchange with the Secretary of State of the State of Nevada, neither the execution, delivery or performance of this Agreement by the Company nor the consummation of the transactions contemplated hereby will (i) violate any provision of its articles of incorporation or by-laws; (ii) violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, require the consent of or result in the creation of any encumbrance upon any of the properties of the Company or any of its subsidiaries under any material note, bond, mortgage, indenture, deed of trust, license, franchise, permit, lease, contract, agreement or other instrument (collectively, "Contract") to which the Company or any its subsidiaries or any of their respective properties may be bound; (iii) require any Consent, approval or authorization of, or notice to, or declaration, filing or registration with, any governmental entity by or with respect to the Company or any of its subsidiaries; or (iv) violate any order, writ, judgment, injunction, decree, law, statute, rule or regulation applicable to the Company or any of its subsidiaries or any of their respective properties or assets; except, in the cases of clauses (ii), (iii) and (iv), any such violations, conflicts, breaches, defaults or

encumbrances, or any failure to receive any such Consent, approval or authorization, or to make any such notice, declaration, filing or registration as will not result in, or could reasonably be expected to result in, a Company Material Adverse Effect.

Section 4.5 Financial Statements. The balance sheets, and statements of income, stockholders' equity and cash flows (including any notes thereto) contained in the Company SEC Documents (the "Company Financial Statements") (i) have been prepared in accordance with GAAP, (ii) are in accordance with the books and records of the Company, and (iii) present fairly in all material respects the financial condition of the Company at the dates therein specified and the results of its operations and changes in financial position for the periods therein specified.

Section 4.6 Absence of Undisclosed Liabilities. The Company does not have any Liability at or prior to the Closing, except (a) as disclosed in the Company SEC Documents, (b) to the extent set forth on or reserved against in the balance sheet of the Company as of December 31, 2008 (the "Company Balance Sheet") or the notes to the Company Financial Statements, (c) current Liabilities incurred and obligations under agreements entered into in the usual and ordinary course of business, consistent with past practice, since December 31, 2008 (the "Company Balance Sheet Date"), none of which, individually or in the aggregate, constitutes a Company Material Adverse Effect, (d) attorney's fees and accounting fees incurred by the Company since the Company Balance Sheet Date, including those related to this Agreement and all of the transactions related thereto and contemplated thereby, including but not limited to preparation and filing of disclosures with the SEC, and (e) by the specific terms of any written agreement, document or arrangement attached as an exhibit to the Company SEC Documents.

Section 4.7 Changes. Since the Company Balance Sheet Date, except as disclosed in the Company SEC Documents, the Company has not (a) incurred any debts, obligations or Liabilities, absolute, accrued or, to the Company's knowledge, contingent, whether due or to become due, except for current Liabilities incurred in the usual and ordinary course of business, (b) discharged or satisfied any Liens other than those securing, or paid any obligation or Liability other than, current liabilities shown on the Company Balance Sheet and current Liabilities incurred since the Company Balance Sheet Date, in each case in the usual and ordinary course of business, (c) mortgaged, pledged or subjected to Lien any of its assets, tangible or intangible, other than in the usual and ordinary course of business, (d) sold, transferred or leased any of its assets, except in the usual and ordinary course of business, (e) cancelled or compromised any debt or claim, or waived or released any right of material value, (f) suffered any physical damage, destruction or loss (whether or not covered by insurance) that could reasonably be expected to have a Company Material Adverse Effect, (g) entered into any transaction other than in the usual and ordinary course of business, (h) encountered any labor union difficulties, (i) made or granted any wage or salary increase or made any increase in the amounts payable under any profit sharing, bonus, deferred compensation, severance pay, insurance, pension, retirement or other employee benefit plan, agreement or arrangement, other than in the ordinary course of business consistent with past practice, or entered into any employment agreement, (j) issued or sold any shares of capital stock, bonds, notes, debentures or other securities or granted any options (including employee stock options), warrants or other rights with respect thereto, (k) declared or paid any dividends on or made any other distributions with respect to, or purchased or redeemed, any of its outstanding capital stock, (l) suffered or experienced any change in, or condition affecting, the financial condition of the Company other than changes, events or conditions in the usual and ordinary course of its business, none of which (either by itself or in

conjunction with all such other changes, events and conditions) could reasonably be expected to have a Company Material Adverse Effect, (m) made any change in the accounting principles, methods or practices followed by it or depreciation or amortization policies or rates theretofore adopted, (n) made or permitted any amendment or termination of any material Contract, agreement or license to which it is a party, (o) suffered any material loss not reflected in the Company Balance Sheet or its statement of income for the year ended on the Company Balance Sheet Date, (p) paid, or made any accrual or arrangement for payment of, bonuses or special compensation of any kind or any severance or termination pay to any present or former officer, director, employee, stockholder or consultant, (q) made or agreed to make any charitable contributions or incurred any non-business expenses in excess of $1,000 in the aggregate, or (r) entered into any Contract, agreement or license, or otherwise obligated itself, to do any of the foregoing.

Section 4.8 Litigation. There is no Action pending or, to the knowledge of the Company, threatened, involving the Company or its subsidiaries or affecting any of the officers, directors or employees of the Company or its subsidiaries with respect to the Company's or any subsidiary's business by or before any governmental entity or by any third party that has had or could reasonably be expected to have a Company Material Adverse Effect and neither the Company nor any of its subsidiaries have received written notice that any such Action is threatened. Neither the Company nor any of its subsidiaries is in default under any judgment, order or decree of any governmental entity applicable to its business, which default could reasonably be expected to have a Company Material Adverse Effect.

Section 4.9 No Default; Compliance with Applicable Laws. The Company is not in default or violation of any material term, condition or provision of (i) its articles of incorporation or by-laws or (ii) to the Company's knowledge, any law applicable to the Company or its property and assets, and the Company has not received written notice of any violation of or Liability under any of the foregoing (whether material or not).

Section 4.10 Broker's and Finder's Fees. To the knowledge of the Company, no Person has, or as a result of the transactions contemplated or described herein will have, any right or valid claim against the Company for any commission, fee or other compensation as a finder or broker, or in any similar capacity.

Section 4.11 Contracts.

(a) The Company is not in violation or breach of any material contract, except such violations that, in the aggregate, would not result in, or would not reasonably be expected to result in, a Company Material Adverse Effect. There does not exist any event or condition that, after notice or lapse of time or both, would constitute an event of default or breach under any material Contract on the part of the Company or, to the knowledge of the Company, any other party thereto or would permit the modification, cancellation or termination of any material Contract or result in the creation of any lien upon, or any person acquiring any right to acquire, any assets of the Company, other than any events or conditions that, in the aggregate would not result in, or would not reasonably be expected to result in, a Company Material Adverse Effect. The Company has not received in writing any claim or threat that the Company has breached any of the terms and conditions of any material Contract, other than any material Contracts the

breach of which, in the aggregate, would not result in, or would not reasonably be expected to result in, a Company Material Adverse Effect.

(b) The consent of, or the delivery of notice to or filing with, any party to a material Contract is not required for the execution and delivery by the Company of this Agreement or the consummation of the transactions contemplated under the Agreement. The Company has made available to Galaxy true and complete copies of all Contracts and other documents requested by Galaxy.

Section 4.12 Tax Returns and Audits. All required federal, state and local Tax Returns of the Company have been accurately prepared and duly and timely filed, and all federal, state and local Taxes required to be paid with respect to the periods covered by such returns have been paid. The Company is not and has not been delinquent in the payment of any Tax. The Company has not had a Tax deficiency proposed or assessed against it and has not executed a waiver of any statute of limitations on the assessment or collection of any Tax. None of the Company's federal income Tax Returns nor any state or local income or franchise Tax Returns has been audited by governmental authorities. The reserves for Taxes reflected on the Balance Sheet are and will be sufficient for the payment of all unpaid Taxes payable by the Company as of the Balance Sheet Date. Since the Balance Sheet Date, the Company has made adequate provisions on its books of account for all Taxes with respect to its business, properties and operations for such period. The Company has withheld or collected from each payment made to each of its employees the amount of all Taxes (including, but not limited to, federal, state and local income taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes) required to be withheld or collected therefrom, and has paid the same to the proper Tax receiving officers or authorized depositaries. There are no federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns of the Company now pending, and the Company has not received any notice of any proposed audits, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns. The Company is not obligated to make a payment, nor is it a party to any agreement that under certain circumstances could obligate it to make a payment, that would not be deductible under Section 280G of the Code. The Company has not agreed nor is required to make any adjustments under Section 481(a) of the Code (or any similar provision of state, local and foreign law) by reason of a change in accounting method or otherwise for any Tax period for which the applicable statute of limitations has not yet expired. The Company is not a party to, is not bound by and does not have any obligation under, any Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement, whether written or unwritten (collectively, "Tax Sharing Agreements"), nor does it have any potential liability or obligation to any Person as a result of, or pursuant to, any Tax Sharing Agreements.

Section 4.13 Patents and Other Intangible Assets.

(a) To the knowledge of the Company, the Company (i) owns or has the right to use, pursuant to a valid license, sublicense, agreement, or permission, free and clear of all Liens, all patents, trademarks, service marks, trade names, copyrights, licenses and rights with respect to the foregoing used in or necessary for the conduct of its business as now conducted or proposed to be conducted without infringing upon or otherwise acting adversely to the right or claimed right of any Person under or with respect to any of the foregoing.

(b) To the knowledge of the Company, the Company owns and has the right to use all trade secrets, if any, including know-how, negative know-how, formulas, patterns, programs, devices, methods, techniques, inventions, designs, processes, computer programs and technical data and all information that derives independent economic value, actual or potential, from not being generally known or known by competitors (collectively, "Intellectual Property") required for or incident to the development, operation and sale of all products and services sold by the Company, free and clear of any right, Lien or claim of others.

Section 4.14 Employee Benefit Plans; ERISA.

(a) All "employee benefit plans" (within the meaning of Section 3(3) of the ERISA) of the Company and other employee benefit or fringe benefit arrangements, practices, contracts, policies or programs of every type, other than programs merely involving the regular payment of wages, commissions, or bonuses established, maintained or contributed to by the Company, whether written or unwritten and whether or not funded, are in material compliance with the applicable requirements of ERISA, the Code and any other applicable state, federal or foreign law.

(b) There are no pending claims or lawsuits that have been asserted or instituted against any Employee Benefit Plan, the assets of any of the trusts or funds under the Employee Benefit Plans, the plan sponsor or the plan administrator of any of the Employee Benefit Plans or against any fiduciary of an Employee Benefit Plan with respect to the operation of such plan, nor does the Company have any knowledge of any incident, transaction, occurrence or circumstance which might reasonably be expected to form the basis of any such claim or lawsuit.

(c) There is no pending or, to the knowledge of the Company, threatened investigation, or pending or possible enforcement action by the Pension Benefit Guaranty Corporation, the Department of Labor, the Internal Revenue Service or any other government agency with respect to any Employee Benefit Plan and the Company has no knowledge of any incident, transaction, occurrence or circumstance which might reasonably be expected to trigger such an investigation or enforcement action.

(d) No actual or, to the knowledge of the Company, contingent Liability exists with respect to the funding of any Employee Benefit Plan or for any other expense or obligation of any Employee Benefit Plan, except as disclosed on the Balance Sheet, and no contingent Liability exists under ERISA with respect to any "multi-employer plan," as defined in Section 3(37) or Section 4001(a)(3) of ERISA.

(e) No events have occurred or are reasonably expected to occur with respect to any Employee Benefit Plan that would cause a material change in the costs of providing benefits under such Employee Benefit Plan or would cause a material change in the cost of providing such Employee Benefit Plan.

Section 4.15 Title to Property and Encumbrances. The Company has good and valid title to all properties and assets used in the conduct of its business (except for property held under valid and subsisting leases which are in full force and effect and which are not in default) free of all Liens except Permitted Liens and such ordinary and customary imperfections of title,

restrictions and encumbrances as do not in the aggregate constitute a Company Material Adverse Effect.

Section 4.16 Condition of Properties. All facilities, machinery, equipment, fixtures and other properties owned, leased or used by the Company are in operating condition, subject to ordinary wear and tear, and are adequate and sufficient for the Company's existing business.

Section 4.17 Insurance Coverage. There is in full force and effect one or more policies of insurance issued by insurers of recognized responsibility insuring the Company and its properties, products and business against such losses and risks, and in such amounts, as are customary for corporations of established reputation engaged in the same or similar business and similarly situated. The Company has not been refused any insurance coverage sought or applied for, and the Company has no reason to believe that it will be unable to renew its existing insurance coverage as and when the same shall expire upon terms at least as favorable to those currently in effect, other than possible increases in premiums that do not result from any act or omission of the Company. No suit, proceeding or action or, to the knowledge of the Company, threat of suit, proceeding or action has been asserted or made against the Company due to alleged bodily injury, disease, medical condition, death or property damage arising out of the function or malfunction of a product, procedure or service designed, manufactured, sold or distributed by the Company.

Section 4.18 Environmental Matters.

(a) To the knowledge of the Company, the Company has never generated, used, handled, treated, released, stored or disposed of any Hazardous Materials on any real property on which it now has or previously had any leasehold or ownership interest, except in compliance with all applicable Environmental Laws.

(b) To the knowledge of the Company, the historical and present operations of the business of the Company are in compliance with all applicable Environmental Laws, except where any non-compliance has not had and would not reasonably be expected to have a Company Material Adverse Effect.

(c) There are no material pending or, to the knowledge of the Company, threatened, demands, claims, information requests or notices of noncompliance or violation against or to the Company relating to any Environmental Law; and, to the knowledge of the Company, there are no conditions or occurrences on any of the real property used by the Company in connection with its business that would reasonably be expected to lead to any such demands, claims or notices against or to the Company, except such as have not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

(d) To the knowledge of the Company, (i) the Company has not, sent or disposed of, otherwise had taken or transported, arranged for the taking or disposal of (on behalf of itself, a customer or any other party) or in any other manner participated or been involved in the taking of or disposal or release of a Hazardous Material to or at a site that is contaminated by any Hazardous Material or that, pursuant to any Environmental Law, (A) has been placed on the "National Priorities List", the "CERCLIS" list, or any similar state or federal list, or (B) is subject to or the source of a claim, an administrative order or other request to take "removal",

"remedial", "corrective" or any other "response" action, as defined in any Environmental Law, or to pay for the costs of any such action at the site; (ii) the Company is not involved in (and has no basis to reasonably expect to be involved in) any suit or proceeding and has not received (and has no basis to reasonably expect to receive) any written notice, request for information or other communication from any governmental authority or other third party with respect to a release or threatened release of any Hazardous Material or a violation or alleged violation of any Environmental Law, and has not received (and has no basis to reasonably expect to receive) written notice of any claims from any Person relating to property damage, natural resource damage or to personal injuries from exposure to any Hazardous Material; and (iii) the Company has timely filed every report required to be filed, acquired all necessary certificates, approvals and permits, and generated and maintained all required data, documentation and records under all Environmental Laws, in all such instances except where the failure to do so would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 4.19 Disclosure. There is no fact relating to the Company that the Company has not disclosed to Galaxy in writing that has had or is currently having a Company Material Adverse Effect. No representation or warranty by the Company herein and no information disclosed in the exhibits hereto by the Company contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

Section 4.20 Validity of Shares. The shares of Company Common Stock to be issued in accordance with Article III hereof, when issued and delivered in accordance with the terms hereof, shall be duly authorized, validly issued, fully paid and non-assessable.

Section 4.21 SEC Reporting and Compliance.

(a) The Company filed a registration statement on Form 10SB under the Exchange Act on May 18, 2000. Since that date, the Company has timely filed with the Commission all registration statements, proxy statements, information statements and reports required to be filed by Company pursuant to the Exchange Act (collectively, the "Company SEC Documents"). The Company has not filed with the Commission a certificate on Form 15 pursuant to the Exchange Act.

(b) None of the Company SEC Documents, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein not misleading. Each of the Company SEC Documents complied, and each Company SEC Document to be filed with the Commission prior to the Effective Date shall comply, in all material respects, with the applicable requirements of the Securities Act and the Securities Exchange, as the case may be. Each of the financial statements (including, in each case, any related notes), contained in the Company SEC Documents, including any Company SEC Documents filed after the date of this Agreement until the Closing, complied, as of its respective filing date, in all material respects with all applicable accounting requirements and the published rules and regulations of the Commission with respect thereto.

(c) Prior to and until the Closing, the Company will provide to Galaxy copies of any and all amendments or supplements to the Company SEC Documents filed with the Commission and all subsequent registration statements and reports filed by the Company subsequent to the filing of the Company SEC Documents with the Commission and any and all subsequent information statements, proxy statements, reports or notices filed by the Company with the Commission or delivered to the stockholders of the Company.

(d) The Company is not an "investment company" within the meaning of Section 3 of the Investment Company Act.

(e) The Company Common Stock is presently eligible for quotation and trading on the NASD Over-the-Counter Bulletin Board.

(f) Between the date hereof and the Closing Date, the Company shall continue to satisfy any applicable filing requirements of the Exchange Act or the Securities Act, as the case may be, and all other requirements of applicable securities laws.

(g) To the knowledge of the Company, it has complied with the Securities Act, Exchange Act and all other applicable federal and state securities laws.

Section 4.22 No General Solicitation. In issuing Company Common Stock in the Exchange hereunder, neither the Company nor anyone acting on its behalf has offered to sell Company Common Stock by any form of general solicitation or advertising.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF GALAXY

Galaxy hereby represents and warrant to the Company as follows:

Section 5.1 Organization. Galaxy (i) is duly organized, validly existing and in good standing under the laws of its State of incorporation or organization, (ii) has all licenses, permits, authorizations and other Consents necessary to own, lease and operate its properties and assets and to carry on its business as it is now being conducted and (iii) has all requisite corporate or other applicable power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted and presently proposed to be conducted, in each case except where such failures would not have, or be reasonably likely to have, a Galaxy Material Adverse Effect. Galaxy is duly qualified or authorized to conduct business and is in good standing (or its equivalent) as a foreign corporation or other entity in all jurisdictions in which the ownership or use of its assets or nature of the business conducted by it makes such qualification or authorization necessary, except where the failure to be so duly qualified, authorized and in good standing would not have a Galaxy Material Adverse Effect.

Section 5.2 Authorization; Validity of Agreement. Galaxy has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Galaxy of this Agreement and all other agreements and instruments to be executed pursuant to this Agreement, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by the Board of Directors of Galaxy and the stockholders of Galaxy, and no other action on the part of Galaxy is necessary to authorize the execution and delivery of this Agreement and all

other agreements and instruments to be executed pursuant to this Agreement and the consummation by Galaxy of the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Galaxy and (assuming due and valid authorization, execution and delivery hereof by the Company and confirmation of the Company Chapter 11 Plan) is a valid and binding obligation of Galaxy, enforceable against it in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 5.3 Consents and Approvals; No Violations. Except for filing of the certificate of exchange with the Secretary of State of the State of Nevada, neither the execution, delivery or performance of this Agreement by Galaxy nor the consummation of the transactions contemplated hereby will (i) violate any provision of the articles of incorporation or by-laws of Galaxy; (ii) violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, require the consent of or result in the creation of any Lien upon any of the properties of Galaxy under any Contract to which Galaxy or any of its properties may be bound; (iii) require any Consent, approval or authorization of, or notice to, or declaration, filing or registration with, any governmental entity by or with respect to Galaxy or any subsidiary of Galaxy, or (iv) violate any order, writ, judgment, injunction, decree, law, statute, rule or regulation applicable to any of Galaxy or any of its properties or assets; except, in the cases of clauses (ii), (iii) and (iv), any such violations, conflicts, breaches, defaults or encumbrances, or any failure to receive any such Consent, approval or authorization, or to make any such notice, declaration, filing or registration as will not result in, or could reasonably be expected to result in, a Galaxy Material Adverse Effect.

Section 5.4 [omitted]

Section 5.5 No Default; Compliance with Applicable Laws. Neither Galaxy nor any of Galaxy's subsidiaries is in default or violation of any material term, condition or provision of (i) their respective articles of incorporation, by-laws or similar organizational documents or (ii) any law applicable to Galaxy or any of Galaxy's subsidiaries or its property and assets and neither Galaxy nor any of Galaxy's subsidiaries has received written notice of any violation of or Liability under any of the foregoing (whether material or not).

Section 5.6 Broker's and Finder's Fees; Broker/Dealer Ownership. No person(s), firm, corporation or other entity is entitled by reason of any act or omission of Galaxy to any broker's or finder's fees, commission or other similar compensation, nor, with respect to the execution, delivery and performance of this Agreement or with respect to the consummation of the transactions contemplated hereby will any such person have any right or valid claim against the Company or Galaxy to any such payment.

Section 5.7 Capitalization of Galaxy. As of the date hereof, the authorized capital stock of Galaxy consists of 65,000,000 shares of common stock, with a par value of $0.001 per share, and 10,000,000 shares of preferred stock, with a par value of $0.001 per share. As of the date hereof and immediately prior to the Effective Time, there are 5,000,000 shares of Galaxy Common Stock, par value $0.001, issued and outstanding and no shares of Galaxy Preferred Stock issued and outstanding. Other than as provided in Article III of this Agreement in connection with securities to be issued or to become issuable in connection with or as a result of

the Exchange, Galaxy has no outstanding options, warrants, rights or commitments to issue shares of Galaxy Common Stock or any capital stock or other securities of Galaxy, and there are no outstanding securities convertible or exercisable into or exchangeable for shares of Galaxy Common Stock or any capital stock or other securities of Galaxy. There is no voting trust, agreement or arrangement among any of the beneficial holders of Galaxy Common Stock affecting the nomination or election of directors or the exercise of the voting rights of Galaxy Common Stock. There are no registration rights or similar rights applicable to any shares of Galaxy Common Stock or any capital stock or other securities of Galaxy. All outstanding shares of the capital stock of Galaxy are validly issued and outstanding, fully paid and non-assessable, and none of such shares have been issued in violation of the preemptive rights of any person. All of the shares of Galaxy Common Stock issued and outstanding immediately prior to the Effective Time have been issued in compliance with the Securities Act and applicable state securities laws and (i) pursuant to effective registration statements filed with the Securities and Exchange Commission and/or (ii) in reliance on valid exemptions from registration or qualification thereunder.

Section 5.8 Financial Statements. Galaxy has delivered or made available as of the date hereof or shall, prior to the Closing Date, deliver or make available to the Company the audited balance sheets of Galaxy for the fiscal year ended December 31, 2007 (the "Galaxy Balance Sheet Date") and an audited statement of operation, and cash flow analysis with footnotes, for the fiscal year ended December 31, 2007 and the related statements of income, stockholders' equity and cash flows of Galaxy for the fiscal year ended December 31, 2006. Galaxy has also delivered or made available as of the date hereof or shall, prior to the Closing Date, deliver or make available to the Company the unaudited statements of income, stockholders' equity and cash flows of Galaxy for the quarter ended September 30, 2007. The foregoing financial statements (including any notes thereto) (the "Galaxy Financial Statements") (i) have been prepared based upon the books and records of Galaxy, (ii) have been prepared in accordance with GAAP (except as otherwise noted therein), and (iii) present fairly, in all material respects, the financial position, results of operations and cash flows of Galaxy as at their respective dates and for the periods then ended. To the knowledge of Galaxy, since the Balance Sheet Date, no fact or condition exists that has not been disclosed to Galaxy that has had or could reasonably be expected to have a Galaxy Material Adverse Effect.

Section 5.9 No Undisclosed Liabilities. As of the date hereof, except (a) for Liabilities reflected on the face of the balance sheet for the six month period ended June 30, 2008 (the "Galaxy Balance Sheet") and (b) Liabilities of the same type, magnitude and scope as those reflected on the Balance Sheet which have arisen since the Balance Sheet Date in the ordinary course of business, and which would not, in the aggregate, result in a Galaxy Material Adverse Effect, Galaxy does not have any Liability.

Section 5.10 Tax Returns and Audits. All required federal, state and local Tax Returns of Galaxy have been accurately prepared in all material respects and duly and timely filed, and all federal, state and local Taxes required to be paid with respect to the periods covered by such returns have been paid to the extent that the same are material and have become due, except where the failure so to file or pay could not reasonably be expected to have a Galaxy Material Adverse Effect. Galaxy is not and has not been delinquent in the payment of any Tax. Galaxy has not had a Tax deficiency assessed against it. None of Galaxy's federal income Tax Returns nor any state or local income or franchise Tax Returns has been audited by governmental

authorities. The reserves for Taxes reflected on the Galaxy Balance Sheet are sufficient for the payment of all unpaid Taxes payable by Galaxy with respect to the period ended on the Galaxy Balance Sheet Date. There are no federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns of Galaxy now pending, and Galaxy has not received any notice of any proposed audits, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns.

Section 5.11 Employee Benefit Plans; ERISA.

(a) Except as disclosed in writing to the Company, there are no "employee benefit plans" (within the meaning of Section 3(3) of ERISA) nor any other employee benefit or fringe benefit arrangements, practices, contracts, policies or programs other than programs merely involving the regular payment of wages, commissions, or bonuses established, maintained or contributed to by Galaxy, whether written or unwritten and whether or not funded. Any plans disclosed to the Company in writing are hereinafter referred to as the "Galaxy Employee Benefit Plans."

(b) Any current and prior material documents, including all amendments thereto, with respect to each Galaxy Employee Benefit Plan have been made available to the Company.

(c) All Galaxy Employee Benefit Plans are in material compliance with the applicable requirements of ERISA, the Code and any other applicable state, federal or foreign law.

(d) There are no pending, or to the knowledge of Galaxy, threatened, claims or lawsuits that have been asserted or instituted against any Galaxy Employee Benefit Plan, the assets of any of the trusts or funds under the Galaxy Employee Benefit Plans, the plan sponsor or the plan administrator of any of the Galaxy Employee Benefit Plans or against any fiduciary of a Galaxy Employee Benefit Plan with respect to the operation of such plan.

(e) There is no pending, or to the knowledge of Galaxy, threatened, investigation or pending or possible enforcement action by the Pension Benefit Guaranty Corporation, the Department of Labor, the Internal Revenue Service or any other government agency with respect to any Galaxy Employee Benefit Plan and Galaxy has no knowledge of any incident, transaction, occurrence or circumstance which might reasonably be expected to trigger such an investigation or enforcement action.

(f) No actual or, to the knowledge of Galaxy, contingent Liability exists with respect to the funding of any Galaxy Employee Benefit Plan or for any other expense or obligation of any Galaxy Employee Benefit Plan, except as disclosed on the Galaxy Financial Statements, and to the knowledge of Galaxy, no contingent Liability exists under ERISA with respect to any "multi-employer plan," as defined in Section 3(37) or Section 4001(a)(3) of ERISA.

Section 5.12 Interested Party Transactions. Except a disclosed by Galaxy, no officer, director or stockholder of Galaxy or any Affiliate of any such Person or Galaxy has or has had, either directly or indirectly, (a) an interest in any Person that (i) furnishes or sells services or products that are furnished or sold or are proposed to be furnished or sold by Galaxy or (ii)

purchases from or sells or furnishes to Galaxy any goods or services, or (b) a beneficial interest in any Contract to which Galaxy is a party or by which it may be bound or affected.

Section 5.13 Questionable Payments. Neither Galaxy, nor, to the knowledge of Galaxy, any director, officer, agent, employee or other Person associated with or acting on behalf of Galaxy, has used any corporate funds for (a) unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (b) made any direct or indirect unlawful payments to government officials or employees from corporate funds, (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets, (d) made any false or fictitious entries on the books of record of any such corporations, or (e) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 5.14 Obligations to or by Stockholders. Galaxy has no Liability or obligation or commitment to any stockholder of Galaxy or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any stockholder of Galaxy, nor does any stockholder of Galaxy or any such Affiliate or associate have any Liability, obligation or commitment to Galaxy.

Section 5.15 Schedule of Assets and Contracts. Except as expressly set forth in this Agreement or as otherwise disclosed by Galaxy, the Galaxy Balance Sheet or the notes thereto, Galaxy is not a party to any Contract not made in the ordinary course of business that is material to Galaxy. Galaxy does not own any real property. Galaxy is not a party to any Contract (a) with any labor union, (b) for the purchase of fixed assets or for the purchase of materials, supplies or equipment in excess of normal operating requirements, (c) for the employment of any officer, individual employee or other Person on a full-time basis or any contract with any Person for consulting services, (d) with respect to bonus, pension, profit sharing, retirement, stock purchase, stock option, deferred compensation, medical, hospitalization or life insurance or similar plan, contract or understanding with any or all of the employees of Galaxy or any other Person, (e) relating to or evidencing Indebtedness for Borrowed Money or subjecting any asset or property of Galaxy to any Lien or evidencing any Indebtedness, (f) guaranteeing of any Indebtedness, (g) under which Galaxy is lessee of or holds or operates any property, real or personal, owned by any other Person, (h) under which Galaxy is lessor or permits any Person to hold or operate any property, real or personal, owned or controlled by Galaxy, (i) granting any preemptive right, right of first refusal or similar right to any Person, (j) with any Affiliate of Galaxy or any present or former officer, director or stockholder of Galaxy, (k) obligating Galaxy to pay any royalty or similar charge for the use or exploitation of any tangible or intangible property, (1) containing a covenant not to compete or other restriction on Galaxy's ability to conduct a business or engage in any other activity, (m) with respect to any distributor, dealer, manufacturer's representative, sales agency, franchise or advertising contract or commitment, (n) regarding the registration of securities under the Securities Act, (o) characterized as a collective bargaining agreement, or (p) with any Person continuing for a period of more than three months from the Closing Date that involves an expenditure or receipt by Galaxy in excess of $1,000. Galaxy has furnished to the Company true and complete copies of all agreements and other documents requested by the Company.

Section 5.16 Environmental Matters.

(a) Galaxy has never generated, used, handled, treated, released, stored or disposed of any Hazardous Materials on any real property on which it now has or previously had any leasehold or ownership interest, except in compliance with all applicable Environmental Laws.

(b) The historical and present operations of the business of Galaxy comply with all applicable Environmental Laws, except where any non-compliance has not had and would not reasonably be expected to have a Galaxy Material Adverse Effect.

(c) (i) Galaxy has not, sent or disposed of, otherwise had taken or transported, arranged for the taking or disposal of (on behalf of itself, a customer or any other party) or in any other manner participated or been involved in the taking of or disposal or release of a Hazardous Material to or at a site that is contaminated by any Hazardous Material or that, pursuant to any Environmental Law, (A) has been placed on the "National Priorities List", the "CERCLIS" list, or any similar state or federal list, or (B) is subject to or the source of a claim, an administrative order or other request to take "removal", "remedial", "corrective" or any other "response" action, as defined in any Environmental Law, or to pay for the costs of any such action at the site; (ii) Galaxy is not involved in (and has no basis to reasonably expect to be involved in) any suit or proceeding and has not received (and has no basis to reasonably expect to receive) any written notice, request for information or other communication from any governmental authority or other third party with respect to a release or threatened release of any Hazardous Material or a violation or alleged violation of any Environmental Law, and has not received (and has no basis to reasonably expect to receive) written notice of any claims from any Person relating to property damage, natural resource damage or to personal injuries from exposure to any Hazardous Material; and (iii) Galaxy has timely filed every report required to be filed, acquired all necessary certificates, approvals and permits, and generated and maintained all required data, documentation and records under all Environmental Laws, in all such instances except where the failure to do so would not reasonably be expected to have, individually or in the aggregate, a Galaxy Material Adverse Effect.

(d) There are no material pending or, to the knowledge of Galaxy, threatened, demands, claims, information requests or notices of noncompliance or violation against or to Galaxy relating to any Environmental Law; and, to the knowledge of Galaxy, there are no conditions or occurrences on any of the real property used by Galaxy in connection with its business that would reasonably be expected to lead to any such demands, claims or notices against or to Galaxy, except such as have not had, and would not reasonably be expected to have, a Galaxy Material Adverse Effect.

Section 5.17 Employees. Other than pursuant to ordinary arrangements of employment compensation, Galaxy is not under any obligation or liability to any officer, director, employee or Affiliate of Galaxy.

Section 5.18 Title to Property and Encumbrances. Galaxy has good and valid title to all properties and assets used in the conduct of its business (except for property held under valid and subsisting leases which are in full force and effect and which are not in default) free of all Liens except Permitted Liens and such ordinary and customary imperfections of title, restrictions

and encumbrances as do not, individually or in the aggregate constitute a Galaxy Material Adverse Effect.

Section 5.19 Condition of Properties. All facilities, machinery, equipment, fixtures and other properties owned, leased or used by Galaxy are in operating condition, subject to ordinary wear and tear, and are adequate and sufficient for Galaxy's existing business.

Section 5.20 Insurance Coverage. There is in full force and effect one or more policies of insurance issued by insurers of recognized responsibility insuring Galaxy and its properties, products and business against such losses and risks, and in such amounts, as are customary for corporations of established reputation engaged in the same or similar business and similarly situated. Galaxy has not been refused any insurance coverage sought or applied for, and Galaxy has no reason to believe that it will be unable to renew its existing insurance coverage as and when the same shall expire upon terms at least as favorable to those currently in effect, other than possible increases in premiums that do not result from any act or omission of Galaxy. No suit, proceeding or action or, to the best current actual knowledge of Galaxy, threat of suit, proceeding or action has been asserted or made against Galaxy due to alleged bodily injury, disease, medical condition, death or property damage arising out of the function or malfunction of a product, procedure or service designed, manufactured, sold or distributed by Galaxy.

Section 5.21 Disclosure. There is no fact relating to Galaxy that Galaxy has not disclosed to the Company in writing that has had, is having or is reasonably likely to have a Galaxy Material Adverse Effect. No representation or warranty by Galaxy herein and no information disclosed in the exhibits hereto by Galaxy contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE VI
CONDUCT OF BUSINESSES PENDING THE EXCHANGE

Section 6.1 Conduct of Business by the Company Pending the Exchange. Prior to the Effective Time, unless Galaxy shall otherwise agree in writing or as otherwise contemplated by this Agreement:

(i) the business of the Company shall be conducted only in the ordinary course consistent with the past practice;

(ii) except with respect to the issuance of any securities as provided in the Company Chapter 11 Plan, the Company shall not (A) directly or indirectly redeem, purchase or otherwise acquire or agree to redeem, purchase or otherwise acquire any shares of Company Capital Stock; (B) amend its articles of incorporation or by-laws except to effectuate the transactions contemplated in this Agreement; or (C) split, combine or reclassify the outstanding Company Capital Stock or declare, set aside or pay any dividend payable in cash, stock or property or make any distribution with respect to any such stock;

(iii) except with respect to the issuance of any securities as provided in the Company Chapter 11 Plan, the Company shall not (A) issue any additional shares of, or options, warrants or rights of any kind to acquire any shares of, Company Capital Stock;

(B) acquire or dispose of any fixed assets or acquire or dispose of any other substantial assets other than in the ordinary course of business; (C) incur additional Indebtedness or any other Liabilities or enter into any other transaction other than in the ordinary course of business; (D) enter into any Contract, agreement, commitment or arrangement with respect to any of the foregoing except this Agreement; or (E) except as contemplated by this Agreement, enter into any Contract, agreement, commitment or arrangement to dissolve, merge, consolidate or enter into any other material business combination; and

(iv) the Company shall use its reasonable best efforts to preserve intact the business of the Company, to keep available the service of its present officers and key employees, to preserve the good will of those having business relationships with it, and to file all required SEC Reports under the Exchange Act

Section 6.2 Conduct of Business by Galaxy Pending the Exchange. Prior to the Effective Time, unless the Company shall otherwise agree in writing or as otherwise contemplated expressly permitted by this Agreement:

(i) the business of Galaxy shall be conducted only in the ordinary course consistent with past practice;

(ii) Galaxy shall not (A) directly or indirectly redeem, purchase or otherwise acquire or agree to redeem, purchase or otherwise acquire any shares of its capital stock; (B) amend its articles of incorporation or by-laws; or (C) split, combine or reclassify its capital stock or declare, set aside or pay any dividend payable in cash, stock or property or make any distribution with respect to such stock; and

(iii) Galaxy shall not (A) issue or agree to issue any additional shares of, or options, warrants or rights of any kind to acquire shares of, its capital stock, except as disclosed by Galaxy; (B) acquire or dispose of any assets other than in the ordinary course of business; (C) incur additional Indebtedness or any other Liabilities or enter into any other transaction except in the ordinary course of business; (D) enter into any Contract, agreement, commitment or arrangement with respect to any of the foregoing except this Agreement, or (E) except as contemplated by this Agreement, enter into any Contract, agreement, commitment or arrangement to dissolve, merge; consolidate or enter into any other material business contract or enter into any negotiations in connection therewith.

(iv) Galaxy shall use its best efforts to preserve intact the business of Galaxy, to keep available the service of its present officers and key employees, and to preserve the good will of those having business relationships with Galaxy;

(v) Galaxy will not, nor will it authorize any director or authorize or permit any officer or employee or any attorney, accountant or other representative retained by them to, make, solicit, encourage any inquiries with respect to, or engage in any negotiations concerning, any Acquisition Proposal (as defined below). Galaxy will promptly advise the Company in writing of any such inquiries or Acquisition Proposal (or requests for information) and the substance thereof. As used in this paragraph, "Acquisition Proposal" shall mean any proposal for a merger, exchange or other business

combination involving Galaxy or for the acquisition, sale, or exchange of a substantial equity interest in it or any material assets of it other than as contemplated by this Agreement. Galaxy will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore with respect to any of the foregoing; and

(vi) Galaxy will not enter into any new employment agreements with any of its officers or employees or grant any increases in the compensation or benefits of its officers and employees.

ARTICLE VII
ADDITIONAL AGREEMENTS

Section 7.1 Access and Information. The Company and Galaxy shall each afford to the other and to the other's accountants, counsel and other representatives reasonable access during normal business hours throughout the period prior to the Effective Time of all of their properties, books, contracts, commitments and records (including but not limited to Tax Returns) and during such period, each shall furnish promptly to the other all information concerning its business, properties and personnel as such other party may reasonably request, provided that no investigation pursuant to this Section 7.1 shall affect any representations or warranties made herein. Each party shall hold, and shall cause its employees and agents to hold, in confidence all such information (other than such information that (i) becomes generally available to the public other than as a result of a disclosure by such party or its directors, officers, managers, employees, agents or advisors, or (ii) becomes available to such party on a non-confidential basis from a source other than a party hereto or its advisors, provided that such source is not known by such party to be bound by a confidentiality agreement with or other obligation of secrecy to a party hereto or another party until such time as such information is otherwise publicly available; provided, however, that: (A) any such information may be disclosed to such party's directors, officers, employees and representatives of such party's advisors who need to know such information for the purpose of evaluating the transactions contemplated hereby (it being understood that such directors, officers, employees and representatives shall be informed by such party of the confidential nature of such information); (B) any disclosure of such information may be made as to which the party hereto furnishing such information has consented in writing; and (C) any such information may be disclosed pursuant to a judicial, administrative or governmental order or request provided, that the requested party will promptly so notify the other party so that the other party may seek a protective order or appropriate remedy and/or waive compliance with this Agreement and if such protective order or other remedy is not obtained or the other party waives compliance with this provision, the requested party will furnish only that portion of such information which is legally required and will exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the information furnished. If this Agreement is terminated, each party will deliver to the other all documents and other materials (including copies) obtained by such party or on its behalf from the other party as a result of this Agreement or in connection herewith, whether so obtained before or after the execution hereof.

Section 7.2 Additional Agreements. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its commercially reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or

advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its commercially reasonable best efforts to satisfy the conditions precedent to the obligations of any of the parties hereto to obtain all necessary waivers, and to lift any injunction or other legal bar to the Exchange (and, in such case, to proceed with the Exchange as expeditiously as possible). In order to obtain any necessary governmental or regulatory action or non-action, waiver, Consent, extension or approval, Galaxy and the Company agree to take all reasonable actions and to enter into all reasonable agreements as may be necessary to obtain timely governmental or regulatory approvals and to take such further action in connection therewith as may be necessary. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and/or directors of Galaxy and the Company shall take all such necessary action.

Section 7.3 Publicity. No party shall issue any press release or public announcement pertaining to the Exchange that has not been agreed upon in advance by Galaxy and the Company, except as the Company reasonably determines to be necessary in order to comply with the rules of the Commission; provided that in such case the Company will use its best efforts to allow Galaxy to review and reasonably approve any of the same prior to its release.

Section 7.4 Appointment of Directors. Immediately upon the Effective Time, the Company shall, in accordance with Section 2.3(d), accept the resignations and cause the appointments of those officers and directors identified in Exhibit C hereto, subject to any notice and waiting period requirements of federal law. At the first annual meeting of the Company's stockholders and thereafter, the election of members of the Company's Board of Directors shall be accomplished in accordance with the by-laws of the Company.

ARTICLE VIII
CONDITIONS OF PARTIES' OBLIGATIONS

Section 8.1 Company Obligations. The obligations of Galaxy under this Agreement are subject to the fulfillment at or prior to the Closing of the following conditions, any of which may be waived in whole or in part by Galaxy.

(a) No Errors, etc. The representations and warranties of the Company under this Agreement shall be deemed to have been made again on the Closing Date and shall then be true and correct in all material respects.

(b) Compliance with Agreement. The Company shall have performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date.

(c) No Company Material Adverse Effect. Since the date hereof, there shall not have been any event or circumstance that has resulted in a Company Material Adverse Effect, and no event has occurred or circumstance exists that would reasonably be expected to result in a Company Material Adverse Effect.

(d) Certificate of Officers. The Company shall have delivered to Galaxy a certificate dated the Closing Date, executed on its behalf by the Chief Executive Officer of the

Company, certifying the satisfaction of the conditions specified in paragraphs (a), (b) and (c) of this Section 8.1.

(e) No Restraining Action. No Action or proceeding before any court, governmental body or agency shall have been threatened, asserted or instituted to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the carrying out of the transactions contemplated by this Agreement.

(f) Confirmation of the Company Chapter 11 Plan. The Company Chapter 11 Plan as proposed by Company before the United States Bankruptcy Court for the District of Nevada shall have been confirmed by entry of a final order by such court.

(g) Supporting Documents. Galaxy shall have received the following:

(1) Copies of resolutions of the Board of Directors and the stockholders of the Company, certified by the President of the Company, authorizing and approving the Exchange and the execution, delivery and performance of this Agreement and all other documents and instruments to be delivered pursuant hereto and thereto.

(2) A certificate of incumbency executed by the Secretary of the Company certifying the names, titles and signatures of the officers authorized to execute any documents referred to in this Agreement and further certifying that the articles of incorporation and by-laws of the Company delivered to Galaxy at the time of the execution of this Agreement have been validly adopted and have not been amended or modified since the date hereof.

(3) Evidence as of a recent date of the good standing and corporate existence of the Company issued by the Secretary of State of the State of Nevada.

Section 8.2 Galaxy Obligations. The obligations of the Company under this Agreement are subject to the fulfillment at or prior to the Closing of the following conditions any of which may be waived in whole or in part by the Company:

(a) No Errors, etc. The representations and warranties of Galaxy under this Agreement shall be deemed to have been made again on the Closing Date and shall then be true and correct in all material respects.

(b) Compliance with Agreement. Galaxy shall have performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by them on or before the Closing Date.

(c) No Galaxy Material Adverse Effect. Since the date hereof, there shall not have been any event or circumstance that has resulted in a Galaxy Material Adverse Effect and no event has occurred or circumstance exists that would be reasonably expected to result in such a Galaxy Material Adverse Effect.

(d) Certificate of Officers. Galaxy shall have delivered to the Company a certificate dated the Closing Date, executed on its behalf by its respective President, certifying the satisfaction of the conditions specified in paragraphs (a), (b), and (c) of this Section 8.2.

(e) Supporting Documents. The Company shall have received the following:

(1) Copies of resolutions of Galaxy's board of directors, certified by its Secretary, authorizing and approving the Exchange and the execution, delivery and performance of this Agreement and all other documents and instruments to be delivered by them pursuant hereto.

(2) A certificate of incumbency executed by the Secretary of Galaxy certifying the names, titles and signatures of the officers authorized to execute the documents referred to in paragraph (1) above and further certifying that the certificates of incorporation and by-laws of Galaxy appended thereto have not been amended or modified.

(3) A certificate, dated the Closing Date, executed by the Secretary of Galaxy, certifying that, except for the filing of the certificate of exchange with the Secretary of State of the State of Nevada: (i) all consents, authorizations, orders and approvals of, and filings and registrations with, any court, governmental body or instrumentality that are required to be obtained by Galaxy for the execution and delivery of this Agreement and the consummation of the Exchange shall have been duly made or obtained; and (ii) no action or proceeding before any court, governmental body or agency has been threatened, asserted or instituted against Galaxy to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the carrying out of the transactions contemplated by this Agreement.

(4) Evidence as of a recent date of the good standing and corporate existence of Galaxy issued by the Secretary of State of their respective states of incorporation.

(5) Such additional supporting documentation and other information with respect to the transactions contemplated hereby as the Company may reasonably request.

ARTICLE IX
INDEMNIFICATION AND RELATED MATTERS

Section 9.1 Indemnification by Galaxy. Galaxy shall indemnify and hold harmless the Company, and shall reimburse the Company for, any loss, liability, claim, damage, expense (including, but not limited to, costs of investigation and defense and reasonable attorneys' fees) or diminution of value (collectively, "Damages") arising from or in connection with (a) any inaccuracy, in any material respect, in any of the representations and warranties of Galaxy in this Agreement or in any certificate delivered by Galaxy to the Company pursuant to this Agreement, or any actions, omissions or statements of fact inconsistent with any such representation or warranty, (b) any failure by Galaxy to perform or comply in any material respect with any covenant or agreement in this Agreement, (c) any claim for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have

been made by any such party with Galaxy in connection with any of the transactions contemplated by this Agreement, (d) Taxes attributable to any transaction or event occurring on or prior to the Closing, (e) any claim relating to or arising out of any Liabilities of Galaxy on or prior to Closing or with respect to accounting fees arising thereafter, or (f) any litigation, action, claim, proceeding or investigation by any third party relating to or arising out of the business or operations of Galaxy, or the actions of Galaxy or any holder of Galaxy capital stock prior to the Effective Time.

Section 9.2 Survival. All representations, warranties, covenants and agreements of Galaxy contained in this Agreement or in any instrument delivered pursuant to this Agreement shall survive until twelve (12) months after the Effective Date. The representations and warranties of the Company contained in this Agreement or in any instrument delivered pursuant to this Agreement will terminate at, and have no further force and effect after, the Effective Time.

Section 9.3 Time Limitations. Galaxy shall not have any liability (for indemnification or otherwise) with respect to any representation or warranty, or covenant or agreement to be performed and complied with prior to the Effective Time, unless on or before the twelve month anniversary of the Effective Time (the "Claims Deadline"), Galaxy is given notice of a claim with respect thereto, in accordance with Section 9.5, specifying the factual basis therefore in reasonable detail to the extent then known by the Company.

Section 9.4 Limitation on Liability. The obligations of Galaxy to the Company set forth in Section 9.1 shall be subject to the following limitations:

(a) The aggregate liability of Galaxy to the Company shall not exceed $50,000.

(b) Other than claims based on fraud or for specific performance, injunctive or other equitable relief, the Company's sole and exclusive remedy for any and all claims for Damages pursuant to Section 9.1 hereof shall be the indemnification provided under the terms and subject to the conditions of this Article IX.

Section 9.5 Notice of Claims.

(a) If, at any time on or prior to the Claims Deadline, the Company shall assert a claim for indemnification pursuant to Section 9.1, the Company shall submit to Galaxy a written claim stating: (i) that the Company incurred or reasonably believes it may incur Damages and the amount or reasonable estimate thereof of any such Damages; and (ii) in reasonable detail, the facts alleged as the basis for such claim and the section or sections of this Agreement alleged as the basis or bases for the claim.

(b) In the event that any action, suit or proceeding is brought against the Company with respect to which Galaxy may have liability under this Article IX, Galaxy shall have the right, at its cost and expense, to defend such action, suit or proceeding in the name and on behalf of the Company; provided, however, that the Company shall have the right to retain its own counsel, with fees and expenses paid by Galaxy, if representation of the Company by counsel retained by Galaxy would be inappropriate because of actual or potential differing interests between Galaxy and the Company. In connection with any action, suit or proceeding

subject to this Article IX, Galaxy and the Company agree to render to each other such assistance as may reasonably be required in order to ensure proper and adequate defense of such action, suit or proceeding. Galaxy shall not, without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed, settle or compromise any claim or demand if such settlement or compromise does not include an irrevocable and unconditional release of the Company for any liability arising out of such claim or demand.

ARTICLE X
TERMINATION PRIOR TO CLOSING

Section 10.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Company and Galaxy;

(b) by the Company, if Galaxy (i) fails to perform in any material respect any of its agreements contained herein required to be performed by it on or prior to the Effective Time, (ii) materially breaches any of its representations, warranties or covenants contained herein, which failure or breach is not cured within thirty (30) days after the Company has notified Galaxy of its intent to terminate this Agreement pursuant to this paragraph (b);

(c) by Galaxy, if the Company (i) fails to perform in any material respect any of its agreements contained herein required to be performed by it on or prior to the Closing Date, (ii) materially breaches any of its representations, warranties or covenants contained herein, which failure or breach is not cured within thirty (30) days after Galaxy has notified the Company of its intent to terminate this Agreement pursuant to this paragraph (c);

(d) by either the Company, on the one hand, or Galaxy, on the other hand, if there shall be any order, writ, injunction or decree of any court or governmental or regulatory agency binding on Galaxy or the Company, which prohibits or materially restrains any of them from consummating the transactions contemplated hereby; provided that the parties hereto shall have used their best efforts to have any such order, writ, injunction or decree lifted and the same shall not have been lifted within ninety (90) days after entry, by any such court or governmental or regulatory agency;

Section 10.2 Termination of Obligations. Termination of this Agreement pursuant to Section 10.1 hereof shall terminate all obligations of the parties hereunder, except for the obligations under Article IX, Article X, and Sections 11.4, 11.7, 11.14, 11.15 and 11.16 hereof; provided, however, that termination pursuant to paragraphs (b) or (c) of Section 10.1 shall not relieve the defaulting or breaching party or parties from any liability to the other parties hereto.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Amendments. Subject to applicable law, this Agreement may be amended or modified by the parties hereto by written agreement executed by each party to be bound thereby and delivered by duly authorized officers of the parties hereto at any time prior to the Effective Time; provided, however, that after the approval of the Exchange by the requisite

stockholders, no amendment or modification of this Agreement shall be made that by law requires further approval from any stockholders without such further approval.

Section 11.2 Notices. Any notice, request, instruction, other document or communications to be given hereunder by any party hereto to any other party hereto shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of delivery if by electronic mail, (c) upon receipt of a transmission confirmation (with a confirming copy delivered personally or sent by overnight courier) if sent by facsimile or like transmission, or (d) on the next business day when sent by Federal Express, United Parcel Service, U.S. Express Mail or other reputable overnight courier for guaranteed next day delivery, as follows:

If to Galaxy, to:
Galaxy Gaming, Inc.
6980 O'Bannon Drive
Las Vegas, NV 89117

If to the Company, to:

Secured Diversified Investment, Ltd.
3416 Via Lido, Suite F
Newport Beach, CA 92263

or to such other persons or addresses as may be designated in writing by the party to receive such notice. Nothing in this Section 11.2 shall be deemed to constitute consent to the manner and address for service of process in connection with any legal proceeding (including arbitration arising in connection with this Agreement), which service shall be effected as required by applicable law.

Section 11.3 Entire Agreement. This Agreement and the exhibits attached hereto or referred to herein constitute the entire agreement of the parties hereto, and supersede all prior agreements and undertakings, both written and oral, among the parties hereto, with respect to the subject matter hereof and thereof.

Section 11.4 Expenses. Except as otherwise expressly provided herein, whether or not the Exchange occurs, all expenses and fees incurred by Galaxy on one hand, and the Company on the other, shall be borne solely and entirely by the party that has incurred the same; provided, that if the Exchange occurs, Galaxy agrees to pay, and shall cause the Company to pay, any unpaid fees and expenses of the Company (including fees and expenses of its counsel and other advisors) in connection with the consummation of the transactions contemplated by this Agreement.

Section 11.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other

provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to amend or modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 11.6 Successors and Assigns; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned or delegated by any of the parties hereto without, in the case of Galaxy, the prior written approval of the Company and, in the case of the Company, the prior written approval of Galaxy.

Section 11.7 No Third Party Beneficiaries. Except as set forth in Section 11.6, nothing herein expressed or implied shall be construed to give any person other than the parties hereto (and their successors and assigns as permitted herein) any legal or equitable rights hereunder.

Section 11.8 Counterparts; Delivery by Facsimile. This Agreement may be executed in multiple counterparts, and by the different parties hereto in separate counterparts, each of which when executed will be deemed to be an original but all of which taken together will constitute one and the same agreement. This Agreement and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or by electronic mail, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

Section 11.9 Waiver. At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto; (b) waive any inaccuracies in the representations and breaches of the warranties of the other party contained herein or in any document delivered pursuant hereto; and (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any such extension or waiver will be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby.

Section 11.10 No Constructive Waivers. No failure or delay on the part of any party hereto in the exercise of any right hereunder will impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, agreement or covenant herein, nor will any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. No waiver by any party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 11.11 Further Assurances. The parties hereto shall use their commercially reasonable efforts to do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments or documents as any other party hereto may reasonably request in order to carry out fully the intent and purposes of this Agreement and the consummation of the transactions contemplated hereby.

Section 11.12 Recitals. The recitals set forth above are incorporated herein and, by this reference, are made part of this Agreement as if fully set forth herein.

Section 11.13 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.14 Governing Law. This Agreement and the agreements, instruments and documents contemplated hereby shall be governed by and construed and enforced in accordance with the laws of the State of Nevada without regard to its conflicts of law principles.

Section 11.15 Dispute Resolution. The parties hereto shall initially attempt to resolve all claims, disputes or controversies arising under, out of or in connection with this Agreement by conducting good faith negotiations amongst themselves. If the parties hereto are unable to resolve the matter following good faith negotiations, the matter shall thereafter be resolved by binding arbitration and each party hereto hereby waives any right it may otherwise have to the resolution of such matter by any means other than binding arbitration pursuant to this Section 11.15. Whenever a party shall decide to institute arbitration proceedings, it shall provide written notice to that effect to the other parties hereto. The party giving such notice shall, however, refrain from instituting the arbitration proceedings for a period of sixty (60) days following such notice. During this period, the parties shall make good faith efforts to amicably resolve the claim, dispute or controversy without arbitration. Any arbitration hereunder shall be conducted in the English language under the commercial arbitration rules of the American Arbitration Association. Any such arbitration shall be conducted in Las Vegas, Nevada by a panel of three arbitrators: one arbitrator shall be appointed by each of Galaxy and Company; and the third shall be appointed by the American Arbitration Association. The panel of arbitrators shall have the authority to grant specific performance. Judgment upon the award so rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of any award and an order of enforcement, as the case may be. In no event shall a demand for arbitration be made after the date when institution of a legal or equitable proceeding based on the claim, dispute or controversy in question would be barred under this Agreement or by the applicable statute of limitations. The prevailing party in any arbitration in accordance with this Section 11.15 shall be entitled to recover from the other party, in addition to any other remedies specified in the award, all reasonable costs, attorneys' fees and other expenses incurred by such prevailing party to arbitrate the claim, dispute or controversy.

Section 11.16 Interpretation.

(a) When a reference is made in this Agreement to a section or article, such reference shall be to a section or article of this Agreement unless otherwise clearly indicated to the contrary.

(b) Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

(c) The words "hereof", "hereby", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified.

(d) The words "knowledge," or "known to," or similar terms, when used in this Agreement to qualify any representation or warranty, refer to the knowledge or awareness of certain specific facts or circumstances related to such representation or warranty of the persons in the Applicable Knowledge Group (as defined herein) which a prudent business person would have obtained after reasonable investigation or due diligence on the part of any such person. For the purposes hereof, the "Applicable Knowledge Group" with respect to the Company shall be Mr. Munjit Johal. For the purposes hereof, the "Applicable Knowledge Group" with respect to Galaxy shall be Mr. Robert Saucier.

(e) The word "subsidiary" shall mean any entity of which at least a majority of the outstanding shares or other equity interests having ordinary voting power for the election of directors or comparable managers of such entity is owned, directly or indirectly by another entity or person.

(f) For purposes of this Agreement, "ordinary course of business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

(g) The plural of any defined term shall have a meaning correlative to such defined term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(h) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto, unless the context requires otherwise.

(i) The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

[*The remainder of this page is intentionally left blank*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

COMPANY:

SECURED DIVERSIFIED INVESTMENT, LTD.

By: /s/Munjit Johal
Name: Munjit Johal
Title: President and CEO

GALAXY:

GALAXY GAMING, INC.

By: /s/Robert Saucier
Name: Robert Saucier
Title: President and CEO

Exhibit A

Articles of Incorporation of the Company

See attached.

Exhibit B

By-Laws of the Company

See attached.

Exhibit C

Officers and Directors of the Company
— Pre-Effective Time and Post-Effective Time—

Pre-Effective Time:

Name	Office(s)
Munjit Johal	President, CEO, Secretary, Treasurer, CFO and Director

Following Notice Filings:

The following persons shall be appointed as Officers and Directors of Galaxy:

Name	Office(s)
Robert Saucier	President, CEO, and Director

William O’Hara Chief Operating Officer

Entered on Docket
January 27, 2009

Hon. Linda B. Riegle
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:	Case No.: BK-S-08-16332-LBR
SECURED DIVERSIFIED INVESTMENT, LTD.,	Chapter 11
Debtor.	**ORDER CONFIRMING JOINT PLAN OF REORGANIZATION**

The Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code filed by the Debtor and Cane Clark LLP on September 16, 2008, as modified on October 3, 2008 (the "Joint Plan"), having been transmitted to creditors and equity security holders; and

A hearing regarding confirmation of the Joint Plan having been held on December 8, 2008 and a further hearing having been held January 16, 2009, and the Court having considered the evidence adduced at hearing and the arguments and memoranda submitted by the parties; and

Based upon the findings of fact and conclusions of law recited on the record, the Court having determined that the requirements of 11 U.S.C. §1129 have been satisfied,
IT IS HEREBY ORDERED that the Joint Plan, a copy of which is attached hereto as Exhibit A, is confirmed.

# # #

Submitted by:

/s/John J. Laxague
John J. Laxague
Nevada Bar No. 7417
Attorney for Petitioning
Creditor Cane Clark LLP

and

/s/David W. Huston
David W. Huston
Nevada Bar No. 0855
Attorney for the Debtor

Approved / Disapproved

/s/Anthony F. Geraci
Anthony F. Geraci
Admitted Pro Hac Vice
Attorney for Counsel for Clifford Strand,
Michael Strand, William Biddle, and Gernot Trolf

Approved / Disapproved

_____
Peter Dubowsky
Nevada Bar No. 4972
Attorney for Counsel for Clifford Strand,
Michael Strand, William Biddle, and Gernot Trolf

In accordance with LR 9021, counsel submitting this document certifies as follows:

_____ The court has waived the requirement of approval under LR 9021

_____ No parties appeared or filed written objections, and there is no trustee appointed in the case.

__X__ I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and any trustee appointed in this case, and each has approved or disapproved the order, or failed to respond, as indicated below [list each party and whether the party has approved, disapproved, or failed to respond to the document]:

	Approved	Disapproved	No Response
Anthony F. Geraci, Esq. Counsel for Clifford Strand, Michael Strand, William Biddle, and Gernot Trolf	X		
Peter Dubowsky, Esq. Local Counsel for Clifford Strand, Michael Strand, William Biddle, and Gernot Trolf			X(1)

(1) Mr. Dubowsky's office indicated that he is out of town and unable to respond during the week of Jan. 19-23. His co-counsel, Mr. Geraci, has approved of the form of order.

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct.

/s/John J. Laxague
John J. Laxague, Esq.

EXHIBIT A

David W. Huston
Nevada Bar No. 0855
601 S. Seventh St., 2nd Floor
Las Vegas, Nevada 89101
Tel.: (702) 384-9555
Fax: (702) 384-9517
hustonlaw@aol.com
Attorney for the Debtor

John J. Laxague
Nevada Bar No. 7417
CANE CLARK LLP
3272 E. Warm Springs Rd.
Las Vegas, Nevada 89120
Tel.: (702) 312-6255
Fax: (702) 944-7100
jlaxague@caneclark.com
Attorneys for Petitioning Creditor Cane Clark LLP

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:	Case No.: BK-S-08-16332-LBR
SECURED DIVERSIFIED INVESTMENT, LTD.,	Chapter 11
Debtor.	**JOINT PLAN OF REORGANIZATION**

Debtor Secured Diversified Investment, Ltd. ("SDI"), jointly with petitioning creditor Cane Clark, LLP, hereby proposes the following Plan of Reorganization:

ARTICLE I.
DEFINITIONS AND CONSTRUCTION OF TERMS

1. Definitions. In addition to such other terms as are defined in other Sections of this Plan, the following terms (which appear herein as capitalized terms) shall have the meanings set forth below, such meanings to be applicable to both the singular and plural forms of the terms defined. A term used in this Plan and not defined herein or elsewhere in this Plan, but that is defined in the Bankruptcy Code has the meaning set forth therein.

2. Administrative Claim means a Claim to the extent that it is of the kind described in section 503(b) of the Bankruptcy Code and is entitled to priority under section 507(a)(l) of the Bankruptcy Code.

3. Allowed means, with reference to any Claim or Interest, (a) any Claim or Interest allowed: (i) by Final Order of the Bankruptcy Court, or (ii) as to which a proof of Claim has been timely filed in a liquidated amount with the Bankruptcy Court pursuant to the Bankruptcy Code or any order of the Bankruptcy Court, provided that no objection to the allowance of such Claim or motion to expunge such Claim has been interposed before the Claims Objection Deadline; or (b) any Claim or Interest scheduled by the Debtor and not scheduled as "disputed."

4. Ballot means the form distributed to each holder of an impaired Claim or Interest on which is to be indicated acceptance or rejection of the Plan.

5. Bankruptcy Code means title 11 of the United States Code, as amended from time to time, as applicable to the Case.

6. Bankruptcy Court means the United States Bankruptcy Court for the District of Nevada.

7. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, and any Local Rules of the Bankruptcy Court.

8. Bar Date means the date by which all Claims were required to be filed with the Bankruptcy Court.

9. Business Day means any day other than a Saturday, Sunday or any other day on which commercial banks in the city of Las Vegas Nevada are required or authorized to close by law or executive order.

10. Cash means legal tender of the United States of America, which may be conveyed by check or wire transfer.

11. Case means the reorganization proceedings of the Debtor under Chapter 11 of the Bankruptcy Code, administered as Case No. BK-S-05-19263-BAM.

12. Claim has the meaning set forth in section 101 of the Bankruptcy Code.

13. Claim Payment Date means, in respect of an Allowed Claim, the later of the Effective Date or the date such Claim becomes Allowed Claim.

14. Claims Objection Deadline means five (5) business days after the later of: (i) entry of the Confirmation Order; or (ii) expiration of the Bar Date.

15. Class means a category of holders of Claims or Interests as set forth in Article II of the Plan.

16. Collateral means any property or interest in property of the estate of the Debtor subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

17. Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

18. Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

19. Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

20. Disputed Claim means a Claim against any Debtor to the extent that such Claim is not Allowed.

21. Effective Date means the first Business Day on which the conditions specified in Section 7.4 of the Plan have been satisfied or waived.

22. Existing Ownership Interests means the stock and/or other ownership interests of the Debtor issued and outstanding immediately prior to the Effective Date.

23. Final Order means an order of the Bankruptcy Court as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for a reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtor or the Reorganized Debtor or, in the event

that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been determined by the highest court to which such order was appealed, or certiorari, reargument or rehearing shall have been denied and the time to take any further appeal, petition for certiorari or more for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or Rule 9023 or Rule 9024 of the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

24. Interest means, collectively, any shares of stock or other instrument evidencing an ownership interest in the Debtor and any option, warrant or right, contractual or otherwise, to acquire an ownership interest in the Debtor.

25. Lien has the meaning set forth in section 101 of the Bankruptcy Code.

26. Litigation Claims means those causes of action and/or potential causes of action belonging to the Debtor and described specifically in Schedule 1 hereto.

27. Reorganized Debtor means Secured Diversified Investment, Ltd. on and after the Effective Date.

28. New Stock means the 4,000,000 shares of voting common stock in the Reorganized Debtor to be issued and distributed to holders of Allowed Class 3 Claims pursuant to the terms of the Plan.

29. Person means an individual, corporation, partnership, governmental unit, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization or other entity.

30. Petition Date means June 16, 2008, the date on which the Debtor commenced the Case.

31. Plan means this chapter 11 plan of reorganization, including, without limitation, all exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time.

32. Plan Proponents means the debtor-in-possession, Secured Diversified Investment, Ltd., and creditor Cane Clark LLP.

33. Priority Claim means any Claim entitled to priority pursuant to sections 507(a)(2) through (7) and 507(a)(9) of the Bankruptcy Code.

34. Priority Tax Claim means any Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

35. Pro Rata Share means a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim or Allowed Interest in a Class to the amount of such Allowed Claim or Allowed Interest is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims or Allowed Interests in such Class to the amount of all Allowed Claims or Allowed Interests in such Class.

36. Reorganized Debtor's Articles of Incorporation means with respect to Reorganized Debtor, the Amended and Restated Articles of Incorporation, as the case maybe, of such Reorganized Debtor.

37. Schedules means the schedules of assets and liabilities, the list of holders of Interests and the statements of financial affairs filed by the Debtor under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

38. Secured Claim means the portion of any Claim, determined in accordance with section 506(a) of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

39. Computation of Time. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II.
CLASSIFICATION OF CLAIMS AND INTERESTS

The following is a designation of the Classes of Claims and Interests classified under this Plan. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class. In accordance with section 1123(a)(1) of the Bankruptcy

Code, Administrative Claims and Priority Tax Claims have not been classified but the treatment for such unclassified claims is set forth in Article III.

UNCLASSIFIED CLAIMS

Administrative Claims. All claims of a kind specified under Section 507(a)(l) of the Bankruptcy Code.
Priority Tax Claims. All claims, if any, of a kind specified under Section 507(a)(8) of the Bankruptcy Code.
Late Filed Claims. All claims, if any, filed after the Bar Date.

CLASSIFIED CLAIMS

Claims against, and Interests in, the Debtor are classified in the Classes listed below.

Class 1 Claims — Priority Claims. Class 1 Claims shall consist of all Priority Claims.
Class 2 Claims — Secured Claims. Class 2 shall consist of all Secured Claims.
Class 3 Claims — General Unsecured Claims. Class 3 shall consist of all General Unsecured Claims.
Class 4 — Interests. Class 4 consists of all Interests in the Debtor.

ARTICLE III.
TREATMENT OF CLAIMS AND INTERESTS

The following is a designation of the treatment to be accorded to each Class of Claims and Interests denominated in this Plan. The treatment of a consideration to be provided on account of Claims and Interests pursuant to the Plan shall be in full settlement, release and discharge of such Claims and Interests; provided, that such discharge shall not affect the liability of any other entity to, or the property of any other entity encumbered to secure payment to, the holder of any such Claim or Interest, except as otherwise provided in this Plan; and provided, further, that such discharge shall not affect the Reorganized Debtors' obligations under the Plan.

No Claim shall entitle the holder thereof to a distribution of cash or securities or to other consideration pursuant to this Plan unless, and only to the extent that, such Claim is an Allowed Claim. Except as hereinafter specially provided, all distributions of cash or securities on account of Allowed Claims shall be made on the applicable Claim Payment Date or as soon as practicable

thereafter.

UNCLASSIFIED CLAIMS

3.1 Administrative Claims. Unless otherwise agreed by the holder of an Administrative Claim (in which event such other agreement shall govern), each holder of an Allowed Administrative Claim shall receive (a) on the applicable Claim Payment Date, Cash in an amount equal to such Allowed Administrative Claim or (b) at the option of the particular Reorganized Debtor, payment in accordance with the ordinary business terms which have prevailed between such Debtor and the holder of such Allowed Administrative Claim; provided that any Allowed Administrative Claim against a Debtor which is contingent or unliquidated shall be assumed by such Reorganized Debtor and satisfied in full when it becomes noncontingent and liquidated.

3.2 Priority Tax Claims. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim (in which event such other agreement shall govern), each holder of any Allowed Priority Tax Claim shall receive on the applicable Claim Payment Date, Cash equal to the amount of such Allowed Priority Tax Claim.

3.3 Late Filed Claims. Late filed claims shall receive no distribution under the Plan.

CLASSIFIED CLAIMS

3.4 Class 1 — Priority Claims.

(a) Treatment. Each Allowed Claim in Class 1 shall be paid in full in Cash on the applicable Claim Payment Date.

(b) Impairment. Class 1 Claims are unimpaired and will not vote on the Plan.

3.5 Class 2 — Secured Claims.

(a) Treatment. The legal, equitable and contractual rights to which each holder of an Allowed Claim in Class 2 is entitled shall be left unaltered or, at the option of the Reorganized Debtor, shall be left unimpaired in the manner described in section 1124(2) of the Bankruptcy Code.

(b) Impairment. Class 2 Claims are unimpaired and will note vote on the Plan.

3.6 Class 3 — General Unsecured Claims.

(a) Treatment. A holder of any Allowed Class 3 Claim shall receive its Pro-rata Share of

4,000,000 shares of the New Stock on the applicable Claim Payment Date.

(b) Impairment. Class 3 claims are impaired and Allowed Class 3 Claims will vote on acceptance or rejection of the Plan. Class 3 claims which are Disputed Claims will vote on acceptance or rejection of the Plan if such claims have, pursuant to F.R.B.P. 3018(a), obtained an order from the Bankruptcy Court temporarily allowing such claim(s) for the purpose of accepting or rejecting the Plan.

3.7 Class 4 — Interests.

(a) Treatment. All currently existing Interests in the Debtor shall be extinguished.

(b) Impairment. Class 4 Interests are impaired under the Plan. The holders of Class 4 Interests, however, shall receive no property on account of such interests. Accordingly, such holders are deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code and will not vote on the Plan.

ARTICLE IV.
TREATMENT OF THE DEBTORS' EXECUTORY CONTRACTS AND UNEXPIRED LEASES

4.1 Rejection of Executory Contracts. Each executory contract or unexpired lease of Debtor that has not expired by its own terms prior to the Effective Date, has not been assumed during the Case prior to Confirmation, is not proposed to be assumed under the Plan and is not subject to a motion for assumption filed at least ten (10) days prior to the Confirmation Date, shall, by the terms of this Plan, be deemed rejected on the Effective Date .

4.2 Claims for Rejected Contracts and Leases. Except as otherwise provided in any order of the Bankruptcy Court, any claims for damages arising from the rejection by the Debtor of an executory contract or unexpired lease not filed on or prior to the Confirmation Date must be filed within 15 days after the earlier of (i) the entry of the order approving rejection of such executory contract or unexpired lease and (ii) the Confirmation Date. Such claims will be classified and treated as Class 3 Claims. Any such Claims not filed within such 15-day period shall be banned and may not thereafter be asserted.

4.3 Postpetition Contracts and Leases. All contracts and leases entered into or assumed by the Debtor after the Petition Date shall be retained by such Reorganized Debtor on the Effective Date.

ARTICLE V.
SHARE EXCHANGE WITH GALAXY GAMING, INC.; DISTRIBUTION OF NEW STOCK

5.1 Consummation of Share Exchange Agreement.

Within five (5) days of the Effective Date, the Reorganized Debtor shall consummate the share exchange transaction with Galaxy Gaming, Inc. as documented in the Share Exchange Agreement attached hereto as Attachment A.

5.2 Share Exchange Agreement a Binding Contract.

The Share Exchange Agreement attached hereto as Attachment A represents a binding agreement between Galaxy Gaming, Inc. and the Reorganized Debtor

5.3 Distribution of New Stock To Holders of Allowed Class 3 Claims.

On the applicable Claim Payment Dates, each holder of an Allowed Class 3 Claim shall be issued it Pro Rata Share of 4,000,000 shares of the New Stock. In calculating the number of shares of New Stock to be issued to each such claimant, the Pro Rata Share figures for each Allowed Class 3 Claim shall be rounded to the nearest whole number and fractional shares shall not be issued.

The distribution of New Stock to holders of Allowed Class 3 Claims as called for under this Plan shall be exempt from the registration requirements of the Securities Act of 1933 (15 U.S.C. §77a et seq.) and from the registration requirements of any applicable federal, state or local laws pursuant to the provisions of Section 1145(a)(1) of the United States Bankruptcy Code.

5.4 Other Cash Payments. The Debtor shall, on the applicable Claim Payment Dates, pay each Allowed Administrative Claim, Allowed Priority Tax Claim, and Allowed Priority Claim.

ARTICLE VI.
CORPORATE GOVERNANCE AND OTHER TRANSACTIONS

6.1 Cancellation of Existing Ownership Interests. On the Effective Date, all Existing Ownership Interests in Secured Diversified Investment, Ltd. shall be cancelled and rendered null and void.

6.2 Revesting and Transfer of Assets. Except as otherwise provided in this Plan, on the Effective Date, all property of the estate, to the fullest extent of section 541 of the Code, and any other rights and assets of Debtor of every kind and nature shall, revest in the Reorganized Debtor

free and clear of all Liens, Claims and Interests other than those Liens, Claims and Interests retained or created pursuant to this Plan

6.3 Amended Articles of Incorporation and Corporate Governance.

(a) Articles of Incorporation. The Articles of Incorporation of the Debtor shall be amended and restated as set forth in Exhibit A to the Share Exchange Agreement. The amended and restated Articles of Incorporation shall contain a provision prohibiting the issuance of nonvoting equity securities.

(b) Board of Directors and Officers For Reorganized Debtor. Upon consummation of the Share Exchange Agreement, the officers and directors of the Reorganized Debtor shall be the individuals set forth in Exhibit C to the Share Exchange Agreement.

(c) Discharge. On the Effective Date, the Debtor shall be discharged from any and all Claims against and Interests in the Debtor, to the fullest extent provided in sections 524 and 1141 of the Bankruptcy Code.

ARTICLE VII.
DETERMINATION OF CLAIMS; EFFECTIVE DATE

7.1 Administrative Claims Bar Date. All requests for payment of administrative costs and expenses incurred prior to the Effective Date pursuant to section 507(a)(1) or 503(b) of the Bankruptcy Code shall be served on the Reorganized Debtor and filed with the Bankruptcy Court no later than 30 days after the Confirmation Date. Any such Claim that is not served and filed within this time shall be forever barred.

7.2 Procedures For Determination of Claims and Interests

(a) Objections To Claims.

(i) Notwithstanding the occurrence of the Confirmation Date, and except as to any Claim that has otherwise been Allowed, the Reorganized Debtor and/or any other party in interest may object to the allowance of any Claim. Objections must be filed no later than the Claims Objection Deadline. No distribution shall be made on account of any Claim that is not Allowed unless or until such claim becomes and Allowed claim.

(ii) Except as otherwise provided herein, no Claim shall be entitled to receive

postpetition interest.

7.3 Unclaimed Property. All property that is unclaimed for one year after distribution thereof by mail to the latest mailing address filed of record with the Bankruptcy Court for the party entitled thereto or, if no such mailing address has been so filed, the mailing address reflected in the Schedules shall become property of the Reorganized Debtor.

7.4 Conditions to Occurrence of Effective Date. Each of the following are conditions to the Effective Date:

The Confirmation Order shall have been entered by the Bankruptcy Court, more than ten (10) days shall have elapsed since the Confirmation Date, no stay of the Confirmation Order shall be in effect and the Confirmation Order shall not have been reversed, modified or vacated. Plan Proponent, in its sole discretion, may waive the foregoing condition, such waiver to be effective only if in writing and filed with the Court.

7.5 Nonconsensual Confirmation. As to any Class that votes to reject the Plan and/or which is deemed to have rejected the Plan, Proponent is seeking confirmation of the Plan in accordance with section 1129(b) of the Code either under the terms provided herein or upon such terms as may exist if the Plan is modified in accordance with section 1127(d) of the Code.

ARTICLE VIII.
MISCELLANEOUS

8.1 Retention of Jurisdiction. Following the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

(a) To determine the allowability, classification, priority or subordination of Claims and Interests upon objection, or to estimate, pursuant to section 502(c) of the Code, the amount of any Claim that is or is anticipated to be contingent or unliquidated as of the Effective Date, or to hear proceedings to subordinate Claims or Interests brought by any party in interest with standing to bring such objection or proceeding.

(b) To construe and to take any action authorized by the Bankruptcy Code and requested by the Reorganized Debtor or any other party in interest to enforce this Plan and the documents and agreements filed in connection with this Plan and issue such orders as may be

necessary for the implementation, execution and consummation of this Plan.

(c) To determine any and all applications for allowance of compensation and expense reimbursement from the Debtor or the Reorganized Debtor for periods on or before the Effective Date, and to determine any other request for payment of administrative expenses.

(d) To determine all matters that may be pending before the Bankruptcy Court on or before the Effective Date.

(e) To resolve any dispute regarding the implementation or interpretation of this Plan that arises at any time before the Case is closed, including the scope and nature of the Reorganized Debtor's obligations to cure defaults under assumed contracts, leases, franchises and permits.

(f) To determine any and all applications pending on the Confirmation Date for the rejection, assumption or assignment of executory contracts or unexpired leases entered into prior to the Petition Date, and the allowance of any Claim resulting therefrom.

(g) To determine all applications, adversary proceedings, contested matters and other litigated matters that were brought or that could have been brought on or before the Effective Date.

(h) To determine matters concerning local, state and federal taxes in accordance with sections 346, 505, and 1146 of the Code, and to determine any tax claims that may arise against the Debtor or Reorganized Debtor as a result of the transactions contemplated by the Plan.

(i) To determine such other matters as may be provided in the Confirmation Order.

(j) To approve any modification of this Plan pursuant to section 1127 of the Code, or to remedy any apparent nonmaterial defect or omission in this Plan, or to reconcile any nonmaterial inconsistency in this Plan so as to carry out its intent and purposes, and

(k) For such other purposes as may be provided for in the Confirmation Order.

Prior to the Effective Date, the Bankruptcy Court shall retain jurisdiction with respect to each of the foregoing items and all other matters that were subject to its jurisdiction prior to the Confirmation Date.

8.2 Payment of Fees Due Under 11 U.S.C. §1930(a)(6). The Debtor and the Reorganized Debtor shall timely pay to the Office of the United States Trustee all fees due under the terms of 11 U.S.C. §1930(a)(6). This obligation is not subject to the Administrative Claims Bar Date as

described herein, it shall not be subject to any discharge of liabilities provided by the terms of this Plan and/or the Bankruptcy Code.

8.3 Terms Binding. On the Effective Date, all provisions of this Plan, including all agreements, instruments and other documents filed pursuant to this Plan and executed by the Reorganized Debtor in connection with this Plan, shall be binding upon the Reorganized Debtor, all Claim and Interest holders and all other entities that are affected in any manner by the Plan. All agreements, instruments and other documents filed in connection with the Plan shall have full force and effect, and shall bind all parties thereto as of the Effective Date, whether or not such exhibits actually shall be executed by parties other than the Reorganized Debtor, or shall be issued, delivered or recorded on the Effective Date or thereafter.

8.4 Postconsummation Effect of Evidences of Claims or Interests. Notes, stock certificates and other evidence of Claims against or Interests in the Debtor shall, effective from and after the Effective Date, represent only the right to participate in the distributions contemplated by the Plan.

8.5 Payment Dates. Whenever any payment to be made under this Plan is due on a day other than a Business Day, such payment shall instead be made, without interest, on the next succeeding Business Day.

8.6 Retention and Enforcement of Causes of Action. Pursuant to section 1123(b)(3)(B) of the Code, but subject to Section 8.3 hereof, the Debtor and the Reorganized Debtor shall retain all causes of action that the Debtor had or had power to assert immediately prior to the Effective Date, specifically including, but not necessarily limited to, the Litigation Claims. Debtor and the Reorganized Debtor may commence or continue in any appropriate court or tribunal any suit or other proceeding for the prosecution and/or enforcement of the Litigation Claims and/or any other causes of action. All causes of action that the Debtor had or had power to assert immediately prior to the Effective Date, specifically including, but not necessarily limited to, the Litigation Claims, shall remain the property of the Debtor and the Reorganized Debtor.

8.7 Successors and Assigns. The rights, benefits and obligations of any person named or referred to in this Plan shall be binding upon, and shall inure to the benefit of, the heir, executor, administrator, successor or assignee of such person.

8.8 Inconsistencies. In the event that there is any inconsistency between this Plan and the Disclosure Statement, any exhibit to the Plan or any other instrument or document created or executed pursuant to the Plan, this Plan shall govern.

8.9 Governing Law. Except to the extent that the Code or any other federal law is applicable or to the extent the law of a different jurisdiction is validly elected by the Debtor, the rights, duties and obligations arising under this Plan shall be governed in accordance with the substantive laws of the United States of America and, to the extent federal law is not applicable, the substantive laws of the State of Nevada.

Schedule 1 – Litigation Claims

1) All claims and causes of action against Home Eq, Fidelity National Asset Management, and their respective affiliated and/or subsidiary companies, employees, agents, representatives, subsidiaries, successors, assigns, tenants, licensees, invitees, and related persons, predecessors, entities or companies related to or arising out of such parties foreclosure upon real property and related actions taken in violation of the automatic stay provided under Section 362 of the Code, as well as claims and causes of action against such parties related to or arising out of their destruction of the personal property of the Debtor located with such real property.

2) All claims and causes of action against Clifford L. Strand for breach of contract, unjust enrichment, defamation, libel, intentional interference with economic advantage, and intentional interference with business and/or contractual relations, arising from or related to such

party's statements regarding the Debtor made after the filing of the involuntary petition herein.

ROSS MILLER
Secretary of State
206 North Carson Street
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Certificate of Amendment

(PURSUANT TO NRS 78.385 and 78.390)

USE BLACK INK ONLY-DO NOT HIGHLIGHT ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390—After Issuance of Stock)

1. **Name of corporation:**
   Secured Diversified Investment, Ltd.

2. **The articles have been amended as follows (provide article numbers, if available):**
   Articles of Incorporation have been amended and restated in their entirety as attached hereto.

3. **The vote by which the stockholders holding shares in the corporationentitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is:**
   Exempt Pursuant to NRS 78.622

4. **Effective date of filing (optional):**

5. **Signatures (required)**

   X /s/ Munjit Johal
   Signature

* If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

AMENDED AND RESTATED ARTICLES OF INCORPORATION
(After Issuance of Stock)

OF

SECURED DIVERSIFIED INVESTMENT, LTD.

These Amended and Restated Articles of Incorporation are being filed pursuant to§6.3(a) of the Joint Plan of Reorganization under Title 11 of the United States Code for Secured Diversified Investment, Ltd., confirmed by Order of the United States Bankruptcy Court, District of Nevada entered January 27, 2009. Pursuant to NRS 78.622, these Amended and Restated Articles of Incorporation may be filed without further action by the directors or stockholders of the corporation.

ARTICLE I
NAME

The name of the corporation shall be Secured Diversified Investment, Ltd. (hereinafter, the "Corporation").

ARTICLE II
REGISTERED OFFICE

The office of the Corporation shall be 6980 O'Bannon Drive, Las Vegas, NV 89117. The registered agent of the Corporation shall be Cane Clark LLP at 3273 East Warm Springs, Las Vegas, NV 89120. The Corporation may, from time to time, in the manner provided by law, change the resident agent and the registered office within the State of Nevada. The Corporation may also maintain an office or offices for the conduct of its business, either within or without the State of Nevada.

ARTICLE III
CAPITAL STOCK

Section 1. *Authorized Shares.* The aggregate number of shares which the Corporation shall have authority to issue is seventy-five million (75,000,000) shares, consisting of two classes to be designated, respectively, "Common Stock" and "Preferred Stock," with all of such shares having a par value of $.001 per share. The total number of shares of Common Stock that the Corporation shall have authority to issue is sixty-five million (65,000,000) shares. The total number of shares of Preferred Stock that the Corporation shall have authority to issue is ten million (10,000,000) shares. The Preferred Stock may be issued in one or more series, each series to be appropriately designated by a distinguishing letter or title, prior to the issuance of any shares thereof. The voting powers, designations, preferences, limitations, restrictions, and relative, participating, optional and other rights, and the qualifications, limitations, or restrictions thereof, of the Preferred Stock shall hereinafter be prescribed by resolution of the board of directors pursuant to Section 3 of this Article III.

Section 2. *Common Stock.*

(a) *Dividend Rate.* Subject to the rights of holders of any Preferred Stock having preference as to dividends and except as otherwise provided by these Articles of Incorporation, as amended from time to time (hereinafter, the "**Articles**") or the Nevada Revised Statues (hereinafter, the "**NRS**"), the holders of Common Stock shall be entitled to receive dividends when, as and if declared by the board of directors out of assets legally available therefor.

(b) *Voting Rights.* Except as otherwise provided by the NRS, the holders of the issued and outstanding shares of Common Stock shall be entitled to one vote for each share of Common Stock. No holder of shares of Common Stock shall have the right to cumulate votes.

(c) *Liquidation Rights.* In the event of liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, subject to the prior rights of holders of Preferred Stock to share ratably in the Corporation's assets, the Common Stock and any shares of Preferred Stock which are not entitled to any preference in liquidation shall share equally and ratably in the Corporation's assets available for distribution after giving effect to any liquidation preference of any shares of Preferred Stock. A merger, conversion, exchange or consolidation of the Corporation with or into any other person or sale or transfer of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to stockholders) shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

(d) *No Conversion, Redemption, or Preemptive Rights.* The holders of Common Stock shall not have any conversion, redemption, or preemptive rights.

(e) *Consideration for Shares.* The Common Stock authorized by this Article shall be issued for such consideration as shall be fixed, from time to time, by the board of directors.

Section 3. *Preferred Stock.*

(a) *Designation.* The board of directors is hereby vested with the authority from time to time to provide by resolution for the issuance of shares of Preferred Stock in one or more series not exceeding the aggregate number of shares of Preferred Stock authorized by these Articles, and to prescribe with respect to each such series the voting powers, if any, designations, preferences, and relative, participating, optional, or other special rights, and the qualifications, limitations, or restrictions relating thereto, including, without limiting the generality of the foregoing: the voting rights relating to the shares of Preferred Stock of any series (which voting rights, if any, may be full or limited, may vary over time, and may be applicable generally or only upon any stated fact or event); the rate of dividends (which may be cumulative or noncumulative), the condition or time for payment of dividends and the preference or relation of such dividends to dividends payable on any other class or series of capital stock; the rights of holders of Preferred Stock of any series in the event of liquidation, dissolution, or winding up of the affairs of the Corporation; the rights, if any, of holders of Preferred Stock of any series to convert or exchange such shares of Preferred Stock of such series for shares of any other class or series of capital stock or for any other securities, property, or assets of the Corporation or any subsidiary (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, the time or times during which the right to convert or exchange shall be applicable, and the time or times during which a particular price or rate shall be applicable); whether the shares of any series of Preferred Stock shall be subject to redemption by the Corporation and if subject to redemption, the times, prices, rates, adjustments and other terms and conditions of such redemption. The powers, designations, preferences, limitations, restrictions and relative rights may be made dependent upon any fact or event which may be ascertained outside the Articles or the resolution if the manner in which the fact or event may operate on such series is stated in the Articles or resolution. As used in this section "fact or event" includes, without limitation, the existence of a fact or occurrence of an event, including, without limitation, a determination or action by a person, government, governmental agency or political subdivision of a government. The board of directors is further authorized to increase or decrease (but not below the number of such shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. Unless the board of directors provides to the contrary in the resolution which fixes the characteristics of a series of Preferred Stock, neither the consent by series, or otherwise, of the holders of any outstanding Preferred Stock nor the consent of the holders of any outstanding Common Stock shall be required for the issuance of any new series of Preferred Stock regardless of whether the rights and preferences of the new series of Preferred Stock are senior or superior, in any way, to the outstanding series of Preferred Stock or the Common Stock.

(b) *Certificate.* Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate of designation setting forth a copy of the resolution or resolutions of the board of directors, and establishing the voting powers, designations, preferences, the relative, participating, optional, or other rights, if any, and the qualifications, limitations, and restrictions, if any, relating to the shares of Preferred Stock of such series, and the number of shares of Preferred Stock of such series authorized by the board of directors to be issued shall be made and signed by an officer of the corporation and filed in the manner prescribed by the NRS.

Section 4. *Non-Assessment of Stock.* The capital stock of the Corporation, after the amount of the subscription price has been fully paid, shall not be assessable for any purpose, and no stock issued as fully paid shall ever be assessable or assessed, and the Articles shall not be amended in this particular. No stockholder of the Corporation is individually liable for the debts or liabilities of the Corporation.

Section 5. *Non-voting Stock Prohibited.* Notwithstanding any provision herein to the contrary, the Corporation shall not issue any non-voting equity securities.

Section 6. *Gaming Regulation Compliance.* In the event that any shareholder of the Corporation becomes the holder of such a proportion of the Corporation's stock such that a gaming regulatory authority requires such person to undergo a gaming suitability review or similar investigative process, such shareholder shall be required to cooperate with the investigative process in good faith. In the event that: (a) such shareholder fails or refuses to participate in such investigative process in good faith, or (b) such person is found not suitable or is otherwise rejected by the applicable gaming regulatory authority, the Corporation shall have the option to purchase all or any part of such shareholder's stock in the Corporation at a price per share that is equal to the Corporation's average closing share price over the thirty calendar days preceding such purchase.

ARTICLE IV
DIRECTORS AND OFFICERS

Section 1. *Number of Directors.* The members of the governing board of the Corporation are styled as directors. The board of directors of the Corporation shall be elected in such manner as shall be provided in the bylaws of the Corporation. The board of directors shall consist of at least one (1) individual and not more than thirteen (13) individuals. The number of directors may be changed from time to time in such manner as shall be provided in the bylaws of the Corporation.

Section 2. *Limitation of Liability.* The liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS. If the NRS is amended to further eliminate or limit or authorize corporate action to further eliminate or limit the liability of directors or officers, the liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS, as so amended from time to time.

Section 3. *Payment of Expenses.* In addition to any other rights of indemnification permitted by the laws of the State of Nevada or as may be provided for by the Corporation in its bylaws or by agreement, the expenses of officers and directors incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, involving alleged acts or omissions of such officer or director in his or her capacity as an officer or director of the Corporation or member, manager, or managing member of a predecessor limited liability company or affiliate of such limited liability company or while serving in any capacity at the request of the Corporation as a director, officer, employee, agent, member, manager, managing member, partner, or fiduciary of, or in any other capacity for, another corporation or any partnership, joint venture, trust, or other enterprise, shall be paid by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the officer or director to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. To the extent that an officer or director is successful on the merits in defense of any such action, suit or proceeding, or in the defense of any claim, issue or matter therein, the Corporation shall indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense. Notwithstanding anything to the contrary contained herein or in the bylaws, no director or officer may be indemnified for expenses incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, that such director or officer incurred in his or her capacity as a stockholder, including, but not limited to, in connection with such person being deemed an Unsuitable Person (as defined in Article VII hereof).

Section 4. *Repeal And Conflicts*. Any repeal or modification of Sections 2 or 3 above approved by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the liability of a director or officer of the Corporation existing as of the time of such repeal or modification. In the event of any conflict between Sections 2 or 3 above and any other Article of the Articles, the terms and provisions of Sections 2 or 3 above shall control.

ARTICLE V
COMBINATIONS WITH INTERESTED STOCKHOLDERS

At such time, if any, as the Corporation becomes a "resident domestic corporation", as that term is defined in NRS 78.427, the Corporation shall not be subject to, or governed by, any of the provisions in NRS 78.411 to 78.444, inclusive, as may be amended from time to time, or any successor statute.

ARTICLE VI
BYLAWS

The board of directors is expressly granted the exclusive power to make, amend, alter, or repeal the bylaws of the Corporation pursuant to NRS 78.120.

IN WITNESS WHEREOF, the Corporation has caused these articles of incorporation to be executed in its name.

/s/ Munjit Johal
Munjit Johal, President

AMENDED AND RESTATED BY-LAWS
OF
SECURED DIVERSIFIED INVESTMENT, LTD.

(A NEVADA CORPORATION)

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Nevada shall be at such place as the board shall resolve.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Nevada as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
CORPORATE SEAL

Section 3. Corporate Seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Nevada." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III
STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation shall be held at such place, either within or without the State of Nevada, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the office of the corporation required to be maintained pursuant to Section 2 hereof.

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not later than the close of business on the sixtieth (60th) day nor earlier than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so received not earlier than the close of business on the ninetieth (90th) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or, in the event public announcement of the date of such annual meeting is first made by the corporation fewer than seventy (70) days prior to the date of such annual meeting, the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the corporation. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b). The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this paragraph (b), and, if he should so determine, he shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

(c) Only persons who are confirmed in accordance with the procedures set forth in this paragraph (c) shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (c). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation in accordance with the provisions of paragraph (b) of this Section 5. Such stock¬holder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director:

(A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (c) the class and number of shares of the corporation which are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 5. At the request of the Board of Directors, any person nominated by a stockholder for election as a director shall furnish to the Secretary of the corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this paragraph (c). The chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded.

(d) For purposes of this Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), and shall be held at such place, on such date, and at such time, as the Board of Directors shall determine.

(b) If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. If the notice is not given within sixty (60) days after the receipt of the request, the person or persons requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph

(b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 7. Notice of Meetings. Except as otherwise provided by law or the Articles of Incorporation, written notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date and hour and purpose or purposes of the meeting. Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Articles of Incorporation, or by these Bylaws, the presence, in person or by proxy duly authorized, of the holder or holders of not less than fifty percent (50%) of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, all action taken by the holders of a majority of the votes cast, excluding abstentions, at any meeting at which a quorum is present shall be valid and binding upon the corporation; provided, however, that directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Articles of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and, except where otherwise provided by the statute or by the Articles of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of the votes cast, including abstentions, by the holders of shares of such class or classes or series shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares casting votes, excluding abstentions. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a proxy granted in accordance with Nevada law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally. If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 13. Action Without Meeting. No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, or by the written consent of the stockholders setting forth the action so taken and signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote upon were present and voted.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or, if the President is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV
DIRECTORS

Section 15. Number and Qualification. The authorized number of directors of the corporation shall be not less than one (1) nor more than thirteen (13) as fixed from time to time by resolution of the Board of Directors; provided that no decrease in the number of directors shall shorten the term of any incumbent directors. Directors need not be stockholders unless so required by the Articles of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Articles of Incorporation.

Section 17. Election and Term of Office of Directors. Members of the Board of Directors shall hold office for the terms specified in the Articles of Incorporation, as it may be amended from time to time, and until their successors have been elected as provided in the Articles of Incorporation.

Section 18. Vacancies. Unless otherwise provided in the Articles of Incorporation, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholder vote, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors

shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

Section 19. Resignation. Any director may resign at any time by delivering his written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal. Subject to the Articles of Incorporation, any director may be removed by the affirmative vote of the holders of a majority of the outstanding shares of the Corporation then entitled to vote, with or without cause.

Section 21. Meetings.

(a) Annual Meetings. The annual meeting of the Board of Directors shall be held immediately after the annual meeting of stockholders and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Regular Meetings. Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held in the office of the corporation required to be maintained pursuant to Section 2 hereof. Unless otherwise restricted by the Articles of Incorporation, regular meetings of the Board of Directors may also be held at any place within or without the state of Nevada which has been designated by resolution of the Board of Directors or the written consent of all directors.

(c) Special Meetings. Unless otherwise restricted by the Articles of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Nevada whenever called by the Chairman of the Board, the President or any two of the directors.

(d) Telephone Meetings. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(e) Notice of Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, facsimile, telegraph or telex, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting, or sent in writing to each director by first class mail, charges prepaid, at least three (3) days before the date of

the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(f) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum and Voting.

(a) Unless the Articles of Incorporation requires a greater number and except with respect to indemnification questions arising under Section 43 hereof, for which a quorum shall be one-third of the exact number of directors fixed from time to time in accordance with the Articles of Incorporation, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Articles of Incorporation provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Articles of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may by resolution passed by a majority of the whole Board of Directors appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers

and authority of the Board of Directors in the management of the business and affairs of the corporation, including without limitation the power or authority to declare a dividend, to authorize the issuance of stock and to adopt a certificate of ownership and merger, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Articles of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation.

(b) Audit Committee. The Board of Directors may by resolution passed by a majority of the whole Board of Directors appoint an Audit Committee to consist of one (1) or more members of the Board of Directors. The Audit Committee, to the extent permitted by law and provided in the resolution of the Board of Directors, shall act, in conjunction with the board of directors as representatives of the Company's shareholders with regard to:

- Overseeing that management has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company;
- Overseeing that management has established and maintained processes to assure that an adequate system of internal control is functioning within the Company;
- Overseeing that management has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and Company policy;
- Overseeing the selection, retention and activities of the Company's independent auditors and internal auditors, if any.

The audit committee shall have such other powers and perform such additional duties as may be prescribed by the resolution or resolutions creating such committee.

(c) Other Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall such committee have the powers denied to the Executive Committee in these Bylaws.

(d) Term. Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to the provisions of subsections (a) or (b) of this Bylaw may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(e) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or if the President is absent, the most senior Vice President, or, in the absence of any such officer, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V
OFFICERS

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive

Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Chief Operating Officer, the Treasurer, the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 28. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. If there is no President, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 28.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. Unless some other officer has been elected Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties

commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(g) Duties of Chief Operating Officer. The Chief Operating Officer shall be responsible for the development, design, operation, and improvement of the systems that create and deliver the corporation's products and services. The Chief Operating Officer shall be responsible for ensuring that business operations of the corporation are efficient and effective and that proper management of resources and distribution of goods and services to customers is performed. The Chief Operating Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

Section 29. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI
EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 32. Execution of Corporate Instrument. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board of Directors, or the President or any Vice President, and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiting the corporate signature, but not requiring the corporate seal, may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 33. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII
SHARES OF STOCK

Section 34. Form and Execution of Certificates. Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Articles of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the President or any Vice

President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. Each certificate shall state upon the face or back thereof, in full or in summary, all of the powers, designations, preferences, and rights, and the limitations or restrictions of the shares authorized to be issued or shall, except as otherwise required by law, set forth on the face or back a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section or otherwise required by law or with respect to this section a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 36. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Nevada.

Section 37. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in

advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is filed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE VIII
OTHER SECURITIES OF THE CORPORATION

Section 39. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34), may be signed by the Chairman of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to

be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX
DIVIDENDS

Section 40. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Articles of Incorporation.

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X
FISCAL YEAR

Section 42. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI
INDEMNIFICATION

Section 43. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors Officers. The corporation shall indemnify its directors and officers to the fullest extent not prohibited by the Nevada General Corporation Law; provided, however, that the corporation may modify the extent of such indemnification by individual contracts with its directors and officers; and, provided, further, that the corporation shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the

corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Nevada General Corporation Law or (iv) such indemnification is required to be made under subsection (d).

(b) Employees and Other Agents. The corporation shall have power to indemnify its employees and other agents as set forth in the Nevada General Corporation Law.

(c) Expense. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Bylaw or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this Bylaw, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or officer. Any right to indemnification or advances granted by this Bylaw to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standard of conduct that make it permissible under the Nevada General Corporation Law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed in the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to

believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Nevada General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or officer is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the Nevada General Corporation Law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the Nevada General Corporation Law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) Amendments. Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and officer to the full extent not prohibited by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent or another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a "director," "executive officer," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Bylaw.

ARTICLE XII
NOTICES

Section 44. Notices.

(a) Notice to Stockholders. Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to his last known post office address

as shown by the stock record of the corporation or its transfer agent. Any stockholder may waive in writing the requirement of notice to such stockholder, or may consent in writing to receive required notices in the form of facsimile or electronic transmission.

(b) Notice to directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or by facsimile, telex or telegram, except that such notice other than one which is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director. Any director may waive in writing the requirement of notice to such director, or may consent in writing to receive required notices in the form of facsimile or electronic transmission.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Time Notices Deemed Given. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing, and all notices given by facsimile, telex or telegram shall be deemed to have been given as of the sending time recorded at time of transmission.

(e) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(f) Failure to Receive Notice. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him ill the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such director to receive such notice.

(g) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Articles of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be require and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Nevada General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(h) Notice to Person with Undeliverable Address. Whenever notice is required to be given, under any provision of law or the Articles of Incorporation or Bylaws of the corporation, to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a twelve-month period, have been mailed addressed to such person at his address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force

and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth his then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Nevada General Corporation Law, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to this paragraph.

ARTICLE XIII
AMENDMENTS

Section 45. Amendments.

The Board of Directors shall have the sole power to adopt, amend, or repeal Bylaws as set forth in the Articles of Incorporation.

ARTICLE XIV
LOANS TO OFFICERS

Section 46. Loans to Officers. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

ARTICLE XV
BOARD OF ADVISORS

Section 47. Board of Advisors. The Board of Directors, in its discretion, may establish a Board of Advisors consisting of individuals who may or may not be stockholders or directors of the corporation. The purpose of the Board of Advisors would be to advise the officers and directors of the corporation with respect to such matters as such officers and directors shall choose, and any other such matters which the members of such Board of Advisors deem appropriate in furtherance of the best interest of the corporation. The Board of Advisors shall meet on such basis as the members thereof may determine. The Board of Directors may eliminate the Board of Advisors at any time. No member of the Board of Advisors, nor the Board of Advisors itself, shall have any authority within the corporation or any decision making power and shall be merely advisory in nature. Unless

the Board of Directors determines another method of appointment, the President shall recommend possible members to the Board of Directors, who shall approve or reject such appointments.

Declared and certified as the Bylaws of Secured Diversified Investment, Ltd.

Signature of Officer: /s/Robert Saucier

Name of Officer: Robert Saucier

Position of Officer: President

Employment Agreement

This employment agreement (the "Agreement") is made and entered into as of February 8, 2008, by and between Galaxy Gaming, Inc., a Nevada corporation (the "Company") and **William E. O'Hara** (the "Employee").

Recitals

A. The Company is engaged in the business of developing, distributing and otherwise commercializing gaming equipment, games, operating systems for gaming equipment and related products and services throughout the United States, Canada and other countries.

B. Employee understands that Employee will be employed in a sensitive position with access to, and requiring knowledge of confidential and commercially valuable information of the Company and its subsidiaries and affiliates, the unauthorized use or disclosure of which, during and following Employee's separation of employment, could cause the Company and its subsidiaries serious and irreparable injury,

C. Employee also acknowledges that, by virtue of Employee's position with the Company, Employee will have dealings with customers who have close and ongoing relationships with the Company and that Employee's competition for or solicitation of such customers following Employee's separation of employment would cause the Company serious and irreparable injury.

D. Employee acknowledges that the Company would not have entered into this Agreement without Employee's express understanding of and agreement with the confidentiality, non-competition and non-solicitation provisions set forth in this Agreement.

E. The Company desires to employ Employee, and Employee desires to serve as an employee of the Company, on the terms and conditions set forth in this Agreement.

In consideration of the mutual covenants and promises of the parties, the Company and Employee agree as follows:

1. Duties

During the Term of this Agreement, Employee will be employed by the Company to serve as Operations Manager of the Company and its subsidiaries and affiliates. If the Company achieves public company status during the Term, Employee's title will be Chief Operating Officer but all other terms and conditions of this Agreement shall continue in effect unchanged. Employee shall devote substantially all of Employee's business time, attention, energy, knowledge, and skill solely and exclusively to the conduct of the business of the Company as may be reasonably necessary to effectively discharge Employee's duties under this Agreement and, subject to the supervision and direction of the Chief Executive Officer of the Company, will perform those duties and have such authority and powers as are customarily associated with the offices of a Chief Operating Officer of a company engaged in a business that is similar to the business of the Company and/or assigned to him by the President, including (Without limitation): (a) the authority to direct and manage the day-to-day operations and affairs of the Company and (b) the authority to hire and discharge employees of the Company. Unless the parties agree otherwise in writing, during the term of this Agreement, Employee will not be required to perform services under this Agreement other than at Company's principal place of business in Clark County, Nevada; provided, however, that Company may, from time to time, require Employee to travel temporarily to other locations

on the Company's business. Prior written consent of Company shall be required before Employee may undertake to perform any services whether as an employee, consultant officer, director, etc, of a business, commercial or professional nature, whether for compensation or otherwise, Although Company's consent may not be unreasonably withheld, it shall hereby be" deemed reasonable for Company to deny its consent with respect to any and all outside gaming activities.

2. Term of Employment

2.1 Definitions

For purposes of this Agreement the following terms have the following meanings:

(a) 'Severance Period" means that period of time commencing on the date that a Termination Other than for Cause is effected and continuing for twelve (12) months if the Termination Other than for Cause is effected during the first twelve (12) months of the contract, nine (9) months if the Termination Other than for Cause is effected during the second twelve (12) months of the contract and six (6) months if the Termination other than for Cause is effected at any time thereafter.

(b) "Termination for Cause" means termination by Company of Employee's employment by reason of: (i) Employee's material fraud, dishonesty, willful misconduct or gross negligence in the performance of Employee's duties hereunder, including willful failure to perform such duties as may be properly assigned him hereunder; (ii) Employee's breach of the Confidentiality or Non-competition provisions of this Agreement at Sections 5.1 and 5.2; (iii) Employee's material breach of any provision of this Agreement; (iv) Employee's willful or habitual failure to abide by the policies established by the Company; (v) by reason of Employee's gross negligence or intentional misconduct with respect to the performance of Employee's duties under this Agreement (Vi) conviction of or a guilty or nolo contendre plea to a felony or misdemeanor involving moral turpitude; or (vii) Employee's failure to qualify (or, having so qualified, being thereafter disqualified or suspended) or Company's reasonable determination that Employee would not qualify or would not continue to be qualified under any suitability or licensing requirements to which Employee may be subject by reason of Employee's position with the Company or any of its subsidiaries or affiliates, under the laws of any applicable gaming jurisdiction, except that any such failure to qualify or disqualification or suspension resulting from Employee's corporate conduct, rather than individual conduct, shall not constitute Termination for Cause hereunder; provided however that unless such cause constitutes a crime or jeopardizes the safety or welfare of the Company's property, licenses, employees, or customers (in which case no cure period shall apply) no such termination will be deemed a Termination for Cause under subsections 2.1 (a)(iii),(iv) or (v) unless the Company has provided Employee with written notice of what it reasonably believes are the grounds for any Termination for Cause and Employee fails to cure such grounds to the Company's reasonable satisfaction during the 30 day period following receipt of such written notice.

(c) "Termination Other than for Cause" means termination by Company of Employee's employment at any time in the Company's sole discretion for reasons other than those which constitute Termination for Cause.

(d) "Voluntary Termination" means termination by the Employee of the Employee's employment with the Company, excluding termination by reason of Employee's death or disability as described In Sections 2.5 and 2.6.

2.2 Basic Term

The Term of employment of employee by the company will commence on February 18, 2008 and will extend through the period ending on February 28, 2011 (the "Termination Date"). Company and Employee may extend the term of this Agreement by mutual written agreement.

2.3 Termination for Cause

Termination for Cause may be effected by Company at any time during the term of this Agreement and may be effected by written notification to Employee; provided, however, that no Termination for Cause will be effective unless Employee has been provided with the prior written notice and opportunity for remedial action described in Section 2.1 (a). If the Company believes Employee has engaged in conduct that would constitute Termination for Cause, the Company may suspend Employee with pay until such time as Company has made a decision whether to terminate Employee for cause. Upon Termination for Cause, Employee is to be immediately paid all accrued salary, incentive compensation to the extent earned, vested deferred compensation (other than stock, pension or profit sharing plan benefits, which will be paid in accordance with the applicable plan), accrued vacation pay and reimbursable business expenses, all to the date of termination, but Employee will not be paid any severance compensation. All the provisions and obligations of Employee under Sections 51 and 5.2 will survive Termination for Cause.

2.4 Termination Other Than for Cause

Notwithstanding anything else in this Agreement, Company may effect a Termination Other Than for Cause at any time upon giving notice to Employee of such Termination Other Than for Cause. Upon any Termination Other Than for Cause, Employee will immediately be paid all accrued salary, all incentive compensation to the extent earned, severance compensation as provided in Section 4, vested deferred compensation (other than stock, pension or profit sharing plan benefits, which will be paid in accordance with the applicable plan), accrued vacation pay and reimbursable business expenses, all to the date of termination. All the provisions and obligations of Employee under Sections 5.1 and 5.2 will survive Termination Other Than for Cause.

2.5 Termination Due to-Disability

In the event that, during the term of this Agreement, Employee should, in the reasonable judgment of the Company, fail after reasonable accommodation by Company to perform Employee’s duties under this Agreement because of illness or physical or mental incapacity ("Disability ") for more than 30 days in the aggregate in any 12-month period, Company will have the right to terminate Employee's employment under this Agreement by 30 day written notification to Employee and payment to Employee of all accrued salary and incentive compensation to the extent earned, vested deferred compensation (other than stock, pension or profit sharing plan benefits, which will be paid in accordance with the applicable plan), all accrued vacation pay, and reimbursable business expenses all to the date of termination. All the provisions and obligations of Employee under Sections 5.1 and 5.2 will survive Termination Due to Disability.

2.6 Death

In the event of Employee's death during the term of this Agreement, Employee’s employment is to be deemed to have terminated as of date of death, and Company will pay to Employee's estate accrued

salary, incentive compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits, which will be paid in accordance with the applicable plan), accrued vacation pay, and reimbursable business expenses, all to the date of termination. Company shall, make the payments to Employee's estate or beneficiary as applicable. If Employee dies during the Severance Period, the remaining Severance due will be paid in a lump sum to the Employee's estate and Employee's estate and/or beneficiary(ies).

2.7 Voluntary Termination

Employee may voluntarily terminate Employee's employment with the Company by providing the Company with 30-day notice. in the event of a Voluntary Termination, Company will immediately pay to Employee all accrued salary, all incentive compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits, which will be paid in accordance with the applicable plan), accrued vacation pay, and reimbursable business expenses, all to the date of termination, but Employee will not be paid any severance compensation, All the provisions and obligations of Employee under Sections 5.1 and 5.2 will survive Voluntary Termination.

3. Salary, Benefits and Other Compensation

3.1 Base Salary

As payment for the services to be rendered by Employee as provided in Section 1 and subject to the terms and conditions of Section 2, Company agrees to pay to Employee a "Base Salary," in equal bi-monthly installments The Base Salary will be as follows:

Month	Monthly Salary
February 2008	$8000.00 pro-rata
March 2008	$8,000.00
April 2008	$8,500.00
May 2008	$9,000.00
June 2008	$9,500.00
July 2008	$10,000.00
August 2008	$10,500.00
September 2008	$11,000.00
October 2008	$11,500.00
November 2008 and thereafter	$12,000.00

3.2 Revenue Growth Incentive

Company agrees to also pay to Employee a Monthly Gross Recurring Revenue Increase Incentive on the 20th of each month based on the prior month's increase over the highest monthly gross recurring revenue during the Term. Increased revenue arising from acquisitions, mergers; joint ventures and the like shall not be included. The Monthly Gross Recurring Revenue Increase Incentive will be as follows:

Month Payable	Monthly Gross Recurring Revenue Increase Incentive
February and March 2008	No Incentive payable
April 2008 based on increase inMarch 2008	15% of Monthly Gross Recurring Revenue Increase
May 2008 based on increase in April 2008	15% of Monthly Gross Recurring Revenue Increase
June 2008 based on increase in May 2008	15% of Monthly Gross Recurring Revenue Increase
July 2008 based on increase inJune 2008	12.5% of Monthly Gross Recurring Revenue Increase
August 2008 based on increase in July 2008	12.5% of Monthly Gross Recurring Revenue Increase
September 2008 based on increase in August 2008	12.5% of Monthly Gross Recurring Revenue Increase
October 2008 based on increase in September 2008	10% of Monthly Gross Recurring Revenue Increase
November 2008 based on increase in October 2008	1 0% of Monthly Gross Recurring Revenue Increase
December 2008 based on increase in November 2008	1 0% of Monthly Gross Recurring Revenue Increase
January 2008 and thereafter	10% of Monthly Gross Recurring Revenue Increase

The Monthly Gross Recurring Revenue Increase shall mean that month's increase in gross recurring revenue over the highest monthly gross recurring revenue occurring at any time during the Term. For example:

(a) If the Company's monthly gross recurring revenue in March 2008 is $100,000 and in April 2008 is $110,000, Company would pay to Employee on May 20,2008 a Revenue Growth Incentive of $10,000.00 x 15% 0= 5;1500.00

(b) If the Company's monthly gross recurring revenue history is as follows:

Month	Gross Monthly Recurring Revenue
March 2008	$100,000
April 2008	$110,000
May 2008	$105,000
June 2008	$108,000
July 2008	$112,000

Employee would receive Revenue Growth incentives as follows:

Date	Revenue Growth Incentive
May 20, 2008	$10,000 (increase in April) x 15% = $1500
June 20, 2008	$0 monthly gross recurring revenue decreased in May
July 20, 2008	$ 0 monthly gross recurring revenue increased in June over May but not over highest previous point which occurred in April
August 20, 2008	$2,000 (increase in July over previous high in April) x 12.5% = $250

3.3 Section 125 Plan Benefits

As Employee becomes eligible per Company's policy, Employee will receive Section 125 Plan Benefits as a level 4 employee pursuant to Appendix B attached hereto as may be amended from time to time by Company.

3.4 Incentive Bonus Plans

If Company becomes a public company and if there is a public offering, to the extent allowed by Securities and Exchange regulations and other applicable laws and regulations. Employee shall be eligible for pre-public offering stock purchase and to participate in any Company stock option programs on the same basis as an employee of comparable position and compensation as Employee, provided however: (i) Company is not obligated to and there is no guaranty that it will become a public company; (ii) Company is making no representation and is not obligated to provide any stock options to its employees or Employee at all; (iii) Company may structure its stock option plan(s), if any, in its sole discretion in accord with its business plans and purposes; and (iv) the Company's Board of Director(s) shall have sole discretion in determining who may or may not be entitled to stock options under the plan. As Employee becomes eligible, Employee shall be entitled to participate in all bonus, incentive, stock option, savings, and retirement plans, policies, and programs made available by the Company to other peer employees of the Company.

3.5 Benefit Plans

During the term of Employee's employment under this Agreement, the Employee is eligible to participate in all employee benefit plans to the extent maintained by the Company, including (without limitation) any life, disability, health, accident and other insurance programs, paid time off, and similar plans or programs, subject in each case to the generally applicable terms and conditions of the plan or program in question and to the determinations of any committee administering such plan or program. On termination of the Employee for any reason, the Employee will retain all of Employee's rights to benefits that have vested under such plans, but the Employee's rights to participate in these plans will cease on the Employee's termination (unless contrary to law, e.g., COBRA rights) unless the termination is a Termination Other Than for Cause, in which case Employee's rights of participation will continue for a period of six (6) months following Employee's termination,

3.6 Withholding of Taxes

The Employee understands that the services to be rendered by Employee under this Agreement will cause the Employee to recognize taxable income, which is considered under the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder as compensation income subject to the Withholding of income tax (and Social Security or other employment taxes). The Employee hereby consents to the withholding of such taxes as are required by the Company.

3.7 Paid Time Off

As Employee becomes eligible per Company's policy, Employee will receive paid time off to be used for vacation, sick and/or personal days as a level 4 employee pursuant to Appendix B attached hereto as may be amended from time to time by Company.

3.7 Expenses

During the term of this Agreement, Company will reimburse Employee for employee's reasonable out-of-pocket expenses incurred in connection with Company's business, Including travel expenses, food and lodging while away from home, subject to such policies as Company may from time to time reasonably establish for its employees.

3.8 Changes by Company

The Company reserves the right to modify, suspend, not implement or discontinue any and all of the above-mentioned plans, practices, policies, benefits, and programs at any time as long as such action is taken generally with respect to other similarly situated peer employees of the Company and may structure the plan, practices, policies, benefits and programs, if any, in its sole discretion in accord with its business plans and purposes.

4. Severance Compensation

4.1 Termination Other Than for Cause

In the event Employee's employment is terminated in a Termination Other Than for Cause, Employee will be paid as severance pay Employee's Base Salary at that time plus Section 125 plan benefits during the Severance Period, on the dates specified in Section 3.1 for payment of Employee's Base Salary, provided, however, that Employee's entitlement to any such payments or benefits shall be expressly Subject to, contingent upon, and in consideration of (i) the continued validity and enforceability of Sections 5.1 and 5.2 hereunder, and (ii) the Company receiving a release prepared by the Company and executed by Employee, waiving and releasing the Company, its subsidiaries and affiliates, and their officers, directors, agents, benefit plan trustees and employees from any and all claims, whether known or unknown, and regardless of type, cause or nature, including but not limited to claims arising under all salary, bonus, stock, paid time off, insurance and other benefit plans and all state and federal anti-discrimination, civil rights and human rights laws, ordinances and statutes, including Title VII of the Civil Rights Act of 1964 and 1991, the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act of 1990, and the American's with Disabilities Act covering Employee's employment with the Company, its subsidiaries and affiliates, and the cessation of that employment.

During the Severance Period, Employee shall remain an employee of the Company solely for group health and life insurance purposes and for the ability to exercise stock options, and shall receive service credit therefore during that period. Employee will be responsible for the employee portion of the cost of such insurance during the Severance Period similar to other employees.

Notwithstanding anything to the contrary in this Section 4.1, the Company's obligations under this Section 4.1 shall cease (except for obligations pursuant to the terms of any benefit plan or law, e.g., COBRA) and Employee shall immediately return all severance payments previously) received during the Severance Period if Employee breaches in any material respect any of the covenants set forth in Sections 5.1 or 5.2 of this Agreement and such breach is not cured to the Company's satisfaction within ten days from the date written notice thereof is given to Employee by the Company. Employee understands that the Company additionally shall have the right to seek enforcement of Employee's obligations under Sections 5.1 and 5.2

4.2 Other Termination

In the event of " Voluntary Termination, Termination for Cause, Termination for Death, or Termination Due to Disability, Employee or Employee's estate will not be entitled to any severance pay.

5. Confidentiality and Non-competition

5.1 Confidentiality

(a) Employee's position with the Company will or has resulted in exposure and access to confidential and proprietary information which Employee did not have access to prior to holding the position, which information is of great value to the Company and the disclosure of which, directly or indirectly, would be irreparably injurious and detrimental to the Company, Employee agrees to use best efforts and to observe the utmost diligence to guard and protect all confidential or proprietary information relating to the Company from disclosure to third parties, Employee shall not at any time use or make available, either directly or indirectly, to any competitor or potential competitor of the Company or any of its subsidiaries, or their affiliates or divulge, disclose, communicate to any firm corporation or other business entity in any manner whatsoever, any confidential or proprietary information covered or contemplated by this Agreement unless expressly authorized to do so by the Company in writing.

(b) For the purpose of this Agreement, “Confidential Information” shall mean all information of the Company, its subsidiaries and affiliates, relating to or useful in connection with the business of the Company, its subsidiaries or affiliates, whether or not a "trade secret" within the meaning of applicable law, which is not generally known to the general public and which has been or is from time to time disclosed to, developed by or learned by Employee as a result of employment with the Company, Confidential Information includes, but is not limited to the Company's product development and marketing programs, data, future plans, formulas, finances, profits, sales, net income, indebtedness, financial management systems, pricing systems, methods of operation and determination of prices, processes, trade secrets, client and customer lists, suppliers, organizational charts, salary and benefit programs, training programs, computer software, development or experimental work, business records, files, drawings, prints, prototyping models, letters, notes, notebooks, reports, and copies thereof, whether prepared by him or others, and any other information or documents which Employee is told or reasonably ought to know that the Company regards as confidential. Confidential information is not information which is or becomes generally known other than through Employee's acts in violation of this Agreement Disclosures made by the Company to governmental authorities, to its customers or potential customers, to its suppliers or potential suppliers; to its employees or potential employees, to its consultants or potential consultants or disclosures made by the Company in any litigation or administrative or governmental proceedings shall not mean that the matters so disclosed are available to the general public.

(c) Employee agrees that all records, reports, notes, compilations, or other recorded matter, and copies or reproductions thereof, relating to the Confidential Information or any other aspect of the Company's operations, activities or business, made or received by Employee during any period of employment with the Company whether or not Confidential Information (including but not limited to, documents, reports, correspondences, computer printouts, work papers, files, computer lists, telephone and address books, rolodex cards, computer tapes, disks, and any and all records in Employee's possession (and all copies thereof) containing any such information created in whole or in part by Employee within the scope of Employee's employment, even if the items do not contain Confidential information) are and shall be the Company's exclusive property, and Employee will keep the same at all

times in the Company's custody and subject to its control, and will promptly deliver the same to Company upon termination of Employment for any reason whatsoever (or at any prior time at the request of the Company).

(e) This paragraph and any of its provisions will survive Employee's separation of employment for any reason, provided that Employee shall continue to be bound by the confidentiality obligations contained in this Agreement for two (2) years after the termination of employment, except that confidentiality obligations with respect to any information that constitutes a trade secret and has been designated in Writing as such shall continue in effect for so long as the information remains a trade secret.

5.2 Non-competition

Employee shall execute simultaneously with this Agreement the Employee Non-Competition and Non-Solicitation Agreement attached as Appendix A.

5.3 Injunctive Relief

Employee acknowledges and agrees that the terms provided in Sections 5.1 and 5.2 are the minimum necessary to protect the Company, its affiliates and Subsidiaries, its successors and assigns in the use and enjoyment of the confidential information and the good will of the business of the Company. Employee further agrees that damages cannot fully and adequately compensate the Company in the event of a breach or violation of the restrictive covenants (Confidential Information and non-competition) and that without limiting the right of the Company to pursue all other legal and equitable remedies available to it, that the Company shall be entitled to injunctive relief, including but not limited to a temporary restraining order, temporary injunction and permanent injunction against Employee and every other person or entity concerned thereby, to prevent any such violations or any continuation of such violations for the protection of the Company. The granting of injunctive relief will not act as a waiver by the Company to pursue any and all additional remedies. EMPLOYEE AGREES TO PAY THE COSTS, EXPENSES AND REASONABLE ATTORNJEY FEES INCURRED BY THE COMPANY IN PURSUING ANY OF ITS RIGHTS WITH RESPECT TO SUCH VIOLATIONSS, IN ADDITION TO THE ACTUAL DAMAGES SUSTAINED BY THE COMPANY AS A RESULT THEREOF

6. Assignment of Inventions

All processes, discoveries, developments, designs, ideas, innovations, improvements, formulas, processes, techniques, know-how, data, inventions, patents, copyrights, trademarks, and other intangible rights (collectively the "Inventions") that may be made, conceived, reduced to practice, developed or learned by Employee, either alone or with others, during the term of Employee's employment, whether or not conceived or developed during Employee's working hours, that relate at the time of conception or reduction to practice of the Invention to the business of the Company or to Company's actual or demonstrably anticipated research and development, or that result from any work performed by Employee for Company, will be the sole property of Company, and Employee hereby assigns to the Company all of Employee's right, title and interest in and to such Inventions. Employee must disclose to Company all inventions conceived during the term of employment, whether or not the invention constitutes property of Company under the terms of this Section, but such disclosure, will be received by Company in confidence. Employee must execute all documents, including applications, assignments, etc., required by Company to establish Company's rights under this Section. If Company is unable for any reason whatsoever, including Employee's mental or physical incapacity, to secure

Employee's signature to apply for or to pursue any application for any United States or foreign letters patent or copyright registrations (or on any document transferring ownership thereof) covering inventions or original works of authorship assigned to Company under this Agreement, the Employee hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Ernployee's agent and attorney in fact, to act for and in Employee's behalf and stead to execute and file any such applications and documents and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations or transfers thereof with the same legal force and effect as if executed by the Employee. This appointment is coupled with an interest in and to the inventions and works of authorship and shall survive Employee's death or disability. Employee hereby waives and quitclaims to Company any and all claims, of any nature whatsoever, which Employee now or may hereafter have for infringement of any patents or copyright resulting from or relating to any such application for letters patent or copyright registrations assigned hereunder to Company.

7. Miscellaneous

7.1 Waiver

The waiver of any breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach of the same or other provision of this Agreement.

7.2 Notice

All notices and other communications under this Agreement must be in writing and must be given by personal delivery, telecopy, or first class mail, certified or registered with return receipt requested, and will be deemed to have been duly given upon actual receipt or refusal of receipt if personally delivered; five (5) days after mailing, if mailed or 48 hours after transmission, if delivered by telecopy, to the respective persons named below. Mailed notices shall be addressed to parties at the addresses set forth below, but each party may change its address by written notice duly given pursuant to this Section 7.2.

If to Employees:	William E O'Hara 554 Eagle Perch Place Henderson, Nevada 89052
If to Company:	Robert Saucier President Galaxy Gaming, Inc. 6980 O'Bannon Drive Las Vegas, Nevada 89117
With a copy to:	Stephen Sanville General Counsel G a l a x y Gaming, Inc. 69800'Bannon Drive Las Vegas, Nevada 89117

7.3 Arbitration

(a) Any controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration administered by the American Arbitration Association under its National Rules, for the

Resolution of Employment Disputes (including the Optional Rules for Emergency Measures Of Protection) and judgment on the award entered in any Court having jurisdiction.

(b) The arbitration proceedings shall be conducted before a panel of three neutral arbitrators, all of whom shall be members of the bar of the state of Nevada, actively engaged in the practice of employment law for at least ten years.

(c) Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy otherwise resolved. Either party also may without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the arbitral tribunal's determination of the merits of the controversy.

(d) Each party shall bear its own costs, expenses and attorneys fees and an equal share of the arbitrators' and administrative fees of arbitration.

(e) Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both parties. All documents, testimony and records shall be received, heard and maintained by the arbitrators in secrecy, available for the inspection only of the Company or Employee and their respective attomeys and their respective experts who shall agree in advance and in writing to receive all such information confidentially and to maintain such information in secrecy until such information shall become generally known.

(f) The place of arbitration shall be Clark County, Nevada.

(g) In consideration for and as a material condition of employee's employment with the Company Employee agrees that final and binding arbitration is the exclusive means for resolving any claim or controversy arising out of or related to this Agreement. This Agreement is a waiver of all rights Employee may have to a civil court action. Accordingly, only an arbitrator, not a judge or jury, will decide the dispute, although the arbitrator has the authority to award any type of relief that could otherwise be awarded by a judge or jury.

7.4 Governing Law; Partial Invalidity; Jurisdiction and Venue

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflict law applicable to contracts made and to be performed with
such state.

(b) The Agreement shall be liberally construed to maximize protection of the Company's rights in confidential information and customer relations. If any provision of this Agreement is held to be overly broad, invalid or otherwise unenforceable under the applicable law and circumstances by the reviewing court, Employee agrees to modification or reduction of the scope of such provision as such court deems necessary and appropriate to permit its enforcement is modified. The invalidity or unenforceability in whole or part, of any provision of this Agreement shall not affect the validity or enforceability of any other provision unless otherwise indicated in this Agreement.

(c) Any judicial proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement or any agreement identified herein may be brought the in state or federal courts in Clark County, Nevada and by the execution and delivery of this Agreement, each of the parties hereto accepts

for itself the jurisdiction of the aforesaid courts and irrevocably consents to the jurisdiction of such courts (and the appropriate appellate courts) in any such proceedings, and waives any objection to venue laid therein.

7.5 Assignment

This Agreement and the rights, interests and benefits hereunder are personal to the Employee and shall not be assigned, transferred or pledged in any manner by Employee or any personal representatives, heirs, administrators, distributees or any other person claiming under Employee by virtue of this Agreement. This Agreement and all of the Company's rights and obligations hereunder may be assigned, without Employee's consent to any entity which acquires substantially all of the assets of the Company or which merges with the Company and which agrees to be bound hereby.

7.6 No Conflicting Agreement

By signing this Agreement, Employee warrants that Employee is not a party to any restrictive covenant agreement or contract which limits the performance of Employee's duties and responsibilities under this Agreement or under which such performance would constitute a breach.

7.7 Indemnification

The Company agrees that it will indemnify and hold the Employee harmless to the fullest extent permitted by applicable law from and against any loss, cost, expense or liability resulting from or by reason of the fact of the Employee's employment hereunder, whether as an officer, employee, agent, fiduciary, director or other official of the Company, except to the extent of any expenses, costs, judgments, fines or settlement amounts which result from Employee's conduct which is determined by a court of competent jurisdiction to be knowingly fraudulent or deliberately dishonest or to constitute some other type of willful misconduct.

7.8 Survival of Provisions

The provisions of this Agreement shall survive any separation of Employee if so provided herein and if necessary or desirable fully to accomplish the purpose of such provisions, including without limitation the rights and obligations of the Employee under Paragraphs Separation of Employment, Confidentiality, Assignment hereof.

7.9 Miscellaneous

The Section headings herein are for convenience only and shall not affect the meaning or interpretation of the contents hereof. This Agreement and referenced Appendixes contain the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, plans and negotiations, whether written or oral, between the parties with respect to the subject matter hereof including but not limited to any past or future compensation, bonuses, reimbursements, or other payments to Employee from Company. In entering this Agreement, neither party relies on any inducements, promises or representations of the other that do not appear herein. No supplement or modification of this Agreement shall be binding unless in writing and signed by both parties. This Agreement may be executed in multiple counterparts; each of which shall be deemed an original and all of which together shall constitute one instrument. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representative

successors and permitted assigns.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS HAD SUFFICIENT OPPORTUNITY TO REVIEW THIS AGREEMENT WITH EMPLOYEE'S ATTORNEY. IF EMPLOYEE DID NOT DO SO, IT IS BECAUSE EMPLOYEE READ AND UNDERSTOOD THE ENTIRE AGREEMENT AND VOLUNTARILY CHOSE NOT TO OBTAIN LEGAL ADVICE. EMPLOYEE AGREES THAT THE RESTRICTIONS CONTAINED IN THIS AGREEMENT ARE FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES.

IN WITNESS WHEREOF, the parties hereto have knowingly and voluntarily executed the Agreement as of the day and year first written above.

WILLIAM E. O'HARA	GALAXY GAMING, INC.
/s/William E. O'Hara Signature	/s/Robert Saucier Robert Saucier, President

/s/WO
Employee Initial

APPENDIX A OF WILLIAM E. O'HARA EMPLOYMENT AGREEMENT
Employee Non-competition and Non-solicitation Agreement

THIS AGREEMENT is made and entered into this 8th day of February, 2008, by and between Galaxy Gaming, Inc., a Nevada corporation ("Company") and William E. O'Hara ("Employee")

WHEREAS, the Company desires to employ Employee or to continue to employ Employee, and Employee desires to perform services for the Company in a position which will allow Employee access to various trade secrets and confidential information belonging to the Company and which will require Employee to perform services of a' unique and special nature;

WHEREAS, in the case of a new employee, as a condition of Employee's employment, or in the case of an existing Employee, as a condition of Employee's continued employment, raise or promotion, the Company desires to receive from Employee covenants (a) not to engage, directly or indirectly, in competition with the Company; (b) not to solicit any employee of the Company to terminate his or her employment with the Company; and (c) not to solicit any customer of the Company to terminate her or his relationship with the Company; and

WHEREAS, the Company and Employee desire to set forth in writing the terms and conditions of their agreements and understandings with respect to these covenants against competition, disclosure of confidential information, solicitation of employees, and solicitation of customers, as this Agreement is a condition of Employee's employment or continued employment and ancillary thereto, and does not purport to set forth all the terms of such employment.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained, and as a condition of Employee's hiring or continued employment by the Company, and the compensation now and hereafter paid to Employee, Employee hereby acknowledges and agrees with the Company as follows:

1. Acknowledgments

The Company is engaged in the business of developing, distributing and otherwise commercializing table games and side bets relate to table games for casino customers and is currently developing other table game related gaming equipment, including games, operating systems for game tracking, wagering, accounting and bonus systems, for distribution to casino customers (the Company's "Business Activities"). Employee acknowledges that the Company's business and services are highly specialized, the identity and particular needs of the Company's customers and suppliers are not generally known, and the documents and information regarding the Company's customers, suppliers, services, methods of operation, sales, pricing, costs, methods of determination of prices, financial condition, profits, sales, net income, and indebtedness are highly confidential and constitute trade secrets, Employee further acknowledges that the services rendered to the Company by Employee have been or will be of a special and unusual character which have a unique value to the Company and that Employee has had or will have access to trade secrets and confidential information belonging to the Company, the loss of which cannot adequately be compensated by damages in an action at law.

2. Covenant Against Competition

2.1 Employee acknowledges that the services to be performed under this Agreement are of a special, unique, unusual, extraordinary and intellectual character, that the business of the Company is national in scope, that its products are marketed throughout the United States, Canada 'and internationally (the "Market Area"), and that the Company competes with other organizations that are or could be located in any part of the Market Area As an inducement for Company to enter into the Employment Agreement and in consideration of the employment of Employee and the severance pay, benefits and in consideration of continued employment by the Company. Employee hereby covenants and agrees that Employee shall not during the Employment Period, except in the course of Employee's employment hereunder, and for a period of twelve (12) months thereafter, directly or indirectly engage or invest in, own, manage, operate, control or participate in the ownership, management, operation or control of, be employed, associated or in any manner connected with or render services or advice to, any business whose products or activities compete In whole or in part with the Business Activities of the Company within the Geographic Territories within the Market Area in which the Company at any time during the Employment Period conducts its Business Activities; provided, however. that Employee may invest in up to (but not more than) four percent of any class of securities of any enterprise (but Without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934.) If the location where the Company has engaged in Business Activities or provided services to customers is within an area in which gaming activities are regulated by a governmental (state, county, provincial, tribal, country, etc.) body the term "Geographic Territories" shall be all of the geographic area over which the applicable governmental body has jurisdiction.

2.2 During a period twelve (12) months immediately following the termination of Employee's employment, whether with or without cause, Employee shall notify Company in writing by U.S. Mail return receipt requested, within five days of, accepting employment with any other employer (including self-employment) or otherwise participating in any activities prohibited by Section 2.1 above said notice shall include the name, address, and telephone number of the new employer(s), the date employment began, and the duties to be performed by Employee.

2.3 Employee further agrees that upon termination employment, whether with or without cause, Employee will notify any new employer, partner, associate or any other person, firm or corporation with whom Employee becomes associated in any capacity Whatever, of the provisions of this Agreement and that Company may give similar notice of it.

3. Non-solicitation of Employees

During the term of Employee's employment with the Company and for a period of twelve (12) months from the voluntary or involuntary termination of Employee's employment with the Company for any reason whatsoever, Employee shall not either on her or his own account or for any person, firm, partnership, corporation, or other entity (a) solicit, interfere with, or endeavor to cause any employee of the Company to leave his or her employment or (b) induce or attempt to induce any such employee to breach her or his employment agreement with the Company.

4. Non-solicitation of Customers, Suppliers, etc.

During the term of Employee's employment with the Company and for a period of twelve (12) years from the voluntary or involuntary termination of Employee's employment with the Company for any reason whatsoever, Employee shall not, either on her or his own account or for any person, firm partnership, corporation, or other entity take any action or perform any services which are similar to the actions taken or services performed by Employee for the Company during said time which actions or services are designed to, or in fact call upon, compete for, solicit, divert, or take away, or attempt to divert or take away, any of the customers, suppliers, endorsers or advertisers at the Corporation.

5. Remedies

If Employee breaches this Agreement, any stock options (Whether unvested or vested) received, under any Company plan by Employee shall be immediately terminated end cancelled. In addition to all of the remedies otherwise available to the Company, including, but not limited to, recovery from Employee of damages and reasonable attorneys fees incurred in the enforcement of this Agreement, the Company shall have the right to injunctive relief to restrain and enjoin any actual or threatened breach of the provisions of this Agreement. All of the Company's remedies for breach of this Agreement shall be cumulative and the pursuit of one remedy shall not be deemed to exclude any other remedies. If either party to this Agreement shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing such suit and/or enforcing any judgment granted therein.

6. Reasonableness of Restrictions

Employee has carefully read and considered the provisions hereof and, having done so, EMPLOYEE ACKNOWLEDGES AND AGREES THAT THE RESTRICTIONS SET FORTH IN 2, 3 AND 4 OF THIS AGREEMENT ARE FAIR AND REASONABLE BOTH AS TO TIME AND GEOGRAPHIC LIMITATION IN LIGHT OF THE FACT THE COMPANY, ITS AFFLIATES AND SUBSIDIARIES, SOLICIT CUSTOMERS THROUGHOUT THESE GEOGRAPHIC TERRITORIES AND ARE REASONABLY REQUIRED FOR THE PROTECTION OF THE INTERESTS OF THE COMPANY.

7. Separate Covenants

This Agreement shall be deemed to consist of a series of separate covenants. Should a determination be made by a court of competent jurisdiction that the character, duration, or geographical scope of any provision of this Agreement is unreasonable in light of the circumstances as they then exist, then it is the intention and the agreement of the Company and Employee that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the conduct of Employee which are reasonable in light of the circumstances as they then exist and as are necessary to assure the Company of the intended benefit of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because, taken together, they are more extensive than necessary to assure the Company of the intended benefit of this Agreement then it is

expressly understood and agreed by the Company and Employee that those of such covenants which, If eliminated, would permit the remaining separate covenants to be enforced in such proceeding, shall, for the purpose of such proceeding, be deemed eliminated from the provisions hereof.

8. Burden and Benefit

This Agreement shall be binding upon, and shall inure to the benefit of, the Company and Employee, and their respective successors and assigns. The Company shall have this right to assign its rights hereunder to any successor in interest, whether by merger, consolidation, sale of assets, or otherwise.

9. Arbitration

9.1 Any controversy or claim arising out of or relating to this Agreement shall be settled by binding arbitration administered by the American Arbitration Association under its National Rules for the Resolution of Employment Disputes (including the Optional Rules for Emergency Measures Of Protection) and judgment on the award entered in any court having jurisdiction,

9.2 The arbitration proceedings shall be conducted before a panel of three neutral arbitrators, all of whom shall be members of the bar of the state of Nevada, actively engaged in the practice of employment law for at least ten years.

9.3 Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy otherwise resolved. Either party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the arbitral tribunal's determination of the merits of the controversy.

9.5 Each party shall bear its own costs, expenses and attorneys fees and an equal share of the arbitrators' and administrative fees of arbitration.

9.6 Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both parties. All documents, testimony and records shall be received, heard and maintained by the arbitrators in secrecy, available for the inspection only of the Company or Employee and their respective attorneys and their respective experts who shall agree in advance and in writing to receive all such information confidentially and to maintain such information in secrecy until such information shall become generally known.

9.7 The place of arbitration shall be Clark County, Nevada,

9.8 In consideration for and as a material condition of Employee's employment with the Company, Employee agrees that final and binding arbitration is the exclusive means for resolving any claim or controversy arising out of or related to this Agreement. This Agreement is a waiver of all rights Employee may have to a civil court action. Accordingly, only an arbitrator, not a judge or jury, will decide the dispute, although the arbitrator has the authority to award any type of relief that could otherwise be awarded by a judge or jury.

10. Governing Law; Partial Invalidity; Jurisdiction and Venue

10.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflict law applicable to contracts made and to be performed with such state.

10.2 The Agreement shall be liberally construed to maximize protection of the Company's rights in confidential information and customer relations. If any provision of this Agreement is held to be overly broad, invalid or otherwise unenforceable under the applicable law and circumstances by the reviewing court, Employee agrees to modification or reduction of the scope of such provision as such court deems necessary and appropriate to permit its enforcement as modified. The invalidity or enforceability in whole or part, of any provision of this Agreement shall not affect the validity or enforceability of any other provision unless otherwise indicated in this Agreement

10.3 Any judicial proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement or any agreement identified herein may be brought the in state or federal courts in Clark County, Nevada and by the execution and delivery of this Agreement, each of the parties hereto accepts for itself the jurisdiction of the aforesaid courts and irrevocably consents to the jurisdiction of such courts (and the appropriate appellate courts) in any such proceedings, and waives any objection to venue laid therein.

11. Severability

The provisions of this Agreement (including in particular, but not limited to, the provisions of Paragraphs 2, 3, and 4 hereof) shall be deemed severable, and the invalidity or unenforceability of anyone or more of the provisions hereof shall not affect the validity or enforceability of any one or more of the other provisions hereof.

12. Entire Agreement and Amendments

This Agreement contains the entire agreement and understanding by and between the Company and Employee with respect to the covenants contained herein, and no representations, promises, agreements, or understandings, written or oral, not herein contained shall be of any force or effect. No change or modification hereof shall be valid or binding unless the same is in writing and signed by the party against whom such waiver is sought to be enforced. No valid waiver of any provision of this Agreement at any time shall be deemed a waiver of any other provision of this Agreement at such time or will be deemed a valid waiver of such provision at any other time.

13. Notices

All notices, requests, consents, and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first-class, postage prepaid, certified mail, return receipt requested, to Company, by personal notice to its President whose current address is:

Robert S. Saucier
Galaxy Gaming, Inc.
6980 O'Bannon Drive
Las Vegas, Nevada 89117

and to Employee at

William E. O'Hara
554 Eagle Perch Place
Henderson, Nevada 89012

or to such other addresses as either party may specify by written notice to the other.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS HAD SUFFICIENT OPPORTUNITY TO REVIEW THIS AGREEMENT WITH AN ATTORNEY. IF EMPLOYEE DID NOT DO SO, IT IS BECAUSE EMPLOYEE READ AND UNDERSTOOD THE ENTIRE AGREEMENT AND VOLUNTARILY CHOSE NOT TO OBTAIN LEGAL ADVICE. EMPLOYEE AGREES THAT THE RESTRICTIONS CONTAINED IN THIS AGREEMENT ARE FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES

IN WITNESS WHEREOF, the parties hereto have knowingly and voluntarily executed the Agreement as of the day and year first written above.

WILLIAM E. O'HARA	G A L A X Y GAMING, INC.
/s/William E. O'Hara	/s/Robert Saucier
Signature	Robert Saucier, President

/s/WO
Employee Initial

APPENDIX B OF WILLIAM E, O'HARA EMPLOYMENT AGREEMENT

		Personal Time Off			Section 125 Benefit Credit		
	Hours per Pay Period	Year 1	Year 2	Year 3	Year 1	Year 2	Year3
Level 5	Member	-	-	-	-	-	-
Level 4	Sr. Manager	5	6	7	8%	9%	10%
Level 3	Manager	4	5	6	7%	8%	9%
Level 2	Sr. Administrative	3	4	5	6%	7%	8%
Level 1	Administrative	2	3	4	5%	6%	7%
	Annual Days	15	18	21			
		12	15	18			
		9	12	15			

6 9 12

GALAXY GAMING, INC.
GALAXY GAMING, L.L.C.

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DECEMBER 31, 2007 AND DECEMBER 31, 2006

Maddox Ungar Silberstein, PLLC CPAs and Business Advisors

Phone (248) 203-0080
Fax (248) 281-0940
30600 Telegraph Road, Suite 2175
Bingham Farms, MI 48025-4586
www.maddoxungar.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Boards of Directors
Galaxy Gaming, Inc.
Galaxy Gaming, L.L.C.
Las Vegas, Nevada

We have audited the accompanying balance sheets of Galaxy Gaming, Inc., a Nevada Corporation, as of December 31, 2007 and Galaxy Gaming, L.L.C., a Nevada Limited Liability Company, as of December 31, 2006, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Companies management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galaxy Gaming, Inc., as of December 31, 2007 and Galaxy Gaming, L.L.C. as of December 31, 2006 and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that Galaxy Gaming, Inc. will continue as a going concern. As discussed in Note 16 to the financial statements, the Company has incurred losses from operations and is in need of additional capital to grow its operations so that it can become profitable. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are described in Note 16. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Maddox Ungar Silberstein, PLLC
Maddox Ungar Silberstein, PLLC

Bingham Farms, Michigan
February 28, 2008

GALAXY GAMING, INC.
GALAXY GAMING, L.L.C.
BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS		
Current Assets		
Cash	$ 2,635	$ 7,492
Accounts Receivable, Net	253,689	84,419
Prepaid Expenses and Taxes	101,471	70,075
Inventory	43,759	54,577
Deposits	0	30,000
Note Receivable-Current Portion	55,245	0
Total Current Assets	456,799	246,563
Property and Equipment, Net	39,857	88,373
Other Assets		
Patents and Trademarks, Net	140,967	140,967
Note Receivable-Long Term	497,202	0
Total Other Assets	638,169	140,967
TOTAL ASSETS	$ 1,134,825	$ 475,903
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	$ 47,526	$ 244,239
Due to Related Parties	202,386	0
Accrued Expenses and Taxes	115,412	36,094
Unearned Income	149,615	22,884
Notes Payable-Current Portion	20,365	0
Total Current Liabilities	535,304	303,217
Long Term Liabilities		
Notes Payable-Related Party	1,215,515	0
TOTAL LIABILITIES	1,750,819	303,217
STOCKHOLDERS' EQUITY (DEFICIT)		
Common Stock	10,000	0
Additional Paid in Capital	125	0
Retained Earnings (Deficit)	(626,119)	172,686
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(615,994)	172,686
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 1,134,825	$ 475,903

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
GALAXY GAMING, L.L.C.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Gross Revenues	$ 1,969,680	$ 2,106,013
Cost of Goods Sold	230,467	124,791
Gross Profit	1,739,213	1,981,222
Operating Expenses	1,822,866	2,093,988
Net Operating Income (Loss)	(83,653)	(112,766)
Other Expenses	0	(37,739)
Net (Loss) Before Income Taxes	(83,653)	(150,505)
Provision for Income Taxes	0	(29,778)
Net (Loss)	$ (83,653)	$ (180,283)
Weighted Average Number Of Shares Outstanding	10,000,000	0
Net (Loss) Per Share	$ (.01)	$ (.00)

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
GALAXY GAMING, L.L.C.
STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
AS OF DECEMBER 31, 2007

	Common Stock		Additional Paid	Retained Earnings	
	Shares	Amount	in Capital	(Deficit)	Total
Beginning Balance, January 1, 2006		$ 0	$ 0	$ 352,969	$ 352,969
Net Loss for the Year Ended December, 31, 2006				(180,283)	(180,283)
Balance, December 31, 2006		0	0	172,686	172,686
L.L.C. Adjustment				(172,686)	(172,686)
Share Issuance	10,000,000	10,000	125	0	10,125
Dividend Distribution				(542,466)	(542,466)
Net Loss for the Year Ended December 31, 2007				(83,653)	(83,653)
Ending Balance, December 31, 2007	10,000,000	$ 10,000	$ 125	$(626,119)	$ (615,994)

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
GALAXY GAMING, L.L.C.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash Flows from Operating Activities:		
Net (Loss) for the Period	$ (83,653)	$ (180,283)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	13,270	57,513
Provision for Bad Debt	8,422	0
Other Non-Cash Expenses	0	37,739
Changes in Assets and Liabilities		
(Increase) in Accounts Receivable	(262,111)	(23,577)
(Increase) in Inventories	(43,759)	0
(Increase) Decrease in Prepaid Expenses and Taxes	(101,471)	56,176
Decrease in Security Deposits	0	93,357
Increase in Accounts Payable	47,526	161
Increase in Accrued Expenses and Taxes	115,411	13,166
Increase (Decrease) in Unearned Income	149,615	(26,679)
Net Cash Provided By (Used in) Operating Activities	(156,750)	27,573
Cash Flows from Investing Activities:		
Acquisitions of Property and Equipment	(53,127)	(6,536)
Purchase of Intangible Assets	(140,967)	0
(Increase) in Notes Receivable	(552,447)	0
Net Cash Used in Investing Activities	(746,541)	(6,536)
Cash Flows from Financing Activities:		
Proceeds from Long Term Debt	1,235,880	0
Increase in Due to Related Parties	202,387	0
Proceeds from Issuance of Common Stock, Net	10,125	0
Dividend Distribution	(542,466)	0
Decrease in Member Capital	0	(71,016)
Decrease in Notes Payable	0	(4,665)
Net Cash Used in Financing Activities	905,926	(75,681)
Net Increase (Decrease) in Cash and Cash Equivalents	2,635	(54,644)
Cash and Cash Equivalents – Beginning	0	62,136
Cash and Cash Equivalents – Ending	$ 2,635	$ 7,492
Supplemental Cash Flow Information:		
Cash Paid for Interest	$ 0	$ 0
Cash Paid for Income Taxes	$ 0	$ 0

The accompanying notes are an integral part of the financial statements.

Note 1: Nature of Operations

Galaxy Gaming, Inc. ("the Company") was incorporated in the State of Nevada on December 29, 2006 and is based in Las Vegas, Nevada. The Company designs casino games played in land-based and cruise ship gaming establishments. The game concepts and the intellectual property associated with these games are typically protected by patents, trademarks and copyrights. The Company licenses its intellectual property via its own sales force to approximately 200 casinos throughout North America. The clients pay royalties in the form of recurring revenues based upon a negotiated monthly fee. To date, the Company has concentrated on creating and licensing live casino table games. The Company's year-end is December 31st.

On January 1 2007, Galaxy Gaming, L.L.C. (the "LLC"), which was organized as a Nevada Limited Liability Company on September 27, 2000, entered into several agreements with the newly formed Galaxy Gaming, Inc. Pursuant to these agreements the LLC sold some of its assets, such as, inventory and fixed assets to the Company.

On December 31st, 2007 the Company acquired, with an asset purchase agreement from the LLC, the LLC's remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

Because of the above changes and the newly formed Company, the financial statements presented as of and for the year ended December 31, 2007 are for Galaxy Gaming, Inc. and the financial statements presented as of and for the year ended December 31, 2006 are for Galaxy Gaming, L.L.C. The companies were not combined or consolidated. However, they do have common ownership and common control.

Note 2: Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the company's financial statements. The financial statements and notes are representations of the company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied to the preparation of the financial statements.

Note 2: Significant Accounting Policies (continued)

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized as income when earned and expenses are recognized when they are incurred. The Company does not have significant categories of cost as its income is recurring with high margins. Expenses, such as, wages, consulting expenses, legal and professional fees, and rent are recorded when the expense is incurred.

Cash and Cash Equivalents

The Company and the LLC consider cash on hand, cash in banks, certificates of deposit, and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Fair Value of Financial Instruments

The fair value of cash, accounts receivable and accounts payable approximates the carrying amount of these financial instruments due to their short-term nature. The fair value of long-term debt, which approximates its carrying value, is based on current rates at which we could borrow funds with similar remaining maturities.

Property and Equipment

The capital assets have been capitalized and are being depreciated over their estimated useful lives using straight line methods of depreciation for book purposes. As of January 1, 2007, the Company acquired the majority of its capital assets at the lower market cost from the LLC.

Intangible Assets

Effective December 31, 2007, the Company acquired, with an asset purchase agreement from the LLC, the remaining intellectual property including patents, patent applications, trademarks, trademark applications copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

These intangible assets with definite lives will be amortized, using the straight line method over their economic useful lives for potential impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. These assets were transferred at cost.

Note 2: Significant Accounting Policies (continued)

Revenue Recognition

Substantially all revenue is recognized when it is earned. We generally invoice one month in advance and carry as unearned income in the balance sheet. The monthly recurring invoices are based on signed agreements with each of our clients.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions have been made in determining the depreciable lives of such assets, the allowance for doubtful accounts receivable. Actual results could differ from those estimates.

Recently Issued Accounting Guidance

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operation, financial position or cash flow.

Note 3: Note Receivable

Note Receivable at December 31, 2007 was as follows:

	2007	2006
Abyss Group, LLC Agreement	$ 552,447	$ 0
Less: Current Portion	(55,245)	0
Long-Term Note Receivable	$ 497,202	$ 0

Effective December 31, 2007, the Company acquired, with an asset purchase agreement from the LLC, the note receivable stated above, as part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas. The terms agreed upon were a ten year note with 6% fixed interest rate.

Note 3: Note Receivable (continued)

Management evaluated the collectability on a regular basis and will set up reserves for uncollectible amounts when it has determined that some or all of this receivable may be uncollectible. At December 31, 2007 management believes that 100% of the notes receivable principal and interest amounts are collectible.

Note 4: Inventory

Inventory consists of products designed to enhance our table games, such as signs, layouts and bases for the different signs. The inventory value is determined by the average cost method and management determines the inventory levels by the historical and industry trends. Signs and layouts do not change unless the table game changes. At December 31, 2007 the Company had $43,759 in inventory.

As of January 1, 2007, the Company acquired the majority of its inventory at the lower market cost from the LLC.

Note 5: Prepaid Expenses and Taxes

Prepaid expenses and taxes consist of the following as of December 31:

	2007	2006
Refundable Canadian Withholding	$ 43,702	$ 50,603
Prepaid IT System	26,481	0
Prepaid Other	24,698	19,472
Total Prepaid Expenses and Taxes	$ 94,881	$ 70,075

The 2006 assets were not part of any of the purchase agreements that took place as of January1, 2007 between the Company and the LLC.

Note 6: Property and Equipment

The Company and the LLC owned equipment recorded at cost which consisted of the following at December 31:

	2007	2006
Building Improvements	$ 0	$ 36,973
Computer Equipment	22,918	11,760
Furniture & Fixtures	19,889	75,244
Office Equipment	10,320	0
Subtotal	53,127	123,977
Accumulated Depreciation	(13,270)	(35,604)
Property and Equipment, Net	$ 39,857	$ 88,373

Some of the 2006 assets were part of one of the purchase agreements that took place as of January 1, 2007 between the Company and the LLC. Depreciation expense was $13,271 and $57,513 for the years ended December 31, 2007 and 2006, respectively.

Note 7: Accrued Expenses and Taxes

The Company and the LLC recorded accrued expenses and taxes which consisted of the following at December 31:

	2007	2006
Wages and Related Costs	$ 38,659	$ 18,377
Accrued Expenses and Taxes	66,827	13,049
Accrued Royalties-Third Party	9,926	4,668
Accrued Expenses and Taxes	$ 115,412	$ 36,094

The 2006 liabilities were not part of any of the purchase agreements that took place as of January 1, 2007 between the Company and the LLC.

Note 8: Long-Term Debt and Pledged Asset

Long-term debt consists of the following at December 31, 2007:

Note Payable due to a commercial bank in monthly instalments of $9,159 including fixed interest of 7.3%, for ten years, through February 2017 at which time there is a balloon payment of $1,003,230. This liability was acquired with the asset purchase agreement from the LLC, the note payable stated is part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

	2007	2006
GG, LLC Agreement Principal Balance	$ 1,235,880	$ 0
Less: Current Portion	(20,365)	0
Long-Term Debt	$ 1,215,515	$ 0

Note 9: Commitments and Contingencies

Operating Lease Obligation

The Company acquired, from the LLC, through an assignment agreement, the remaining 72 month lease for office space as of January 1, 2007. The lease expires August 30, 2010. The assignment agreement requires monthly rental payments totalling $17,500 per month. Rent to be paid under this lease agreement in the future is summarized as follows:

	2007	2006
December 31, 2008	$ 210,000	$ 0
December 31, 2009	210,000	0
August 30, 2010	140,000	0
Total Lease Obligation	$ 560,000	$ 0

Legal Proceedings

The Company's current material litigation is briefly described below. The Company assumes no obligation to update the status of pending litigation, except as may required by applicable law, statute or regulation.

Note 9: Commitments and Contingencies (continued)

Legal Proceedings (continued)

Sherron Associates, Inc.

Sherron Associates, Inc. ("plaintiff") has filed claims against the Company, its shareholders, and one of the Company's wholly owned subsidiaries ("defendants") alleging that defendants are liable for a judgment obtained by a predecessor of plaintiff against the Company's president as an individual in 1998 in the Superior Court of the State of Washington for the County of Spokane. Sherron Associates first case filed in 2005 in the Superior Court of the State of Washington for the County of King was reversed in the Company's favor by the Court of Appeals, Division I, of the State of Washington in 2007. Plaintiff has recently filed a second suit in the Superior Court of the State of Washington for
the County of King.

The Complaint has only recently been served and no Answer or Motion has yet been filed by the defendants. The Company and its president has brought two separate actions in Clark County, Nevada against plaintiff and its controlling principals and related entities alleging that plaintiff has no right to collect on the Spokane judgment.

California Administrative Licensing Action

In 2002, Galaxy Gaming of California, LLC, which is now a wholly owned subsidiary of the Company, submitted an application to the California Gambling Control Commission (the "Commission") for a determination of suitability for licensure to do business with tribal gaming operations in California. The Division of Gambling Control of the California Department of Justice (the "Division") processed the application and in late 2005 made an initial recommendation to the Commission that the subsidiary was not suitable. The subsidiary believes that the process as conducted by the State of California was seriously flawed and biased and in December 2006 exercised its right to have an administrative law judge instead of the Commission further adjudicate the process. Although the Commission assigned the matter for adjudication before an administrative law judge, the Division has yet to file its issue of charges to begin the adjudication.

In the ordinary course of conducting its business, the Company is, from time to time, involved in other litigation, administrative proceedings and regulatory government investigations including but not limited to those in which the Company is a plaintiff.

Commitments

None at December 31, 2007.

Note 10: Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts based on periodic reviews of our accounts receivable as of December 31, 2007 the Company recorded a provision of $8,422.

Note 11: Dividend Distribution

The Company recorded a one-time, non-cash deemed dividend on December 31, 2007 of approximately $542,466. This dividend resulted due to the continuous efforts of acquiring all the intellectual property from the LLC.

Through this dividend, the Company acquired a Note Receivable (see Note 3) and a Note Payable (see Note 9). This receivable and this liability were acquired with the asset purchase agreement from LLC, both the notes stated are part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

Note 12: Capital Stock

The Company has 65,000,000 shares of $.001 par value common stock and 10,000,000 shares of $.001 par value preferred stock authorized as of December 31, 2007 There were 10,000,000 common shares and -0- preferred shares issued and outstanding at December 31, 2007.

Note 13: Related Party Transactions

The Company has received loans in 2007 for working capital from the LLC

The Company also acquired, from the same party, effective January 1, 2007, the initial inventory and fixed assets. The amounts received are unsecured, due on demand, and non-interest bearing.

The total due under these notes payable to a related party at December 31, 2007 was $179,541.

N o t e 13: Related Party Transactions (continued)

The Company acquired from the same party, a Note Receivable (see Note 3) and a Note Payable (see Note 8). This receivable and this liability were acquired with the asset purchase agreement from LLC, both the notes stated are part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

Note 14: Income Taxes

For the period ended December 31, 2007, the Company has incurred a net loss of $83,653 and, therefore, has no tax liability. This is the Company's first year of operation therefore it has no previous net operating loss carry-forwards. The 2007 loss will be carried forward and can be used through the year 2027 to offset future taxable income of up to a cumulative total of $83,653. In the future the cumulative net operating loss carry-forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	2007
Deferred tax asset attributable to:	
Net operating loss carryover	$ 28,442
Valuation allowance	(28,442)
Net deferred tax asset	$ -

Note 15: Other Expenses

Other expenses of the LLC consisted of the following for the year ended December 31, 2006:

	2006
Loss on the sale of Property and Equipment	$ 17,510
Write off of start-up costs	20,229
Total Other Expenses	$ 37,739

Note 16: Going Concern

The Company's activities to date have required some financing from related parties. The accompanying financial statements have been prepared assuming that the company will continue as an on going concern as discussed in the notes to the financial statements. The Company will continue to need some outside financing to support its internal growth.

Management continues to seek funding to pursue its business plans.

GALAXY GAMING, INC.
BALANCE SHEETS

	As of September 30, 2008 (unaudited)	As of December 31, 2007 (audited)
ASSETS		
Current Assets		
Cash	$ 19,902	$ 2,635
Accounts Receivable, Net	240,502	253,689
Prepaid Expenses and Taxes	93,537	101,471
Inventory	48,376	43,759
Note Receivable-Current Portion	55,245	55,245
Other Assets	26,146	0
Total Current Assets	483,708	456,799
Property and Equipment, Net	30,198	39,857
Other Assets		
Patents and Trademarks, Net	143,088	140,967
Note Receivable-Long Term	455,769	497,202
Total Other Assets	629,055	638,169
TOTAL ASSETS	$ 1,112,763	$ 1,134,825
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts Payable	$ 184,933	$ 47,526
Due to Related Parties	408,713	202,386
Accrued Expenses and Taxes	148,318	115,412
Unearned Income	0	149,615
Notes Payable-Current Portion	23,014	20,365
Total Current Liabilities	764,978	535,304
Long Term Liabilities		
Notes Payable-Related Party	1,197,837	1,215,515
TOTAL LIABILITIES	1,962,815	1,750,819
STOCKHOLDERS' DEFICIT		
Common Stock	10,000	10,000
Additional Paid in Capital	125	125
Accumulated Deficit	(860,177)	(626,119)
TOTAL STOCKHOLDERS' DEFICIT	(850,052)	(615,994)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 1,112,763	$ 1,134,825

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
STATEMENTS OF OPERATIONS
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2008

	Nine Months	Three Months
Gross Revenues	$ 1,690,413	$ 552,301
Cost of Goods Sold	96,852	21,269
Gross Profit	1,593,561	531,032
Operating Expenses	1,743,813	562,512
Net Operating Income (Loss)	(150,252)	(31,480)
Other Income (Expenses)	(83,806)	(32,267)
Net (Loss) Before Income Taxes	(234,058)	(63,747)
Provision for Income Taxes	0	0
Net (Loss)	$ (234,058)	$ (63,747)
Weighted Average Number Of Shares Outstanding	10,000,000	10,000,000
Net (Loss) Per Share	$ (.02)	$ (.01)

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
STATEMENT OF STOCKHOLDERS' DEFICIT
AS OF SEPTEMBER 30, 2008

	Common Stock		Additional Paid	Accumulated Earnings	
	Shares	Amount	in Capital	(Deficit)	Total
Beginning Balance, January 1, 2006		$ 0	$ 0	$ 352,969	$ 352,969
Net Loss for the Year Ended December, 31, 2006				(180,283)	(180,283)
Balance, December 31, 2006		0	0	172,686	172,686
L.L.C. Adjustment				(172,686)	(172,686)
Share Issuance	10,000,000	10,000	125	0	10,125
Dividend Distribution				(542,466)	(542,466)
Net Loss for the Year Ended December 31, 2007				(83,653)	(83,653)
Ending Balance, December 31, 2007	10,000,000	$ 10,000	$ 125	$ (626,119)	$ (615,994)
Net Loss For the Nine Months Ended September 30, 2008				$ 234,058	(234,058)

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

Cash Flows from Operating Activities:		
Net (Loss) for the Period	$	(234,058)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization Expense		17,908
Provision for Bad Debt		14,504
Loss on the Sale/Disposal of Assets		92
Changes in Assets and Liabilities		
(Increase) in Accounts Receivable		(2,337)
(Increase) in Inventories		(4,617)
Decrease in Prepaid Expenses and Taxes		7,934
(Increase) in Other Assets		(26,146)
Increase in Accounts Payable		137,782
Increase in Accrued Expenses and Taxes		32,906
Increase (Decrease) in Unearned Income		(149,615)
Net Cash Provided By (Used in) Operating Activities		(205,647)
Cash Flows from Investing Activities:		
Acquisitions of Property and Equipment		(2,627)
Purchase of Intangible Assets		(7,200)
Proceeds from Notes Receivable		41,443
Net Cash Used in Investing Activities		31,616
Cash Flows from Financing Activities:		
Proceeds from Long Term Debt		0
Payments on Long Term Debt		(15,029)
Increase in Due to Related Parties		206,327
Net Cash Used in Financing Activities		191,298
Net Increase in Cash and Cash Equivalents		17,267
Cash and Cash Equivalents – Beginning		2,635
Cash and Cash Equivalents – Ending	$	19,902
Supplemental Cash Flow Information:		
Cash Paid for Interest	$	0
Cash Paid for Income Taxes	$	0

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

Note 1: Nature of Operations

Galaxy Gaming, Inc. ("the Company") was incorporated in the State of Nevada on December 29, 2006 and is based in Las Vegas, Nevada. The Company designs casino games played in land-based and cruise ship gaming establishments. The game concepts and the intellectual property associated with these games are typically protected by patents, trademarks and copyrights. The Company licenses its intellectual property via its own sales force to approximately 200 casinos throughout North America. The clients pay royalties in the form of recurring revenues based upon a negotiated monthly fee. To date, the Company has concentrated on creating and licensing live casino table games. The Company's year-end is December 31st.

On January 1 2007, Galaxy Gaming, L.L.C. (the "LLC"), which was organized as a Nevada Limited Liability Company on September 27, 2000, entered into several agreements with the newly formed Galaxy Gaming, Inc. Pursuant to these agreements the LLC sold some of its assets, such as, inventory and fixed assets to the Company.

On December 31st, 2007 the Company acquired, with an asset purchase agreement from the LLC, the LLC's remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

Note 2: Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the company's financial statements. The financial statements and notes are representations of the company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied to the preparation of the financial statements.

All adjustments which, in the opinion of management, are considered necessary for a fair presentation of the results of operations for the periods shown are of a normal recurring nature and have been reflected in the unaudited financial statements. There are no additional material subsequent events or material contingencies that require disclosure. The results of operations for the periods presented are not necessarily indicative of the results expected for the full fiscal year or for any future period.

Note 2: Significant Accounting Policies (continued)

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized as income when earned and expenses are recognized when they are incurred. The Company does not have significant categories of cost as its income is recurring with high margins. Expenses, such as, wages, consulting expenses, legal and professional fees, and rent are recorded when the expense is incurred.

Cash and Cash Equivalents

The Company and the LLC consider cash on hand, cash in banks, certificates of deposit, and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Fair Value of Financial Instruments

The fair value of cash, accounts receivable and accounts payable approximates the carrying amount of these financial instruments due to their short-term nature. The fair value of long-term debt, which approximates its carrying value, is based on current rates at which we could borrow funds with similar remaining maturities.

Property and Equipment

The capital assets have been capitalized and are being depreciated over their estimated useful lives using straight line methods of depreciation for book purposes. As of January 1, 2007, the Company acquired the majority of its capital assets at the lower market cost from the LLC.

Intangible Assets

Effective December 31, 2007, the Company acquired, with an asset purchase agreement from the LLC, the remaining intellectual property including patents, patent applications, trademarks, trademark applications copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

These intangible assets with definite lives will be amortized, using the straight line method over their economic useful lives for potential impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. These assets were transferred at cost.

N o t e 2: Significant Accounting Policies (continued)

Revenue Recognition

Substantially all revenue is recognized when it is earned. We generally invoice one month in advance and carry as unearned income in the balance sheet. The monthly recurring invoices are based on signed agreements with each of our clients.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions have been made in determining the depreciable lives of such assets, the allowance for doubtful accounts receivable. Actual results could differ from those estimates.

Recently Issued Accounting Guidance

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operation, financial position or cash flow.

Note 3: Note Receivable

Note Receivable at September 30, 2008 was as follows:

Abyss Group, LLC Agreement	$	511,014
Less: Current Portion		(55,245)
Long-Term Note Receivable	$	455,769

Effective December 31, 2007, the Company acquired, with an asset purchase agreement from the LLC, the note receivable stated above, as part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas. The terms agreed upon were a ten year note with 6% fixed interest rate. See Note 11.

Note 3: Note Receivable (continued)

Management evaluated the collectability on a regular basis and will set up reserves for uncollectible amounts when it has determined that some or all of this receivable may be uncollectible. At September 30, 2008 and December 31, 2007, management believes that 100% of the notes receivable principal and interest amounts are collectible.

Note 4: Inventory

Inventory consists of products designed to enhance our table games, such as signs, layouts and bases for the different signs. The inventory value is determined by the average cost method and management determines the inventory levels by the historical and industry trends. Signs and layouts do not change unless the table game changes. The Company had $48,376 and $43,759 in inventory at September 30, 2008 and December 31, 2007, respectively.

As of January 1, 2007, the Company acquired the majority of its inventory at the lower market cost from the LLC.

Note 5: Prepaid Expenses and Taxes

Prepaid expenses and taxes consist of the following as of September 30, 2008:

Refundable Canadian Withholding	$	76,490
Prepaid Insurance		1,946
Prepaid IT System		11,054
Prepaid Other		4,047
Total Prepaid Expenses and Taxes	$	93,537

The 2006 assets were not part of any of the purchase agreements that took place as of January1, 2007 between the Company and the LLC.

Note 6: Property and Equipment

The Company and the LLC owned equipment recorded at cost which consisted of the following at September 30, 2008:

Computer Equipment	25,453
Furniture & Fixtures	19,889
Office Equipment	10,320
Subtotal	55,662
Accumulated Depreciation	(25,464)
Property and Equipment, Net	$ 30,198

Some of the 2006 assets were part of one of the purchase agreements that took place as of January 1, 2007 between the Company and the LLC. Depreciation expense was $17,908 for the nine months ended September 30, 2008.

Note 7: Long-Term Debt and Pledged Asset

Long-term debt consists of the following at September 30, 2008:

Note Payable due to a commercial bank in monthly instalments of $9,159 including fixed interest of 7.3%, for ten years, through February 2017 at which time there is a balloon payment of $1,003,230. This liability was acquired with the asset purchase agreement from the LLC, the note payable stated is part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas. See Note 11.

GG, LLC Agreement Principal Balance	$ 1,220,851
Less: Current Portion	(23,014)
Long-Term Debt	$ 1,197,837

Note 8: Capital Stock

The Company has 65,000,000 shares of $.001 par value common stock and 10,000,000 shares of $.001 par value preferred stock authorized as of September 30, 2008 There were 10,000,000 common shares and -0- preferred shares issued and outstanding at September 30, 2008.

N o t e 9: Commitments and Contingencies

Operating Lease Obligation

The Company acquired, from the LLC, through an assignment agreement, the remaining 72 month lease for office space as of January 1, 2007. The lease expires August 30, 2010. The assignment agreement requires monthly rental payments totalling $17,500 per month. Rent to be paid under this lease agreement in the future is summarized as follows:

December 31, 2008	$	52,500
December 31, 2009		210,000
August 30, 2010		140,000
Total Lease Obligation	$	402,500

Legal Proceedings

The Company's current material litigation is briefly described below. The Company assumes no obligation to update the status of pending litigation, except as may required by applicable law, statute or regulation.

Legal Proceedings (continued)

Sherron Associates, Inc.

Sherron Associates, Inc. ("plaintiff") has filed claims against the Company, its shareholders, and one of the Company's wholly owned subsidiaries ("defendants") alleging that defendants are liable for a judgment obtained by a predecessor of plaintiff against the Company's president as an individual in 1998 in the Superior Court of the State of Washington for the County of Spokane. Sherron Associates first case filed in 2005 in the Superior Court of the State of Washington for the County of King was reversed in the Company's favor by the Court of Appeals, Division I, of the State of Washington in 2007.

The Complaint has only recently been served and no Answer or Motion has yet been filed by the defendants. The Company and its president has brought two separate actions in Clark County, Nevada against plaintiff and its controlling principals and related entities alleging that plaintiff has no right to collect on the Spokane judgment.

Note 9: Commitments and Contingencies (continued)

Legal Proceedings (continued)

California Administrative Licensing Action

In 2002, Galaxy Gaming of California, LLC, which is now a wholly owned subsidiary of the Company, submitted an application to the California Gambling Control Commission (the "Commission") for a determination of suitability for licensure to do business with tribal gaming operations in California. The Division of Gambling Control of the California Department of Justice (the "Division") processed the application and in late 2005 made an initial recommendation to the Commission that the subsidiary was not suitable. The subsidiary believes that the process as conducted by the State of California was seriously flawed and biased and in December 2006 exercised its right to have an administrative law judge instead of the Commission further adjudicate the process. Although the Commission assigned the matter for adjudication before an administrative law judge, the Division has yet to file its issue of charges to begin the adjudication.

In the ordinary course of conducting its business, the Company is, from time to time, involved in other litigation, administrative proceedings and regulatory government investigations including but not limited to those in which the Company is a plaintiff.

Commitments

None at September 30, 2008.

Note 10: Dividend Distribution

The Company recorded one-time, non-cash deemed dividend on December 31, 2007 of approximately $542,466. This dividend resulted due to the continuous efforts of acquiring all the intellectual property from the LLC.

Through this dividend, the Company acquired a Note Receivable (see Note 3) and a Note Payable (see Note 7). This receivable and this liability were acquired with the asset purchase agreement from LLC, both the notes stated are part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

Note 11: Related Party Transactions

The Company has received advances in 2008 and 2007 for working capital from the related LLC. At September 30, 2008, $408,713 is owed to the LLC for advances received.

The Company also acquired, from the same party, effective January 1, 2007, the initial inventory and fixed assets. The amounts received are unsecured, due on demand, and non-interest bearing.

The Company acquired from the same party, a Note Receivable (see Note 3) and a Note Payable (see Note 8). This receivable and this liability were acquired with the asset purchase agreement from LLC, both the notes stated are part of the purchase of the remaining intellectual property including patents, patent applications, trademarks, trademark applications, copyrights, know-how and trade secrets related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

Note 12: Income Taxes

For the nine months ended September 30, 2008, the Company has incurred a net loss of $234,058 and, therefore, has no tax liability. This, in addition to previous losses of $83,653, creates a net operating loss carry-forward that will begin to expire in the year 2027. In the future the cumulative net operating loss carry-forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount at September 30, 2008 is as follows:

Deferred tax asset attributable to:

Net operating loss carryover	$	108,022
Valuation allowance		(108,022)
Net deferred tax asset	$	-

Note 13: Going Concern

The Company's activities to date have required some financing from related parties. The accompanying financial statements have been prepared assuming that the company will continue as a going concern as discussed in the notes to the financial statements. The Company will continue to need some outside financing to support its internal growth. Management continues to seek funding to pursue its

business plans.

SECURED DIVERSIFIED INVESTMENT, LTD.

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SEPTEMBER 30, 2008

SECURED DIVERSIFIED INVESTMENT, LTD.
PRO FORMA COMBINED BALANCE SHEETS (unaudited)
SEPTEMBER 30, 2008

ASSETS	Secured Diversified Investment, Ltd.	Galaxy Gaming, Inc.	Pro Forma Adjustments	Total
Current Assets				
Cash and cash equivalents	$ 14,741	$ 19,902		$ 34,643
Accounts receivable, net	0	240,502		240,502
Prepaid expenses and taxes	0	93,537		93,537
Inventory	0	48,376		48,376
Real estate investments	150,000	0		150,000
Due from related parties	0	26,146		26,146
Note receivable - current portion	0	55,245		55,245
Total Current Assets	164,741	483,708		648,449
Property and Equipment, Net	0	30,198		30,198
Other Assets				
Patents and trademarks, net	0	143,088		143,088
Note receivable - long term	0	455,769		455,769
Total Other Assets	0	598,857		598,857
TOTAL ASSETS	$ 164,741	$1,112,763		$1,277,504
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable	$ 348,499	$ 184,933	(348,499)**a**	$ 184,933
Accrued expenses and taxes	334,844	148,318	(334,844)**a**	148,318
Due to related parties	0	408,713		408,713
Notes payable – current portion	0	23,014		23,014
Total Current Liabilities	683,343	764,978		764,978
Long Term Liabilities				
Notes payable	0	1,197,837		1,197,837
TOTAL LIABILITIES	683,343	1,962,815		1,962,815
STOCKHOLDERS' DEFICIT				
Capital stock	163	10,000	(163)**b** (10,000)**c** 29,000**d**	29,000
Unissued shares	5,830	0	(5,830)**b**	0
Paid in capital	8,818,647	125	(8,818,647)**b** (125)**c** 145,866**d**	145,866
Accumulated deficit	(9,343,242)	(860,177)	9,343,242**b**	(860,177)
TOTAL STOCKHOLDERS' DEFICIT	(518,602)	(850,052)		(685,311)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY DEFICIT	$ 164,741	$1,112,763		$1,277,504

See accompanying notes to the Pro Forma adjustments.

SECURED DIVERSIFIED INVESTMENT, LTD.
PRO FORMA COMBINED STATEMENTS OF OPERATIONS (unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Secured Diversified Investment, Ltd.	Galaxy Gaming, Inc,	Pro Forma Adjustments	Totals
Gross Revenues	$ 0	$ 1,690,413		$ 1,690,413
Cost of Goods Sold	0	96,852		96,852
Gross Profit	0	1,593,561		1,593,561
Operating Expenses	248,316	1,743,813		1,992,129
Operating Loss	(248,316)	(150,252)		(398,568)
Other Income (Expense)	(71,668)	(83,806)		(155,474)
Net Loss Before Provision for Income Taxes	(319,984)	(234,058)		(554,042)
Provision for Income Taxes	0	0		0
Net Loss	$ (319,984)	$ (234,058)		$ (554,042)
Weighted Average Number Of Shares Outstanding				29,000,000**d**
Net Loss Per Share				$ (0.02)

See accompanying notes to the Pro Forma adjustments.

SECURED DIVERSIFIED INVESTMENT, LTD.
NOTES TO THE PRO FORMA ADJUSTMENTS (unaudited)
SEPTEMBER 30, 2008

(a) Elimination of Secured Diversified Investment, Ltd. liabilities due to bankruptcy

(b) Elimination of Secured Diversified Investment, Ltd. equity due to bankruptcy

(c) Elimination of Galaxy Gaming, Inc. common stock and paid in capital in exchange for new shares of Secured Diversified Investment, Ltd.

(d) Issuance of 29,000,000 shares of $.001 par value common stock of Secured Diversified Investment, Ltd. 25,000,000 were issued in exchange for 100% ownership of Galaxy Gaming, Inc.

4,000,000 shares were issued to past creditors of Secured Diversified Investment, Ltd.