IT&E INTERNATIONAL GROUP
Form DEF 14C
February 07, 2006

Schedule 14C
(Rule 14c-101)

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of
the Securities Exchange Act of 1934

Check the appropriate box:

o	Preliminary Information Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))**
x	Definitive Information Statement

IT&E INTERNATIONAL GROUP
(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	$125.00 per Exchange Act Rule 0-11(c)(1)(ii) or 14c-5(g) and 0-11	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	1.	Title of each class of securities to which transaction applies:
	2.	Aggregate number of securities to which transaction applies:
	3.	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
	4.	Proposed maximum aggregate value of transaction:
	5.	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

IT&E International Group

505 Lomas Santa Fe Drive, Suite 200
Solana Beach, California 92075

INFORMATION STATEMENT

**NOTICE OF ACTION TAKEN BY
WRITTEN CONSENT OF MAJORITY SHAREHOLDERS**

General

We are providing this Information Statement to you to inform you that shareholders holding a majority in interest of the common stock of IT&E International Group (referred to herein as we, us, the Company, or IT&E International) have adopted resolutions by written consent that:

Action No. 1: Adopt and approve an Agreement and Plan of Merger pursuant to which we will reincorporate and reorganize ourselves from the State of Nevada into the State of Delaware (the Reincorporation);

Action No. 2: Adopt the IT&E International, Inc., a Delaware corporation (IT&E Delaware), Certificate of Incorporation which increases the authorized number of shares of our common stock from 250,000,000 to 650,000,000 and authorizes 10,000,000 shares of preferred stock with rights, preferences and privileges as determined by the our Board of Directors (Board) from time to time;

Action No. 3: Approve a reverse stock split to be effected at any time prior to November 9, 2006 in a ratio not to exceed twenty five (25) shares to one (1) share, the timing and the ratio of such reverse stock split to be determined by our Board in its discretion;

Action No. 4: Ratify the creation of a Series D Preferred Stock and approve the Certificate of Designations setting forth the rights, preferences and privileges of the Series D Preferred Stock;

Action No. 5: Approve an amendment to our 2005 Equity Incentive Plan to increase the number of shares of common stock available for issuance under the Plan from 7,500,000 to 25,000,000; and

Action No. 6: Appoint one (1) director to fill one (1) of the existing vacancies on the Board and ratify the appointment of two (2) directors that were appointed by the sitting members of the Board to fill two (2) existing vacancies on the Board.

We have established the close of business on December 1, 2005 as the record date (Record Date) related to the foregoing. Therefore, we are mailing this Information Statement to our shareholders of record as of the close of business on December 1, 2005. We intend to mail this Information Statement to our security holders no later than February 8, 2006.

This Information Statement is being mailed to you for information purposes only. No action is requested or required on your part.

**WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

Shareholders Entitled to Vote

Holders of our common stock at the close of business on December 1, 2005 were entitled to vote on the actions set forth above. On December 1, 2005, we had approximately 60,086,375 shares of common stock issued and outstanding. Each shareholder was entitled to one vote for each share of common stock held by such shareholder.

Results of the Vote

On the record date, holders of a majority of our outstanding common stock executed a written consent in favor of the actions described above. Each of the foregoing actions was approved by 49,616,667 shares, or 82.58% of all shares entitled to vote thereon. This consent satisfies the shareholder approval requirement for the proposed actions.

Information Statement

No action is required by you. We were required to seek shareholder approval for each of the actions described above pursuant to the Securities Purchase Agreement (as defined in Action No. 4 below). As set forth above, we sought and have obtained the required shareholder approval. The accompanying Information Statement is furnished only to inform you of the corporate actions described above before they take effect in accordance with Rule 14c-2 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Pursuant to Rule 14c-2, the foregoing actions will not take effect until a date that is at least twenty (20) days after the date on which this Information Statement has been mailed to you. No other shareholder approval is required.

February 7, 2006

TABLE OF CONTENTS

ACTION NO. 1: THE REINCORPORATION

Purpose of the Reincorporation

The Board has determined that it is in the best interests of the Company and our shareholders to reincorporate and reorganize in the State of Delaware.

The State of Delaware is recognized for adopting comprehensive modern and flexible corporate laws, which are periodically revised to respond to the changing legal and business needs of corporations. For this reason, many major corporations have initially incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to that adopted by our Board and a majority of our shareholders. Consequently, the Delaware judiciary has become particularly familiar with corporate law matters and a substantial body of court decisions has developed construing Delaware law. Delaware corporate law, accordingly, has been, and is likely to continue to be, interpreted in many significant judicial decisions, a fact which may provide greater clarity and predictability with respect to our corporate legal affairs and the activities of our directors.

Mechanics of the Reincorporation

The Reincorporation will be accomplished as follows: (i) we will form a new Delaware corporation, which will be a wholly-owned subsidiary of ours, IT&E Delaware, (ii) we will merge with and into IT&E Delaware pursuant to an Agreement and Plan of Merger (the Reincorporation Agreement) attached hereto as ***Appendix A*** , and (iii) following the merger, IT&E Delaware will be the surviving entity. Pursuant to the Reincorporation Agreement, each outstanding share of our common stock will automatically convert into one (1) share of common stock of IT&E Delaware.

IT WILL NOT BE NECESSARY FOR SHAREHOLDERS TO EXCHANGE THEIR EXISTING STOCK CERTIFICATES FOR STOCK CERTIFICATES OF IT&E DELAWARE.

Shareholders may, however, exchange their certificates through our transfer agent, Holladay Stock Transfer, Inc., if they so choose. Shares of common stock of IT&E Delaware will continue to trade on the over the counter bulletin board.

Timing of the Reincorporation

Pursuant to a covenant in the Securities Purchase Agreement we have agreed to effect, and intend to effect, the Reincorporation on the date that is twenty one (21) days after the date on which this Information Statement is mailed to our shareholders.

Consequences of the Reincorporation

The Reincorporation will result in a change in our legal domicile from Nevada to Delaware and certain other changes described in this Information Statement. The Reincorporation by itself will not result in any change in our business, management, fiscal year, assets or liabilities. The following discussion provides an overview of how the Reincorporation, by itself, will affect certain matters.

Name

Effective upon the Reincorporation, our name will change from IT&E International Group to IT&E International, Inc.

Authorized Capital Stock

Effective upon the Reincorporation, IT&E Delaware will have 660,000,000 authorized shares of capital stock, 650,000,000 of which will be common stock and 10,000,000 of which will be preferred stock with rights, preferences and privileges as determined by the Board from time to time.

Board of Directors

Following the Reincorporation, our Board will continue to consist of the directors holding office prior to the Reincorporation, subject to Action No. 6 described below.

Shareholder Rights

Following the Reincorporation, the rights of our shareholders will be governed by the Certificate of Incorporation of IT&E Delaware, the Bylaws of IT&E Delaware and Delaware General Corporation Law (the DGCL). These changes will result in certain differences in the rights of our shareholders after the Reincorporation is complete. Please see the section of this Information Statement entitled Differences in Shareholder Rights for a discussion of some of these differences.

U.S. Federal Income Tax Consequences

The Reincorporation is intended to be tax free to us and our shareholders under the Internal Revenue Code of 1986, as amended (the Code). Accordingly, it is expected that no gain or loss will be recognized by you solely as a result of the Reincorporation, and no gain or loss will be recognized by us or the newly formed Delaware entity. Each former holder of shares of our common stock will have the same tax basis in the newly formed Delaware entity s common stock received by such holder pursuant to the Reincorporation as such holder has in the shares of our common stock held by such holder at the effective time of the Reincorporation. Each stockholder s holding period with respect to the newly formed Delaware entity s common stock will include the period during which such holder held the shares of our common stock, so long as the latter were held by such holder as a capital asset at the effective time of the Reincorporation. We have not obtained, and do not intend to obtain, a ruling from the Internal Revenue Service with respect to the tax consequences of the Reincorporation.

Accounting Consequences

There will be no material accounting consequences for us resulting from the Reincorporation.

Differences in Shareholder Rights

Bylaws

The bylaws of IT&E Delaware are substantially similar to our existing Amended and Restated Bylaws except that under the NRS, a director may be removed with or without cause only with the affirmative vote of sixty six and two-thirds percent (66 2/3%) of our outstanding voting stock and our existing Amended and Restated Bylaws reflect this aspect of the NRS. In contrast the DGCL allows for the removal of a director, with or without cause, with the affirmative vote of a majority of the outstanding shares of voting stock, and the IT&E Delaware bylaws reflect this aspect of the DGCL. A majority of our outstanding stock is held by a small number of shareholders which means that a relatively small group of shareholders acting together could vote to remove a director under the IT&E Delaware bylaws where such an action would have been more difficult pursuant to the super majority voting provision of the NRS and our existing Amended and Restated Bylaws discussed above. The IT&E Delaware bylaws are attached hereto as ***Appendix B*** .

Certificate of Incorporation

In general, the Certificate of Incorporation of IT&E Delaware differs from our existing Articles of Incorporation in the following manner. Our existing Articles of Incorporation authorize the issuance of 250,000,000 shares of common stock, par value $0.001 per share, and 2,820,000 shares of Series A Preferred Stock, par value $0.001 per share The IT&E Delaware Certificate of Incorporation authorizes the issuance of 660,000,000 shares of capital stock total, par value $.001 per share, of which 650,000,000 are common stock and 10,000,000 of which are preferred stock with rights, preferences and privileges as determined by the Board from time to time, and eliminates reference to the old Series A Preferred Stock, all of which has been converted to common stock.

The rights, preferences and privileges of the common stock of the IT&E Delaware are substantially similar to the rights, preferences and privileges of our common stock, subject to the differences between the NRS and the DGCL described below.

Nevada Revised Statues and Delaware Corporation Law

The following is a summary comparison of certain provisions of the NRS and the DGCL. It does not purport to be anything other than a summary and you are encouraged to review the NRS and DGCL for a complete understanding of their respective provisions.

The NRS and DGCL both have provisions and limitations regarding directors liability. The NRS and DGCL permit a corporation to include in its articles of incorporation or certificate of incorporation, as the case may be, a provision that eliminates or limits the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duties as a director. Both the IT&E International Articles of Incorporation and the IT&E Delaware Certificate of Incorporation include such a provision. However, under DGCL this provision does not eliminate or limit the liability of a director: (1) for any breach of the director s duty of loyalty to the corporation or its shareholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) for declaration of unlawful dividends or illegal redemptions or stock repurchases; or (4) for any transaction from which the director derived an improper personal benefit. Under the NRS, this limitation of liability is not effective for acts or omissions that involve intentional misconduct, fraud, or a knowing violation of law. While these provisions provide directors with protection from awards for monetary damages for breaches of their duty of care, it does not eliminate that duty. Accordingly, these provisions have no effect on the availability of equitable remedies like an injunction or rescission based on a director s breach of his duty of care. These provisions apply to an officer only if he/she is also a director and is acting in the capacity as a director, and does not apply to officers who are not directors.

Both the NRS and DGCL generally permit a corporation to indemnify its officers and directors against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with a third-party action, other than a derivative action, and against expenses actually and reasonably incurred in the defense or settlement of a derivative action, provided that there is a determination that the individual acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation. That determination must be made, in the case of an individual who is a director or officer, at the time of the determination: (i) by a majority of the disinterested directors, even though less than a quorum; (ii) by independent legal counsel, regardless of whether a quorum of disinterested directors exists; or (iii) by a majority vote of the shareholders, at a meeting at which a quorum is present. Both the NRS and DGCL require indemnification of directors and officers for expenses relating to a successful defense on the merits or otherwise of a derivative or third-party action. Also, both NRS and DGCL permit a corporation to advance expenses relating to the defense of any proceeding to directors and officers contingent upon those individuals commitment to repay any advances unless it is determined ultimately that those individuals are entitled to be indemnified.

Under the DGCL, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote in an election of directors unless provided otherwise by the corporation s certificate of incorporation. Under the NRS, any director may be removed by the vote of shareholders representing not less than two-thirds of the voting power entitled to vote.

Under the DGCL, the board of directors can amend the bylaws of a corporation only if the right to do so is expressly conferred upon the board of directors in its certificate of incorporation. In contrast, under NRS the directors are free to amend the bylaws. The IT&E Delaware bylaws include such a provision allowing the Board to amend the bylaws.

Under the NRS and DGCL, unless the articles of incorporation or certificate of incorporation, as the case may be, of a corporation otherwise provide, amendments of the articles of incorporation or certificate of incorporation, as the case may be, generally require the approval of the holders of a majority of the outstanding stock entitled to vote on the amendment, and if the amendment would increase or decrease the number of authorized shares of any class or series or the par value of shares of that class or series or would adversely affect the rights, powers or preferences of that class or series, a majority of the outstanding stock of that class or series also would be required to approve the amendment.

The NRS provides that any merger, consolidation or share exchange of a Nevada corporation, as well as the sale, lease, exchange or disposal of all or substantially all of its assets not in the ordinary course of business, generally must be recommended by the board of directors and approved by a vote of a majority of the outstanding shares of stock of the corporation entitled to vote on such matters, unless the articles of incorporation provides otherwise. Under the NRS, the vote of the shareholders of a corporation surviving a merger is not required if: (i) the articles of incorporation of the surviving domestic corporation will not differ from its articles before the merger; (ii) each shareholder of the surviving domestic corporation whose shares were outstanding immediately before the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitations and relative rights immediately after the merger; (iii) the number of voting shares outstanding immediately after the merger, plus the number of voting shares issued as a result of the merger, either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger, will not exceed by more than twenty percent (20%) the total number of voting shares of the surviving domestic corporation outstanding immediately before the merger; and (iv) the number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger, either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger, will not exceed by more than twenty percent (20%) the total number of participating shares outstanding immediately before the merger. The DGCL contains similar provisions.

The NRS generally restricts the ability of a company to engage in business combinations with an interested shareholder (generally any holder of ten percent (10%) or more of the outstanding voting stock of a company) during the three (3) years following the date such shareholder became an interested shareholder, subject to certain limited exceptions. The DGCL contains similar provisions, with the exception that an interested stockholder under the DGCL shall generally mean any holder of fifteen percent (15%) or more of the outstanding voting stock of a company. As permitted by the DGCL, the New Certificate will expressly elect not to be governed by this provision of the DGCL.

Under the NRS and DGCL, a special meeting of shareholders can be called by the corporation s board of directors or by any person or persons as may be authorized by the corporation s articles of incorporation or certificate of incorporation, as applicable, or bylaws. Under each of the bylaws of IT&E International and the bylaws of IT&E Delaware special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the Board of Directors, and shall be called by the President at the request of the holders of not less than twenty five percent (25%) of all the outstanding shares of the corporation entitled to vote at the meeting.

Both the NRS and the DGCL permit corporate action without a meeting of shareholders upon the written consent of the holders of that number of shares necessary to authorize the proposed corporate action being taken, unless the articles of incorporation or the certificate of incorporation, as applicable, or bylaws expressly provide otherwise. Our existing bylaws and IT&E Delaware s bylaws expressly allow our shareholders to act by written consent.

Neither the NRS nor the DGCL provide that shareholders have the right to cumulate votes in an election of directors, unless expressly set forth in the articles of incorporation or certificate of incorporation, as the case may be. Neither our Articles of Incorporation nor the Certificate of Incorporation of IT&E Delaware allow for cumulative voting in the election of directors.

Under both the NRS and DGCL, any shareholder with a proper purpose may inspect and copy the books, records and shareholder lists of the corporation.

Appraisal Rights

You will be entitled to dissenters rights of appraisal with respect to the Reincorporation provided that you follow the procedures more specifically outlined in the section of this Information Statement below, entitled Dissenters Right of Appraisal. For further information and a description of the procedures to be followed in order to demand appraisal, please refer such section below.

ACTION NO. 2: APPROVE IT&E DELAWARE CERTIFICATE OF INCORPORATION

Our Board and shareholders have approved the Certificate of Incorporation attached to this Information Statement as ***Appendix C*** (the New Certificate).

The New Certificate: (i) increases the number of authorized shares of common stock from 250,000,000 shares to 650,000,000 shares, (ii) eliminates reference to the existing Series A Preferred Stock, and (iii) authorizes the issuance of up to 10,000,000 shares of preferred stock with rights, preferences and privileges to be designated by the Board from time to time.

Our existing Amended and Restated Articles of Incorporation (the Articles) currently authorize 250,000,000 shares of common stock and 2,820,000 shares of preferred stock, all of which is designated as Series A Preferred Stock. As of December 31, 2005, we had 60,448,875 shares of common stock outstanding and no shares of Series A Preferred Stock outstanding. We have the following shares currently reserved for issuance: (i) 25,000,000 shares of common stock reserved for issuance in connection with our 2005 Equity Incentive Plan (subject to the expiration of the waiting period prescribed by Rule 14-2 of the Exchange Act which takes place on the date that is twenty (20) days after we mail this Information Statement to our shareholders); and (ii) 84,066,832 shares of common stock reserved for issuance upon the exercise of outstanding warrants.

Elimination of Existing Series A Convertible Preferred Stock

In order to facilitate an equity financing, the holders of a majority of our Series A Preferred Stock consented and agreed to convert all of the outstanding Series A Preferred Stock into common stock at a conversion ratio of one (1) share of Series A Preferred Stock to ten (10) shares of common stock. On November 4, 2005, we converted 2,820,000 shares of Series A Preferred Stock into 28,200,000 shares of common stock upon receipt of notice of such conversion from the holders of such Series A Preferred Stock. In connection with the conversion of the Series A Preferred, our New Certificate will not contain any reference to the rights, preferences and privileges of our existing Series A Preferred Stock.

Increase in Authorized Common Stock and Authorization of Blank Check Preferred Stock

Our Board has determined that it is in the best interests of the Company and our shareholders to increase the number of authorized shares of our common stock and to authorize the issuance of preferred stock with rights, preferences and privileges to be determined by our Board. The increase in our authorized common stock and preferred stock contemplated by this Action No. 2 will allow us to issue the 16,500 shares of Series D Preferred Stock described in Action No. 4 below. We currently intend to issue 11,500 shares of Series D Preferred Stock as described in Action No. 4 and to reserve up to 5,000 shares of Series D Preferred Stock for issuance upon the exercise of the ComVest Option described in Action No. 4. In addition, we intend to reserve an additional 235,714,215 shares of common stock that will become issuable upon conversion of all such shares of Series D Preferred Stock.

Any remaining shares of authorized but unissued and unreserved common or preferred stock may be issued to new investors in capital raising transactions or in connection with potential acquisitions. However, other than issuing up to 16,500 shares of Series D Preferred Stock described in Action No. 4 below and reserving a sufficient number of shares of common stock for issuance upon conversion of such Series D Preferred Stock into common stock, we have no current plans for the issuance of any remaining authorized but unissued and unreserved common or preferred stock. In addition, we have not currently identified any such acquisition candidate to whom we would issue any such remaining authorized but unissued and unreserved common or preferred stock.

As discussed above and assuming all of the authorized shares of Series D Preferred Stock are issued, such Series D Preferred Stock will initially be convertible into 235,714,215 shares of common stock. After

such conversion to common stock, the holders of all of our Series D Preferred Stock would then hold approximately 79.69% of our outstanding common stock.

In addition, the holders of the Series D Preferred Stock will be entitled to vote on all matters presented to the holders of the common stock. Each share of Series D Preferred Stock will entitle the holder thereof to cast that number of votes that such holder would be entitled to cast had such holder converted its Series D Preferred Stock into shares of common stock as of the date immediately prior to the record date for determining our shareholders eligible to vote on any such matter. Therefore, the holders of our Series D Preferred Stock would initially be entitled to 235,714,215 votes or 79.69% of the voting power when voting together with the common stock as a single class.

Be advised that the issuance of such preferred stock will dilute our existing shareholders and that our Board does not intend to solicit further approval from our shareholders prior to designating the rights, preferences or privileges of any such preferred stock, including, without limitation, rights as to dividends, conversion, voting, liquidation preference or redemption, which in each case may be superior to the rights of our common stock, or prior to the issuance of any such shares of preferred stock.

Effectiveness

We will file the New Certificate with the Secretary of State of the State of Delaware on the date that is twenty one (21) days after the date on which this Information Statement is mailed to our stockholders. Upon the filing of the New Certificate with the Secretary of State of the State of Delaware, the New Certificate will become effective and will become our governing charter document.

ACTION NO. 3: APPROVE REVERSE STOCK SPLIT

Our Board has determined it is in our best interests and the best interests of our shareholders to effect a reverse stock split at any time prior to November 9, 2006 based upon an exchange ratio not to exceed twenty five (25) shares to one (1) share (the Reverse Split).

Consequences of the Reverse Split

The effect of such Reverse Split may increase the trading price of our common stock and could therefore create greater investor interest in our common stock and possibly enhance the marketability of our common stock to the financial market. In addition, the reduction in the number of outstanding shares, together with the increased number of authorized shares, as discussed above, will provide us with additional authorized but unissued shares which could be used for future acquisitions or mergers or to otherwise carry out our business objectives. We do not currently have any specific plans for the issuance of the additional shares of common stock that will be made available as a result of the Reverse Split.

Although the Reverse Split may increase the market price of our common stock, the actual effect of the Reverse Split on the market price cannot be predicted. The market price of the common stock may not rise in proportion to the reduction in the number of shares outstanding as a result of the Reverse Split. Further, there is no assurance that the Reverse Split will lead to a sustained increase in the market price of the common stock. The market price of the common stock may also change as a result of other unrelated factors, including our operating performance and other factors related to our business as well as general market conditions. The Reverse Split will affect all of the holders of our stock uniformly and will not affect any shareholder s percentage ownership interest in us or proportionate voting power, except for minor changes that will result from the rounding of fractional shares, as discussed below.

To help you understand how the Reverse Split will affect: (i) our outstanding common stock, (ii) the shares of common stock we have reserved for issuance upon exercise of warrants and options or conversion of preferred stock, and (iii) our authorized but unissued and unreserved common stock, we have summarized four potential Reverse Split scenarios below. The following scenarios assume that our New Certificate will have been filed at the time of the Reverse Split and that at the time of the Reverse Split, we will have: (i) 60,448,875 shares of common stock issued and outstanding, (ii) 451,923,872 shares of common stock reserved for issuance upon exercise of outstanding warrants and options and the conversion of the Series D Preferred Stock, and (iii) 137,627,253 shares of authorized common stock unreserved and unissued.

If the Board were to effect the Reverse Split at a ratio of five (5) to one (1), immediately after the effective date of such Reverse Split, we would have 12,017,275 shares of common stock issued and outstanding, 90,384,774 shares of common stock reserved for issuance upon exercise of outstanding warrants and options and the conversion of the Series D Preferred Stock, and 547,597,951 shares of authorized but unreserved and unissued common stock.

If the Board were to effect the Reverse Split at a ratio of ten (10) to (1), immediately after the effective date of such Reverse Split, we would have 6,008,638 shares of common stock issued and outstanding, 45,192,387 shares of common stock reserved for issuance upon exercise of outstanding warrants and options and the conversion of the Series D Preferred Stock, and 598,798,975 shares of authorized but unreserved and unissued common stock.

If the Board were to effect the Reverse Split at a ratio of twenty (20) to one (1), immediately after the effective date of such Reverse Split, we would have 3,004,319 shares of common stock issued and outstanding, 22,596,194 shares of common stock reserved for issuance upon exercise of outstanding warrants and options and the conversion of the Series D Preferred Stock, and 624,399,487 shares of authorized but unreserved and unissued common stock.

If the Board were to effect the Reverse Split at a ratio of twenty five (25) to one (1), immediately after the effective date of such Reverse Split, we would have 2,403,455 shares of common stock issued and outstanding, 18,076,955 shares of common stock reserved for issuance upon exercise of outstanding warrants and options and the conversion of the Series D Preferred Stock, and 629,519,590 shares of authorized but unreserved and unissued common stock.

Fractional Shares

No fractional shares will be issued in connection with the Reverse Split. Shareholders who would otherwise be entitled to receive fractional shares because they hold a number of shares that is not evenly divisible by the Reverse Split ratio selected by the Board will receive one (1) additional share of the IT&E Delaware common stock in lieu of such fractional share.

Registered and Beneficial Stockholders

Upon a Reverse Split, we intend to treat stockholders holding our common stock in street name, through a bank, broker, or other nominee, in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers, or other nominees will be instructed to effect the Reverse Split for their beneficial holders holding our common stock in street name. However, these banks, brokers, or other nominees may have different procedures than registered stockholders for processing the Reverse Split. If you hold your shares with a bank, broker or other nominee, and if you have any questions in this regard, we encourage you to contact your nominee.

Accounting Matters

The Reverse Split will not affect the par value of our common stock. As a result, as of the effective time of the Reverse Split, the stated capital attributable to the common stock on our balance sheet will be reduced proportionately based on the Reverse Split ratio selected by our Board, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per-share net income or loss and net book value of our common stock will be restated because there will be fewer shares of our common stock outstanding.

Procedure for Effecting the Reverse Split

If the Board decides to implement the Reverse Split at any time after the date the New Certificate is filed but prior to November 9, 2006, we will promptly file a Certificate of Amendment to our New Certificate with the Secretary of State of the State of Delaware, in the form attached hereto as ***Appendix D*** to amend the New Certificate with a provision effecting the Reverse Split. If our Board determines the Reverse Split ratio and decides to implement the Reverse Split prior to the date on which the New Certificate is filed, we will include a provision in the New Certificate that will effect the Reverse Split. The Reverse Split will become effective at the discretion of our Board (the Reverse Split Effective Date), however no later than November 9, 2006. The Reverse Split will take place on the Reverse Split Effective Date without any further action on the part of shareholders. Beginning on the Effective Date, each certificate representing pre-Reverse Split shares will be deemed, for all corporate purposes, to evidence ownership of post-Reverse Split shares.

IT WILL NOT BE NECESSARY FOR SHAREHOLDERS TO EXCHANGE THEIR EXISTING STOCK CERTIFICATES FOR STOCK CERTIFICATES REPRESENTING THE NUMBER OF SHARES OF STOCK EACH HOLDER IS ENTITLED TO RECEIVE AS A RESULT OF THE REVERSE SPLIT.

No Appraisal Rights

Under the DGCL, our stockholders will not be entitled to appraisal rights in connection with the Reverse Split. Furthermore, we do not intend to independently provide stockholders with any such rights.

Federal Income Tax Consequences of the Reverse Split

The following is a summary of the material United States federal income tax consequences of the Reverse Split, does not purport to be a complete discussion of all of the possible federal income tax consequences of the Reverse Split and is included for general information only. Further, it does not address any state, local or foreign income or other tax consequences. Also, it does not address the tax consequences to holders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. The discussion is based on the provisions of the United States federal income tax as of the date hereof, which is subject to change retroactively as well as prospectively. This summary also assumes that the pre-Reverse Split shares were, and the post-Reverse Split shares will be, held as a *capital asset,* as defined in the Code (i.e., generally, property held for investment). The tax treatment of a stockholder may vary depending upon the particular facts and circumstances of such stockholder. Each stockholder is urged to consult with such stockholder s own tax advisor with respect to the tax consequences of the Reverse Split. As used herein, the term United States holder means a stockholder that is, for federal income tax purposes: a citizen or resident of the United States; a corporation or other entity taxed as a corporation created or organized in or under the laws of the United States, any State of the United States or the District of Columbia; an estate the income of which is subject to federal income tax regardless of its source; or a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

No gain or loss should be recognized by a stockholder upon such stockholder s exchange of pre-Reverse Split shares for post-Reverse Split shares pursuant to the Reverse Split. The aggregate tax basis of the post-Reverse Split shares received in the Reverse Split will be the same as the stockholder s aggregate tax basis in the pre-Reverse Split shares exchanged therefore. The stockholder s holding period for the post-Reverse Split shares will include the period during which the stockholder held the pre-Reverse Split shares surrendered in the Reverse Split.

Our view regarding the tax consequences of the Reverse Split is not binding on the Internal Revenue Service or the courts.

ACCORDINGLY, WE URGE EACH STOCKHOLDER TO CONSULT WITH HIS OR HER OWN TAX ADVISOR WITH RESPECT TO ALL OF THE POTENTIAL TAX CONSEQUENCES TO HIM OR HER OF THE REVERSE SPLIT.

ACTION NO. 4: CREATION OF SERIES D PREFERRED STOCK

In connection with our recent private placement which resulted in gross proceeds to us of approximately $11,500,000 (the Private Placement), our Board and shareholders have approved the creation of a Series D Convertible Preferred Stock and have adopted the Certificate of Designations attached to this Information Statement as ***Appendix E*** (the Certificate of Designations). The Certificate of Designations sets forth the rights, preferences and privileges of our Series D Convertible Preferred Stock (the Series D Preferred Stock). For a summary of such rights, preferences and privileges, please see the table at the end of this Action No. 4 below. Pursuant to a covenant in the Securities Purchase Agreement (defined below) we have agreed to file, and intend to file, the Certificate of Designations on the date that is twenty one (21) days after the date on which this Information Statement is mailed to our shareholders.

In connection with the Private Placement, our Board has authorized the issuance of up to 16,500 shares of such Series D Preferred Stock. The Series D Preferred Stock, when issued as described below, will be senior in rights, preferences and privileges to the shares of our common stock as set forth in the Certificate of Designations. Please see the subsection below entitled, *How the Issuance of the Series D Preferred Stock will Affect our Existing Shareholders,* for more information related to the preferences and privileges of the Series D Preferred Stock.

In addition, we have attached hereto as ***Appendix F*** certain of our historical financial statements, together with certain historical financial statements of Millennix, Inc. and certain pro forma financial information related to both companies which are hereby expressly incorporated herein by reference and are a part of this Information Statement. These financial statements may include information that is material to you with regard to the actions described in this Information Statement.

Background of the Private Financing

For approximately twelve months prior to the closing of the Private Placement, we had been exploring various financing alternatives in order to enable us to fund our growth and acquisition strategy. We originally intended to identify one or more lenders and to enter into a loan or credit facility to finance such growth and acquisition strategy; however, we were unable to identify a lender who would lend us funds on terms that were acceptable to us.

In July, 2005, we were first introduced to ComVest Investment Partners II, LLC (ComVest) by our existing lender, Laurus Master Fund, Ltd. We had no prior relationship with ComVest. Between July, 2005, and November, 2005, ComVest undertook a due diligence investigation of our Company, its operations and financial condition. Once ComVest had completed its due diligence investigation, it proposed a potential preferred stock financing based on its valuation of our Company. Thereafter, we negotiated the terms of their proposal, including ComVest s proposed valuation, at arms-length. The agreed upon valuation resulted in an effective price per share of $0.07, notwithstanding that the price per share of our common stock on the date of the first closing, November 9, 2005, was $0.17 per share. In addition, ComVest s proposal included a provision whereby we would also issue to the new investors warrants to purchase a number of shares of our common stock equal to fifty percent (50%) of the number of shares of common stock issuable upon conversion of the new preferred stock at an exercise price equal to $0.10 per share, notwithstanding that the price per share of our common stock on November 9, 2005 was $0.17 per share. The exercise price of $0.10 per share was intended to be thirty percent greater than the effective price per share of the new preferred stock, or $0.07, which was based on ComVest s valuation of our Company.

In addition, ComVest s proposal required that we (i) repay all of our outstanding debt and terminate any existing security agreement with any lender such that the holders of our newly created preferred stock would be senior to all of our other outstanding securities with respect to liquidation preference, and

(ii) consummate the acquisition of the Millennix assets concurrently with the closing of the preferred stock financing. ComVest s proposal also required that the holders of the Series D Preferred Stock be entitled to elect five (5) of our seven (7) directors, which required that one (1) of our existing directors resign from our Board.

Our Board considered ComVest s proposal together with all other factors it deemed relevant to the decision, including, without limitation, the Company s growth and acquisition strategy, financial position, financing alternatives and the substantial dilution that would result to our existing shareholders and determined that it was in the best interest of the Company and its shareholders to proceed with an equity financing along the lines proposed by ComVest because it enabled us to enter into a relationship with an investor whose interests were more aligned with the interests of our shareholders in general and provided us with greater access to capital to further our acquisition strategy; provided, however, that because we did not yet have sufficient shares of preferred stock authorized to complete such a preferred stock financing, we proposed to issue and sell convertible notes that would automatically convert into such newly created preferred stock at such time as this preferred stock was duly authorized by our shareholders. In addition, it was determined that Anthony Allocca would resign from our board to create five (5) vacancies on our Board and that Mr. Allocca would continue on in his capacity as one of our officers.

Approximately one week prior to the initial closing, ComVest introduced us to each of the other two new investors, Mr. McCall and Mr. Dontzin. We had no prior relationship with either of such individuals. Two entities affiliated with Mr. McCall are also investors in ComVest with an aggregate ownership interest of approximately 1.8%. Mr. Dontzin is also an investor in ComVest with an ownership interest of approximately 0.9%. Neither Mr. McCall nor Mr. Dontzin have any management role with ComVest.

The Private Placement and the Issuance of our Series D Preferred Stock

On November 9, 2005, we issued and sold senior secured convertible promissory notes (the Senior Notes) in an aggregate principal amount of $7,000,000 to certain purchasers (the Purchasers) and warrants to purchase an additional 49,999,985 shares of common stock at an exercise price of $0.10 per share pursuant to that certain Securities Purchase Agreement dated November 9, 2005 (the Securities Purchase Agreement). On December 22, 2005, we held a second closing at which we issued an additional Senior Note in the aggregate principal amount of $4,500,000 and a warrant to purchase an additional 32,142,847 shares of common stock at an exercise price of $0.10 per share. The Senior Notes automatically convert into a number of shares of our Series D Preferred Stock equal to the total outstanding principal amount under all issued and outstanding Senior Notes divided by $1,000 upon the filing of the Certificate of Designations. The shares of Series D Preferred Stock will be issued to the Purchasers as follows: (i) ComVest will receive 10,300 shares; (ii) Charles McCall will receive 1,000 shares; and (iii) Matthew Dontzin will receive 200 shares.

In addition, pursuant to the Securities Purchase Agreement, we granted ComVest the right to invest up to an additional $5,000,000 (the ComVest Option) at any time prior to May 9, 2006. If ComVest chooses to exercise the ComVest Option prior to the filing of the Certificate of Designations, ComVest will receive an additional Senior Note in the principal amount of $5,000,000 and if ComVest chooses to exercise the ComVest Option in full after the Certificate of Designations has been filed, ComVest will be issued 5,000 shares of Series D Preferred Stock. If ComVest exercises the ComVest Option, it will also be issued an additional warrant to purchase 35,714,275 of common stock at an exercise price of $0.10 per share.

How the Issuance of the Series D Preferred Stock Will Affect our Existing Shareholders

As noted above, the Series D Preferred Stock, when issued, will be senior in rights, preferences and privileges to the shares of our outstanding common stock. In particular, the holders of our Series D

Preferred Stock will (i) have a liquidation preference in the event of a liquidation event (defined below), (ii) have certain voting rights with respect to the election of directors and other material transactions, and (iii) have effective voting control of all outstanding capital stock.

The Liquidation Preference

With respect to our Series D Preferred Stock, a liquidation preference means that upon a liquidation event, the holders of our Series D Preferred Stock will receive $1,000 per share of Series D Preferred Stock then held by such holder from the proceeds of such liquidation event before the holders of our common stock receive any of the proceeds from such liquidation event. For example, if a liquidation event were to occur immediately after the filing of the Certificate of Designations, and assuming all 16,500 shares of Series D Preferred Stock were then outstanding, the holders of our Series D Preferred Stock would be entitled to receive an aggregate of $16,500,000 from the proceeds of such liquidation event before the holders of our common stock were to receive any of the proceeds from such liquidation event. Therefore, if the value of our assets were approximately the same on the date of such liquidation event as they are on the date of this Information Statement, the holders of our common stock would not be entitled to receive any proceeds from such liquidation event. Further, assuming the value of our assets was in excess of $16,500,000 at the time of such liquidation event, our common stockholders would have to share any such remaining proceeds in excess of $16,500,000 with the holders of our Series D Preferred Stock on a pro rata basis and as if such shares of Series D Preferred Stock had converted into common stock immediately prior to such liquidation event. For purposes of our Series D Preferred Stock, a liquidation event means (i) our liquidation, dissolution or winding up; (ii) our involvement in a bankruptcy action or our admission of our inability to pay our debts as they become due; (iii) a merger or consolidation where our existing shareholders do not retain more than 50% of our voting power or interest; (iv) a sale of all or substantially all of our assets; or (v) the acquisition of 50% or more of our voting power or interest by a single person or group.

Rights with Respect to the Election of Directors and Protective Provisions

The holders of Series D Preferred Stock will also have the right to elect a five (5) out of seven (7) members of our Board. Our common stockholders will have the right to elect the remaining two (2) directors. Additionally, we may not, once the shares of Series D Preferred Stock are issued, without the consent of the holders of a majority of the shares of Series D Preferred Stock, take certain actions, including, without limitation: (i) altering, amending or repealing the rights, preferences and privileges of the Series D Preferred Stock; (ii) altering, amending or repealing our certificate of incorporation or bylaws in a manner that would adversely affect the voting power or any other rights, preferences or privileges of the Series D Preferred Stock; (iii) creating any securities senior in rights, preferences or privileges to the Series D Preferred Stock; and (iv) creating any securities equal in rights, preferences or privileges to the Series D Preferred Stock.

Effective Voting Control

The holders of our Series D Preferred Stock will be entitled to vote on all matters presented to the holders of our common stock on an as-if-converted to common stock basis. Each share of Series D Preferred Stock will initially be convertible into 14,285.71 shares of our common stock. As a result, the holders of Series D Preferred Stock will initially be entitled to 235,714,215 votes, or 79.69% of the voting power, when voting together with the common stock as a single class on any action to be voted upon by the holders of our capital stock.

Use of Proceeds from the Private Financing

Repayment of the Laurus Note

We used approximately $5,000,000 of the proceeds received in the Private Placement and the sale of the Senior Notes to repay Laurus Master Fund, Ltd. (Laurus) all outstanding amounts owed under a Secured Convertible Term Note dated October 18, 2004 (the Laurus Note). We had intended to use the proceeds of the Laurus Note, which bore interest at rate equal to the prime rate, as published in the Wall Street Journal, plus 2.5%, for working capital and potential acquisitions. While we could have used such proceeds to consummate the Millennix acquisition described below, our Board determined that repaying the Laurus Note and entering into the Private Placement was in the best interests of our Company and our shareholders because it enabled us to enter into a relationship with an investor whose interests were more aligned with the interests of our shareholders in general and provided us with greater access to capital to further our acquisition strategy.

Acquisition of Millennix, Inc.

Additionally, approximately $1,200,000 of the proceeds received in the sale of the Senior Notes was used to acquire substantially all of the assets of Millennix, Inc. (Millennix). Of such amount, approximately $78,000 represents a loan repaid on behalf of Millennix to The Bank of New York pursuant to a Promissory Note dated March 29, 2002, which bore interest at the prime rate, as publicly announced from time to time by The Bank of New York, plus 1%. In addition to the cash portion of the purchase price for the assets of Millennix, we also issued 10,416,667 shares of our common stock to Dr. Gene Resnick, the sole shareholder of Millennix, and assumed certain debts of Millennix in the aggregate principal amount of approximately $800,000.

We are also obligated to pay a possible additional $1,400,000 in cash (Millennix Earnout), contingent upon the achievement of certain earnout milestones. We currently contemplate that we will pay the Millennix Earnout using our available working capital, some of which may, but will not necessarily, include proceeds received from the sale of the Senior Notes.

Millennix provides comprehensive clinical research services for Phase I through Phase IV clinical trials, with a focus in oncology and other complex medical conditions. Millennix also assists its clients with strategic and regulatory planning, as well as protocol development, investigator qualification and recruitment, study implementation and management, and data management. Millennix s clients include large pharmaceutical companies and smaller pharmaceutical and biotechnology companies. As such, the primary component of the assets we acquired from Millennix was the various service agreements Millennix has entered into with its various clients related to the conduct of their respective clinical trials and the Millennix expertise and personnel. We had no relationship with Millennix prior to the acquisition of the Millennix assets.

We intend to operate Millennix as a division of our Company. Our Millennix division will continue to be located in Purchase, New York. We have hired each of the employees of Millennix who was an employee of Millennix immediately prior to the acquisition. In addition, we intend to integrate our sales operations as well as our internal control systems and certain other information technology. To date, we have not encountered any material difficulty in integrating such aspects of the two companies; however, the integration process is still at a very early stage.

Remaining Proceeds from the Private Placement

The remaining proceeds received from the sale of the Senior Notes, including those received in connection with the exercise of the ComVest Option, if any, shall be used as working capital and for potential future acquisitions. At this time, however, we have not identified any such potential future

acquisition candidates for which we would use such funds. We expect the funds received in the Private Placement to be sufficient to fund our operations through at least December 31, 2006.

Summary of the Terms of the Series D Preferred Stock

The following is a summary of the rights, preferences and privileges of the Series D Preferred Stock.

Dividends:	Holders of Series D Preferred Stock are not entitled to receive dividends.
Liquidation Preference:	In the event of any liquidation or winding up of IT&E Delaware, the holders of Series D Preferred Stock will be entitled to receive, in preference to the holders of the IT&E Delaware common stock, an amount per share equal to the stated value per share, initially $1,000, subject to weighted average anti-dilution adjustments (the Liquidation Preference). If the assets and funds thus distributed among the holders of the Series D Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of IT&E Delaware legally available for distribution shall be distributed ratably among the holders of the Series D Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive. All remaining proceeds thereafter shall be shared pro rata by the holders of common stock and the holders of the Series D Preferred Stock (on an as converted basis). A consolidation or merger of IT&E Delaware or sale of all or substantially all of its assets in a transaction in which IT&E Delaware s stockholders prior to such transaction hold less than fifty percent (50%) of the voting power of the surviving or acquiring entity shall be deemed a liquidation or winding up for purposes of the Liquidation Preference.
Redemption:	IT&E Delaware has the right, upon written notice to the holders of Series D Preferred Stock, to redeem any of the holder s Series D Preferred Stock, if the following conditions are met: (i) a majority of the independent non-employee members of the Board of Directors (as independent is defined in Rule 10A-3 of the Exchange Act) have affirmatively voted in favor of the redemption; (ii) the closing price of the common stock has traded at or above a price equal to $0.30 for a period of twenty (20) days prior to the redemption notice; and (iii) IT&E Delaware has achieved a pre-tax income per share of common stock (calculated on a fully-diluted basis after giving effect to the issuance of the common stock underlying the Series D Preferred Stock, and using the Treasury Method for options and warrants) of at least $0.015 per share for the prior trailing four (4) quarters (excluding any non-recurring extraordinary expenses). IT&E Delaware may exercise this right by delivering $0.001 per share of common stock issuable upon the conversion of the Series D Preferred Stock being redeemed.
Optional Conversion:	The Series D Preferred Stock will be convertible into common stock at any time, at the sole option of each holder. The conversion ratio is determined by dividing the Liquidation Preference by the then-current conversion price for the Series D Preferred Stock. The initial conversion price for the Series D Preferred Stock is $0.07 (the Conversion Price).
Anti-Dilution:	The Conversion Price of the Series D Preferred Stock is subject to adjustment on a weighted average anti-dilution basis if IT&E Delaware sells shares of equity securities, or is deemed to have sold shares of equity securities, at a purchase price less than the then-effective Conversion Price for the Series D Preferred Stock, subject to certain standard and customary exceptions. There shall also be a proportional adjustment to the Series D Preferred Stock Conversion Price in the event of stock splits, stock dividends, recapitalizations, combinations and the like.
Voting:	A holder of Series D Preferred Stock will have the right to that number of votes equal to the number of shares of common stock issuable upon conversion of the Series D Preferred Stock held by such holder. Except as otherwise provided by law or otherwise set forth herein, the Series D Preferred Stock and the common stock shall vote together on all other matters.
Board of Directors:	Pursuant to the Certificate of Designations, for so long as the Series D Preferred Stock is outstanding, the authorized number of members of the Board of Directors shall be seven (7) and the holders of Series D Preferred Stock, voting as a separate class, shall be entitled to elect five (5) members to the Board of Directors.

Protective Covenants:	So long as any of the shares of Series D Preferred Stock remain outstanding, the consent of at least a majority of the Series D Preferred Stock, voting as a separate class, will be required for IT&E Delaware to undertake any of the following actions:
	• alter, amend or repeal (whether by merger, consolidation or otherwise) the rights, preferences or privileges of the Series D Preferred Stock or any capital stock of IT&E Delaware so as to affect adversely the Series D Preferred Stock;
	• alter, amend or repeal, the Certificate of Incorporation or Bylaws, in a manner that would adversely affect the voting power of the Series D Preferred Stock or any other rights or privileges of the holders of the Series D Preferred Stock;
	• create any new class or series of capital stock having a preference over the Series D Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Corporation (Senior Securities);
	• create any new class or series of capital stock ranking pari passu with the Series D Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of IT&E Delaware (Pari Passu Securities);
	• increase the authorized number of shares of Series D Preferred Stock,
	• issue any Senior Securities or Pari Passu Securities;
	• issue or sell any shares of common stock or securities convertible into common stock for no consideration or for a consideration per share less than the then in effect Conversion Price, except that, no adjustment to the Conversion Price will be made in the case of (i) shares of common stock options or shares of common stock issued upon the exercise of any such options to employees, officers or directors of IT&E Delaware pursuant to any stock or option plan duly adopted by a majority of the non-employee members of the Board of Directors of IT&E Delaware or a majority of the members of a committee of non-employee directors established for such purpose, (ii) securities upon the exercise of or conversion of any convertible securities, options or warrants issued and outstanding on November 9, 2005, provided that such securities have not been amended, (iii) the securities issued or issuable hereunder or pursuant to that certain Securities Purchase Agreement between the Company and the purchasers set forth on the signature pages thereto, dated as November 9, 2005, (iv) issuances in connection with mergers, acquisitions, joint ventures or other transactions with an unrelated third party in a bona fide transaction the purpose of which is not fundraising, or (v) issuances at fair market value to the IT&E Delaware s suppliers, consultants and other providers of services and goods not to exceed $100,000 to any one person, and not to exceed an aggregate of $250,000 in any fiscal year without the prior written consent of the holders of a majority of shares of Series D Preferred Stock;
	• increase the par value of the common stock;
	• directly or indirectly pay or declare any dividend, make any distribution upon, redeem or repurchase any shares of capital stock (except a dividend on, or distribution upon, the Series D Preferred Stock or pursuant to a stock option or award under a plan approved by the Board of Directors); (ii) agree to any provision in any agreement that would impose any restriction on our ability to honor the exercise of any rights of the holders of the Series D Preferred Stock;
	• enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any of its affiliates, unless such transaction is (i) in the ordinary course of business, and (ii) upon fair and reasonable terms no less favorable to IT&E Delaware than it would obtain in a comparable arm s length transaction with a person which is not an affiliate; or
	• do any act or thing not authorized or contemplated by the Certificate of Designations which would result in taxation of the holders of shares of the Series D Preferred Stock under Section 305 of the Code (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended).
Registration Rights:	IT&E Delaware will be obligated to file a re-sale registration statement registering the shares of common stock issuable upon conversion of the Series D Preferred Stock within fifteen (15) days after the earlier to occur of: (i) the exercise in full of the ComVest Option, which may occur at any time after November 9, 2005, or (ii) the expiration of the ComVest Option on May 9, 2006.

ACTION NO. 5: APPROVE AMENDMENT TO COMPANY S 2005 EQUITY INVENTIVE PLAN

Our Board has adopted, and the shareholders have approved, an amendment to the IT&E International Group 2005 Equity Incentive Plan (the Plan), under which employees, consultants and directors may receive grants of stock options, restricted stock awards and stock bonuses (collectively, Stock Awards) to increase the maximum number of shares that have been reserved for issuance under the Plan from 7,500,000 to 25,000,000. The principal features of the Plan are summarized below. Such summary is qualified in its entirety by reference to the full text of the Plan, a copy of which is attached as ***Appendix G*** to this Information Statement.

Terms and Conditions of the Plan

We believe that our ability to award incentive compensation based on equity in us is critical to our success in remaining competitive and attracting, motivating and retaining key personnel. The efforts and skill of our employees and other personnel who provide services to us generate much of the growth and success of our business. We believe that a broad-based equity incentive program will help us to be highly successful in motivating and rewarding the efforts of our employees and other valuable personnel. By giving our employees, consultants and directors an opportunity to share in the growth of our equity, we will be aligning their interests with those of our shareholders. Our employees, consultants and directors understand that their stake in our Company will have value only if, working together, we create value for our shareholders. We anticipate that awards under the Plan will generally vest over a period of four years with 25% vesting on the first anniversary of the grant date and the remainder of the options vesting in equal monthly installments over the remaining three years, giving the recipient an additional incentive to provide services over a number of years and build on past performance. However, individual vesting schedules will be determined at the discretion of our Board. We believe that, if approved, the Plan will continue to help us to build a team of high achievers who have demonstrated long-term dedication and productivity and who, in turn, help us to attract like-minded individuals to our Company.

Number of Shares

Under the Plan, as amended, 25,000,000 new shares of our common stock are reserved for issuance under awards. Any shares that are represented by Stock Awards under the Plan that expire or otherwise terminate without being exercised in full will again be available for awards under the Plan.

The Plan imposes the following additional maximum limitations:

- The number of shares of common stock issuable upon exercise of all outstanding Stock Awards, together with the total number of shares of common stock provided for under any other stock bonus or similar plan, may not exceed the applicable limitations set forth in Title 10 of the California Code of Regulations.

- The aggregate fair market value (determined at the time of grant) of common stock with respect to which incentive stock options are exercisable for the first time by any participant during any calendar year under all our equity compensation plans and those of our affiliates (including the Plan) may not exceed $100,000.

The number of shares reserved for issuance under the Plan are subject to adjustment to reflect certain potential subsequent changes to our capital structure, such as stock splits, stock dividends and recapitalizations.

Administration

The Plan will be administered by our Board, unless the Board decides to delegate administration of the Plan to a committee of the Board. Any such delegation may be made only to the extent permitted by

our bylaws and applicable laws and regulations. The Board will have full power to administer the Plan and the decisions of the Board will be final and binding upon all participants.

Eligibility

The selection of the participants in the Plan will generally be determined by the Board. Employees, including those who are our officers, or directors or officers or directors of our subsidiaries and affiliates, are eligible to be selected to receive awards under the Plan. In addition, non-employee service providers, including directors, and employees of unaffiliated entities that provide bona fide services to us as a consultant are eligible to be selected to receive awards under the Plan. Members of the Board are eligible for and are expected to receive grants of awards under the Plan for their services as directors.

Types of Awards

The Plan allows for the grant of stock options, restricted stock awards and stock bonuses. Subject to the terms of the Plan, the Board will determine the terms and conditions of awards, including the times when awards vest or become payable and the effect of certain events such as termination of employment. Each grant of a Stock Award will be evidenced by an award agreement.

Stock Options. The Board may grant either incentive stock options intended to qualify as such under Section 422 of the Code, or options not intended to so qualify (nonstatutory options). All incentive stock options granted under the Plan must generally have an exercise price that is at least equal to the fair market value of our underlying common stock on the grant date. All nonstatutory options granted under the Plan must generally have an exercise price that is at least equal to eighty five percent (85%) of the fair market value of our underlying common stock on the grant date. The closing price per share of our common stock as of November 9, 2005, as reported on the OTC Bulletin Board, was $0.17. No stock option granted under the Plan may have a term longer than ten (10) years. All or part of any option award may be subject to conditions and restrictions, which the Board will specify. The exercise price of stock options may be paid, to the extent permitted by applicable laws and regulations, (i) in cash; (ii) by tendering shares of our common stock that have been held by the optionee for at least six (6) months; (iii) or, pursuant to a cashless exercise program developed under Regulation T promulgated by the Federal Reserve Board.

Restricted Stock Awards. The Board may grant awards of restricted common stock for a purchase price of not less than eighty five percent (85%) of the fair market value of our common stock on the date such award is made or at the time the purchase is consummated. All or part of any restricted stock award may be subject to conditions and restrictions, which the Board will specify.

Stock Bonus Awards. The Board may grant stock bonus awards, which are awards of our common stock in consideration for past services actually rendered to us or a parent or subsidiary. All or part of any stock bonus award may be subject to conditions and restrictions, which the Board will specify.

Change of Control

The Board may determine, in its discretion, whether an award issued under the Plan will become vested or exercisable, either in whole or in part, upon a change in control (as defined in the Plan). Any rights which a participant may have upon a change in control will be set forth in the applicable award agreement.

Transferability of Awards

Awards granted under the Plan are not transferable, other than by will or pursuant to state intestate laws, unless the Board otherwise approves a transfer.

Amendment; Term and Termination

The Board may alter or amend the Plan or any Stock Award in any manner at any time. However, no amendment to the Plan will be effective unless approved by our shareholders, to the extent such approval is necessary to satisfy the requirements of Section 422 of the Code. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan will terminate on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board or approved by our shareholders, whichever is earlier.

Federal Income Tax Consequences

The following summary is intended only as a general guide to the United States federal income tax consequences under current law of incentive stock options and nonstatutory stock options, which are authorized for grant under the Plan. It does not attempt to describe all possible federal or other tax consequences of participation in the Plan, tax consequences of all of the types of awards which may be granted under the Plan, or tax consequences based on particular circumstances. The tax consequences may vary if options are granted outside the United States.

Incentive Stock Options

An option holder recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Code. Option holders who dispose of the shares acquired under an incentive stock option after two years following the date the option was granted and after one year following the exercise of the option will normally recognize a capital gain or loss upon a sale of the shares equal to the difference, if any, between the sale price and the purchase price of the shares. If an option holder satisfies such holding periods upon a sale of the shares, we will not be entitled to any deduction for federal income tax purposes. If an option holder disposes of shares within two years after the date of grant or within one year after the date of exercise (a disqualifying disposition), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by the option holder upon the disqualifying disposition of the shares generally will result in a deduction by us for federal income tax purposes.

Nonstatutory Stock Options

Options not designated or qualifying as incentive stock options will be non-qualified stock options having no special tax status. An optionee generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a non-qualified stock option, the optionee normally recognizes ordinary income in the amount of the difference between the option exercise price and the fair market value of the shares on the exercise date. If the optionee is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a non-qualified stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as a capital gain or loss. No tax deduction is available to us with respect to the grant of a non-qualified stock option or the sale of the stock acquired pursuant to such grant. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a non-qualified stock option.

Other Considerations

The Code allows publicly-held corporations to deduct compensation in excess of $1,000,000 paid to the corporation s chief executive officer and its four other most highly compensated executive officers in office at the end of the tax year if the compensation is payable solely based on the attainment of one or more performance goals and certain statutory requirements are satisfied. We intend for compensation arising from grants of awards under the Plan which are based on performance goals to be deductible by us as performance-based compensation not subject to the $1,000,000 limitation on deductibility.

Awards under the Plan

Options granted under the Plan will be granted at the discretion of the Board, and, accordingly, are not yet determinable. Benefits under the Plan will depend on a number of factors, including the fair market value of our common stock on future dates, and actual Company performance against performance goals established with respect to performance awards, if any. Consequently, other than the options described below, it is not possible to determine the benefits that might be received by participants under the Plan.

As of December 31, 2005, we have previously granted options to purchase 17,475,473 shares of common stock under the Plan, to certain persons as follows:

Name and Position	Shares of Common Stock	Exercise Price
Peter R. Sollenne Chief Executive Officer and Director	687,500	$0.25
	600,000	$0.19
	1,285,000	$0.19
	2,500,000	$0.17
Kelly Alberts President, Chief Operating Officer and Director	81,250	$0.25
	225,000	$0.19
	2,500,000	$0.17
Anthony Allocca Vice President Operations and Director	65,000	$0.25
	100,000	$0.19
	1,250,000	$0.17
David Vandertie Chief Financial Officer	500,000	$0.25
	250,000	$0.19
	800,000	$0.17
Gene Resnick, M.D. Senior Vice President	1,000,000	$0.17
Executive Group	11,843,750	$ 0.17 - $0.25
Non-Executive Officer Employee Group	5,631,723	$ 0.17 - $0.25

No options have been exercised and no restricted stock awards or stock bonus awards have been granted.

IT&E Delaware will adopt and assume IT&E International Group s 2005 Equity Incentive Plan and each outstanding option granted pursuant thereto at the effective time of the Reincorporation.

ACTION NO. 6: APPOINT DIRECTORS TO THE BOARD OF DIRECTORS

On November 9, 2005, Anthony Allocca resigned as a member of our Board, leaving five (5) vacancies on the Board. Mr. Allocca s resignation was voluntary and was necessary in order to enable the holders of our Series D Preferred Stock to ultimately designate five (5) of the seven (7) members of our Board. Mr. Allocca s resignation was not the result of any disagreement with us or any of our policies and he continues on as one of our officers and employees.

The sitting members of our Board appointed Michael Falk and Cecilio Rodriguez to the Board to fill two (2) existing vacancies on our Board. A majority of our shareholders then ratified the appointment of Mr. Falk and Mr. Rodriguez to our Board. In addition, a majority of our shareholders appointed Robert D. Tucker to fill one (1) of the additional existing vacancies on our Board, subject only to the expiration of the applicable waiting period prescribed by Rule 14c-2 of the Exchange Act. At the expiration of such waiting period, Mr. Tucker s appointment will become effective and we will have two (2) remaining vacancies on our Board. The two (2) remaining vacancies will be filled by designees of the holders of the Series D Preferred Stock at such time as such holders identify such candidates.

MANAGEMENT

Set forth below are the name, age, position and a brief account of the business experience of each of our executive officers and directors as of December 31, 2005.

Name	Position	Age
Peter R. Sollenne	Chief Executive Officer and Director	57
Kelly Alberts	President, Chief Operating Officer and Director	37
Anthony Allocca	Vice President Operations	62
David Vandertie	Chief Financial Officer	44
Gene Resnick, M.D.	Senior Vice President and President of the Millennix Division	56
Michael Falk	Director	43
Cecilio M. Rodriguez	Director	46
Robert D. Tucker	Director	72

Peter R. Sollenne. Mr. Sollenne has served as our Chief Executive Officer since December 2003. From May 2000 to December 2003, Mr. Sollenne was President and Chief Executive Officer at FastBreak Growth, Inc. a strategic management consulting and business solutions company. From December 1998 to May 2000, Mr. Sollenne was Chief Executive Officer, President and Chief Operating Officer of re-Solutions, Inc., an information technology professional services company. Mr. Sollenne received his Bachelors of Science in Accounting/Business Administration from Boston College and is a Certified Public Accountant.

Kelly Alberts. Mr. Alberts has served as our President and Chief Operating Officer since our inception in 1996. Mr. Alberts received his Bachelors of Science from the University of Iowa.

Anthony Allocca. Mr. Allocca has served as our Vice President of Operations since our inception in 1996. Mr. Allocca is a graduate of the University of Maryland and served in the United States Air Force.

David Vandertie. Mr. Vandertie has served as our Chief Financial Officer since January 2005. From June 2004 to December 2004, Mr. Vandertie was a financial consultant. From May 2002 to June 2004, Mr. Vandertie was Vice President and Chief Financial Officer at Althea Technologies, Inc., a biotech contract service organization. From June 2000 to May 2002, Mr. Vandertie was Director of Finance and Purchasing at Torrey Mesa Research Institute, a subsidiary of Syngenta AG. From April 1999 to June 2000, Mr. Vandertie was Corporate Controller at Quidel Corporation, a manufacturer of diagnostic test kits. Mr. Vandertie is a graduate of the University of Wisconsin, Whitewater, where he earned a Bachelor of Business Administration Degree in Accounting, and is a Certified Public Accountant.

Gene Resnick, M.D. Dr. Resnick has served as our Senior Vice President and President of the Millennix Division since November 2005. From 1997 through November 2005, Dr. Resnick served as President and Chief Executive Officer of Millennix Inc., a Contract Research Organization specializing in oncology, immunology, gene therapy, vaccines, complex infectious diseases, metabolic disease and other chronic indications. Dr. Resnick received his Bachelor of Science degree from Cornell University and his medical degree from Cornell University Medical College.

Michael Falk. Mr. Falk is currently Managing Partner of ComVest Investment Partners. In 1988 Mr. Falk co-founded Commonwealth Associates, ComVest Investment Partners predecessor. Commonwealth is an affiliated New York City based investment bank whose primary business has been private equity investments led by the principals and partners of Commonwealth and ComVest. From 1995 to 2002 Mr. Falk was Chairman and CEO of Commonwealth Associates. From 2002 to the present, Mr. Falk has served as Chairman of ComVest Group Holdings (CGH), and is a board member of Catalyst International, Allegiant Airlines and The CARE Fund. Mr. Falk has extensive experience successfully investing in, restructuring and recapitalizing growth companies, many of which have created significant equity valuations and or have been acquired. Mr. Falk holds a B.A. degree in Economics from

23

Queens College and attended the Stanford University Executive Program for Smaller Companies. Mr. Falk is a designee of the holders of a majority of the amount outstanding under the Senior Notes.

Cecilio Rodriguez. Mr. Rodriguez has served as the Chief Financial Officer of CGH and various related investment partnerships since May 2004. From October 2000 to May 2004, Mr. Rodriguez was Senior Vice President and Corporate Controller of Jet Aviation International, a multinational aviation services corporation. Mr. Rodriguez is a designee to the Board of the holders of a majority of the amount outstanding under the Senior Notes.

Robert D. Tucker. Mr. Tucker is the Chairman and Chief Executive Officer of MBC Direct, LLC, a financial card services company he founded in 2002. Mr. Tucker also acts as Chairman and Chief Executive Officer of Throwleigh Technologies, LLC, a plasma research company he co-founded in 1995. In 1997, Mr. Tucker co-founded Specialty Surgicenters, Inc. for whom he served as Chairman and Chief Executive Officer until 2001 and also as a member of the board of directors until 2004 when the business was acquired. Mr. Tucker was a member of the board of directors of Horizon Medical Products, Inc. from 2001 until its merger with RITA Medical Systems (RITA) in 2004. Mr. Tucker resigned from the RITA board of directors in late 2005. Mr. Tucker is a graduate of Georgia State University. Mr. Tucker is a designee to the Board of the holders of a majority of the amount outstanding under the Senior Notes.

Board Meetings and Committees

During the fiscal year ended December 31, 2005, our Board held five (5) meetings. During the 2005 fiscal year, no director attended fewer than seventy five percent (75%) of the number of meetings of the Board held during the period such director served on the Board.

On October 31, 2005, our Board established an Audit Committee and a Compensation Committee.

Our Board has not established a nominating committee. Each member of our Board participates in the consideration of nominees for our Board. Our Board does not have a formal policy with respect to consideration of director candidates recommended by our security holders, but will consider such candidates. Our Board feels that it is appropriate not to have such a formal policy because of the small size of our Board and Company. Any shareholder may make recommendations to our Board for membership on the Board by sending a written statement of the qualifications of the recommended individual to: IT&E International Group, Chief Executive Officer, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075. Such recommendations should be received no later than sixty (60) days prior to the annual meeting for which the shareholder wishes his or her recommendation to be considered. The Board will evaluate candidates recommended by shareholders on the same basis as it evaluates other candidates.

In evaluating potential candidates for membership on our Board, our Board may consider such factors as it deems appropriate. These factors may include judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate s experience with the experience of other Board members and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. While the Board has not established any specific minimum qualifications for director nominees, the Board believes that demonstrated leadership, as well as significant years of service, in an area of endeavor such as business, law, public service, related industry or academia, is a desirable qualification for service as a member of our Board.

Audit Committee

Our Board has established an Audit Committee and has adopted an Audit Committee Charter which is attached hereto as ***Appendix H*** . The Audit Committee advises and makes recommendations to the Board concerning our internal controls, our independent auditors and other matters relating to our financial activities and reporting. The Audit Committee is comprised of Cecilio Rodriguez and Peter

Sollenne. Mr. Rodriguez is our Audit Committee financial expert. Mr. Rodriguez is not independent pursuant to the definition of Rule 4200(a)(15) of the National Association of Securities Dealers listing standards because Mr. Rodriguez is an affiliate of ComVest and ComVest Advisors LLC both of which have received advisory or other compensatory fees in connection with the sale of the Senior Notes and financial advisory services provided to us, respectively. Mr. Sollenne is also not independent pursuant to the definition of Rule 4200(a)(15) of the National Association of Securities Dealers listing standards based on Mr. Sollenne s position as one of our executive officers.

Compensation Committee

Our Board has established a Compensation Committee and has adopted a Compensation Committee Charter. The Compensation Committees advises and makes recommendations to the Board concerning the compensation of directors, officers and senior management. The Compensation Committee is comprised of Michael Falk, Robert D. Tucker and Kelly Alberts. Mr. Tucker is the chair of the Compensation Committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than ten percent (10%) of a registered class of our equity securities to file with the Securities and Exchange Commission (the Commission) initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities. Directors, executive officers and greater than ten percent (10%) shareholders are required by Commission regulation to furnish us with copies of all Section 16(a) reports they file. Based solely on our review of the copies of such forms received by us, we believe that all reporting requirements under Section 16(a) for the fiscal year ended December 31, 2005 were met in a timely manner by our directors, executive officers and greater than ten percent (10%) beneficial owners, except for the following: (i) Gene Resnick, M.D. was late in filing reports on Form 3 and Form 4 for transactions that occurred on November 9, 2005; (ii) Kelly Alberts was late in filing a report on Form 4 for transactions that occurred on April 29, 2005, September 26, 2005, October 31, 2005 and November 9, 2005; (iii) Anthony Allocca was late in filing a report on Form 4 for transactions that occurred on April 29, 2005, September 26, 2005, October 31, 2005 and November 9, 2005; (iv) Peter Sollenne was late in filing a report on Form 4 for transactions that occurred on April 29, 2005, September 26, 2005, October 31, 2005, November 1, 2005 and November 9, 2005; (v) David Vandertie was late in filing a report on Form 4 for transactions that occurred on April 29, 2005, September 26, 2005 and November 9, 2005; and (vi) ComVest was late in filing a report on Form 4 for transactions that occurred on December 22, 2005.

Communications with the Board of Directors

Shareholders who wish to communicate with members of the Board may send correspondence to them in care of: IT&E International Group, Chief Executive Officer, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075.

EXECUTIVE COMPENSATION

The following table sets forth the total compensation for our Chief Executive Officer and each of our other current executive officers as of December 31, 2005 for services rendered during such period and each of the two (2) prior fiscal years and whose salaries plus bonus for 2005 exceeded $100,000. We refer to these executives collectively as the Named Executive Officers.

Summary Compensation Table

		Annual Compensation		
Name & Principal Position	**Year**	**Salary**	**Bonus**	**Other**
Peter R. Sollenne	2005	$ 244,628	$ 115,724	
Chief Executive Officer and Director	2004	$ 175,000		
	2003			
Kelly Alberts	2005	$ 201,865	$ 100,510	$ 84,802 (3)
President, Chief Operating Officer and Director	2004	$ 144,615		
	2003	$ 167,500		
Anthony Allocca	2005	$ 152,210	$ 64,439	
Vice President Operations and Director	2004	$ 132,500		
	2003	$ 132,500		
David Vandertie(1)	2005	$ 151,385	$ 35,095	
Chief Financial Officer	2004	$ 6,250		
	2003			
Gene Resnick(2)	2005	$ 30,463		
Senior Vice President and President of the	2004			
Millennix Division	2003			

(1) Mr. Vandertie became our Chief Financial Officer in January 2005.

(2) Dr. Resnick became our Senior Vice President and President of the Millennix Division in November 2005.

(3) Consists of certain tuition and education related expenses.

Options Grants in the Last Fiscal Year

The following table provides information concerning individual option grants of stock options made during fiscal 2005 to the Named Executive Officers. The exercise prices in each case equal the last reported sales price per share of our common stock as reported by the Over-the-Counter Bulletin Board on the date of grant. The percentage of total options granted to our employees in the last fiscal year is based on options to purchase an aggregate of 17,475,473 shares of common stock granted under our the Plan to our employees in fiscal 2005. A total of 9,975,473 shares of common stock remain available for grant under the Plan.

Name	Number of Shares of Common Stock Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Last Fiscal Year	Exercise Price ($/sh)	Expiration Date
Kelly Alberts	81,250	0.46 %	$ 0.25	4/29/2015
Kelly Alberts	225,000	1.29 %	$ 0.19	9/26/2015
Kelly Alberts	2,500,000	14.31 %	$ 0.17	11/9/2015
Anthony Allocca	65,000	0.37 %	$ 0.25	4/29/2015
Anthony Allocca	100,000	0.57 %	$ 0.19	9/26/2015
Anthony Allocca	1,250,000	7.15 %	$ 0.17	11/9/2015
Gene Resnick, M.D.	1,000,000	5.72 %	$ 0.17	11/9/2015
Peter Sollenne	687,500	3.93 %	$ 0.25	4/29/2015
Peter Sollenne	600,000	3.43 %	$ 0.19	9/26/2015
Peter Sollenne	1,285,000	7.35 %	$ 0.19	11/1/2015
Peter Sollenne	2,500,000	14.31 %	$ 0.17	11/9/2015
David Vandertie	500,000	2.87 %	$ 0.25	4/29/2015
David Vandertie	250,000	1.43 %	$ 0.19	9/26/2015
David Vandertie	800,000	4.58 %	$ 0.17	11/9/2015

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth the number of shares of our common stock subject to exercisable and unexercisable stock options that the Named Executive Officers held at December 31, 2005. The Named Executive Officers did not exercise any options in fiscal 2005.

Name	Number of Securities Underlying Unexercised Options at Fiscal Year End		Value of Unexercised In-The-Money Options at Fiscal Year End	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Kelly Alberts	13,021	2,793,229	$	$
Anthony Allocca	10,417	1,404,583	$	$
Gene Resnick, M.D.	0	1,000,000	$	$
Peter Sollenne	1,481,181	3,591,319	$	$
David Vandertie	0	1,550,000	$	$

Director Compensation

No compensation was paid to our directors for any service provided as a director during the fiscal year ended December 31, 2005. We have no other formal or informal understandings or arrangements relating to compensation of our directors; however, directors may be reimbursed for all reasonable expenses

incurred by them in conducting our business, including out-of-pocket expenses for such items as travel, telephone, and postage.

Employment Agreements

Mr. Sollenne

On November 9, 2005, we entered into an Employment Agreement with Peter Sollenne (the Sollenne Agreement). The Sollenne Agreement is for a term of two (2) years and provides that Mr. Sollenne shall be paid an annual base salary of $259,000. In addition, Mr. Sollenne is eligible to receive an annual bonus as determined by our Board. If Mr. Sollenne is terminated without cause or resigns for good reason as those terms are defined in the Sollenne Agreement, then we are obligated to pay Mr. Sollenne an amount equal to the greater of twelve (12) months annual base salary or the amount of base salary Mr. Sollenne would have been paid from the date of termination until the end of the employment term. In addition, in connection with entering into the Sollenne Agreement, we granted Mr. Sollenne an option to purchase 2,500,000 shares of our common stock at an exercise price of $0.17 per share with the shares subject to the option vesting at a rate of twenty five percent (25%) on the first anniversary of the grant date and the remainder of the shares subject to the option vesting in equal monthly installments over the next thirty six (36) months.

Mr. Alberts

On November 9, 2005, we entered into an Employment Agreement with Kelly Alberts (the Alberts Agreement). The Alberts Agreement is for a term of two (2) years and provides that Mr. Alberts shall be paid an annual base salary of $259,000. In addition, Mr. Alberts is eligible to receive an annual bonus as determined by our Board. If Mr. Alberts is terminated without cause or resigns for good reason as those terms are defined in the Alberts Agreement, then we are obligated to pay Mr. Alberts an amount equal to the greater of twelve (12) months annual base salary or the amount of base salary Mr. Alberts would have been paid from the date of termination until the end of the employment term. In addition, in connection with entering into the Alberts Agreement, we granted Mr. Alberts an option to purchase 2,500,000 shares of our common stock at an exercise price of $0.17 per share with the shares subject to the option vesting at a rate of twenty five percent (25%) on the first anniversary of the grant date and the remainder of the shares subject to the option vesting in equal monthly installments over the next thirty six (36) months.

Mr. Allocca

On November 9, 2005, we entered into an Employment Agreement with Anthony Allocca (the Allocca Agreement). The Allocca Agreement is for a term of two (2) years and provides that Mr. Allocca shall be paid an annual base salary of $175,000. In addition, Mr. Allocca is eligible to receive an annual bonus as determined by our Board. If Mr. Allocca is terminated without cause or resigns for good reason as those terms are defined in the Allocca Agreement, then we are obligated to pay Mr. Allocca an amount equal to the greater of twelve (12) months annual base salary or the amount of base salary Mr. Allocca would have been paid from the date of termination until the end of the employment term. In addition, in connection with entering into the Allocca Agreement, we granted Mr. Allocca an option to purchase 1,250,000 shares of our common stock at an exercise price of $0.17 per share with the shares subject to the option vesting at a rate of twenty five percent (25%) on the first anniversary of the grant date and the remainder of the shares subject to the option vesting in equal monthly installments over the next thirty six (36) months.

Mr. Vandertie

On November 9, 2005, we entered into an Employment Agreement with David Vandertie (the Vandertie Agreement). The Vandertie Agreement is for a term of two (2) years and provides that Mr. Vandertie shall be paid an annual base salary of $184,000. In addition, Mr. Vandertie is eligible to receive an annual bonus as determined by our Board. If Mr. Vandertie is terminated without cause or resigns for good reason as those terms are defined in the Vandertie Agreement, then we are obligated to pay Mr. Vandertie an amount equal to six (6) months annual base salary. In addition, in connection with entering into the Vandertie Agreement, we granted Mr. Vandertie an option to purchase 800,000 shares of our common stock at an exercise price of $0.17 per share with the shares subject to the option vesting at a rate of twenty five percent (25%) on the first anniversary of the grant date and the remainder of the shares subject to the option vesting in equal monthly installments over the next thirty six (36) months.

Dr. Resnick

On November 9, 2005, we entered into an Employment Agreement with Dr. Gene Resnick (the Resnick Agreement). The Resnick Agreement is for a term of two (2) years and provides that Dr. Resnick shall be paid an annual base salary of $240,000. In addition, Dr. Resnick is eligible to receive an annual bonus as determined by our Board. If Dr. Resnick is terminated without cause or resigns for good reason as those terms are defined in the Resnick Agreement, then we are obligated to pay Dr. Resnick an amount equal to the greater of twelve (12) months annual base salary or the amount of base salary Dr. Resnick would have been paid from the date of termination until the end of the employment term. In addition, in connection with entering into the Resnick Agreement, we granted Dr. Resnick an option to purchase 1,000,000 shares of our common stock at an exercise price of $0.17 per share with the shares subject to the option vesting at a rate of twenty five percent (25%) on the first anniversary of the grant date and the remainder of the shares subject to the option vesting in equal monthly installments over the next thirty six (36) months.

Indemnification

Our New Certificate and bylaws include provisions that allow us to indemnify our directors and officers for actions taken in such capacity, if the actions were taken in good faith and in a manner reasonably believed to be in our best interests and, in a criminal proceeding, the director or officer had no reasonable cause to believe that his conduct was unlawful. A director or officer who is successful in defending a claim will be indemnified for all expenses incurred in connection with his defense.

In addition, we may enter into indemnification agreements with certain of our officers and directors that require us to indemnify such persons against any and all expenses (including attorneys fees), witness fees, damages, judgments, fines, settlements and other amounts incurred in connection with any action, suit or proceeding, whether actual or threatened, to which any such person may be made a party by reason of the fact that such person is or was or at any time becomes a director, an officer or an employee of our or any of its affiliated enterprises, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to our best interest and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

We also maintain directors and officers insurance providing indemnification for certain of our directors, officers, affiliates, partners or employees for certain liabilities.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the Securities Act) may be permitted to directors, officers and controlling persons of ours pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of ours in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the December 31, 2005, IT&E International had a total of 60,448,875 shares of common stock issued and outstanding. The following table sets forth, as of December 31, 2005, the stock ownership of each executive officer and director of IT&E International, of all executive officers and directors as a group, and of each person known by IT&E International to be a beneficial owner of 5% or more of our common stock. Unless otherwise noted, each person listed below is the sole beneficial owner of the shares and has sole investment and voting power as such shares.

Name and address of Beneficial Owner(1)	Shares Beneficially Owned(2)	Percentage Beneficially Owned
Executive Officers and Directors		
Peter Sollenne, Chief Executive Officer and Director	2,871,843 (3)	4.75 %
Kelly Alberts, President, Chief Operating Officer and Director	21,279,021 (4)	35.2 %
David Vandertie, Chief Financial Officer		
Gene Resnick, Senior Vice President	10,416,667	17.23 %
Michael Falk, Director		
Cecilio Rodriguez, Director		
Anthony Allocca, Vice President Operations	16,662,417 (5)	27.56 %
All directors and executive officers as a group (7 persons)	33,241,298	84.74 %

(1) Except as otherwise noted, the address for each person is c/o IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075.

(2) Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock listed as beneficially owned by them. A person is deemed to be the beneficial holder of securities that can be acquired by such person within sixty (60) days from December 31, 2005 upon the exercise of warrants or options or the conversion of convertible securities. Each beneficial owner s percentage ownership is determined by including shares underlying options, warrants or convertible securities which are exercisable or convertible by such person currently or within sixty (60) days following December 31, 2005, and excluding shares underlying options, warrants or convertible securities held by any other person.

(3) Includes 1,481,181 shares of common stock subject to options held by Mr. Sollenne.

(4) Includes 13,021 shares of common stock subject to options held by Mr. Alberts.

(5) Includes 10,417 shares of common stock subject to options held by Mr. Allocca.

SECURITY OWNERSHIP OF CERTAIN FUTURE BENEFICIAL OWNERS AND MANAGEMENT FOLLOWING THE FILING OF THE CERTIFICATE OF DESIGNATIONS

The following table sets forth, as of the date the Certificate of Designations is filed with the Secretary of State of the State of Delaware, the number of shares of common stock and Series D Preferred Stock of IT&E Delaware expected to be owned of record and beneficially by persons who are directors and executive officers of IT&E Delaware, by persons who are expected to then hold 5% or more of the outstanding common stock and Series D Preferred Stock of IT&E Delaware and all expected future officers and directors as a group.

Title of Class	Name and address of Beneficial Owner(1)	Shares Beneficially Owned(2)		Percentage Beneficially Owned
	Executive Officers and Directors:			
Common	Peter Sollenne, Chief Executive Officer and Director	2,967,764	(3)	4.91 %
Common	Kelly Alberts, President, Chief Operating Officer and Director	21,298,786	(4)	35.23 %
Common	David Vandertie, Chief Financial Officer	180,556	(5)	*
Common	Gene Resnick, Senior Vice President	10,416,667		17.23 %
Common	Michael Falk, Director	327,857,044	(6)	84.43 %
Preferred		15,300	(7)	92.7 %
Common	Cecilio Rodriguez, Director			
Common	Robert D. Tucker, Director			
Common	Anthony Allocca, Vice President Operations	16,678,250	(8)	27.59 %
Common	All directors and executive officers as a group (8 persons)	34,863,773	(9)	84.96 %
	5% Stockholders:			
Common	ComVest Investment Partners II LLC,	327,857,044	(10)	84.43 %
Preferred	One North Clematis Street, Suite 300, West Palm Beach, Florida 33324, Attention: Carl Kleidman	15,300	(11)	92.7 %
Common	Charles McCall,	21,428,565	(12)	26.17 %
Preferred	1002 Rhodes Villa Ave, Delray Beach, Florida 33483	1,000	(13)	10 %
Common	Matthew Dontzin,	4,285,713	(14)	6.62 %
Preferred	6 East 81st Street, New York, New York 10028	200	(15)	2 %

* Less than 1%.

(1) Except as otherwise noted, the address for each person is c/o IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075.

(2) Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock listed as beneficially owned by them. A person is deemed to be the beneficial holder of securities that can be acquired by such person within sixty (60) days from the filing of the Certificate of Designations upon the exercise of warrants or options or the conversion of convertible securities. Each beneficial owner s percentage ownership is determined by including shares underlying options, warrants or convertible securities which are exercisable or convertible by such person currently or within sixty (60) days following the filing date of

the Certificate of Designations, and excluding shares underlying options, warrants or convertible securities held by any other person.

(3) Includes 1,595,764 shares of common stock subject to options held by Mr. Sollenne.

(4) Includes 32,813 shares of common stock subject to options held by Mr. Alberts.

(5) Includes 180,556 shares of common stock subject to options held by Mr. Vandertie.

(6) Includes warrants to purchase common stock and shares of common stock issuable upon the conversion of shares of Series D Preferred Stock to be held of record by ComVest. ComVest II Partners, LLC (ComVest II) is the managing member of ComVest, the managing member of ComVest II is ComVest Group Holdings, LLC (CGH), Mr. Falk is the Chairman and principal member of CGH. Mr. Falk, by virtue of his status as managing member of ComVest II (the managing member of ComVest) and as one of the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Mr. Falk disclaims any beneficial ownership of all such shares.

(7) Includes shares of Series D Preferred Stock to be held of record by ComVest. ComVest II is the managing member of ComVest, the managing member of ComVest II is CGH, Mr. Falk is the Chairman and principal member of CGH. Mr. Falk, by virtue of his status as managing member of ComVest II (the managing member of ComVest) and as one of the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Mr. Falk disclaims any beneficial ownership of all such shares.

(8) Includes 26,250 shares of common stock subject to options held by Mr. Allocca.

(9) Includes shares and options exercisable within 60 days held of record by the named officers and directors.

(10) Consists of (i) warrants to purchase 73,571,406 shares of common stock, (ii) an additional warrant to purchase 35,714,275 shares of common stock that ComVest has the option to acquire prior to May 9, 2006, (iii) 147,142,813 shares of common stock issuable upon conversion of the shares of Series D Preferred Stock to be held by ComVest upon conversion of the Senior Notes into shares of Series D Preferred Stock and (iv) 71,428,550 shares of common stock issuable upon the conversion of the shares of Series D Preferred Stock to be held by ComVest upon conversion of the Senior Notes into shares of Series D Preferred Stock, if any, that ComVest may acquire pursuant to the ComVest Option. ComVest II is the managing member of ComVest, the managing member of ComVest II is CGH, Mr. Falk is the Chairman and principal member of CGH and Robert Priddy is a member of ComVest II. Messrs. Falk and Priddy, by virtue of their status as managing members of ComVest II (the managing member of ComVest) and as the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Messrs. Falk and Priddy disclaim any beneficial ownership of all such shares.

(11) Consists of 10,300 shares of Series D Preferred Stock issuable to ComVest upon the conversion of the Senior Notes which shall automatically occur upon the filing of the Certificate of Designations and an additional 5,000 shares of Series D Preferred Stock that ComVest has the option to acquire prior to May 6, 2006. Each share of Series D Preferred Stock shall be convertible at the option of the holder into 14,285.71 shares of common stock. ComVest II is the managing member of ComVest, the managing member of ComVest II is CGH, Mr. Falk is the Chairman and principal member of CGH and Robert Priddy is a member of ComVest II. Messrs. Falk and Priddy, by virtue of their status as managing members of ComVest II (the managing member of ComVest) and as the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Messrs. Falk and Priddy disclaim any beneficial ownership of all such shares.

33

(12) Consists of a warrant to purchase 7,142,855 shares of common stock issued at the initial closing of the sale of the Senior Notes and 14,285,710 shares of common stock issuable upon conversion of the shares of Series D Preferred Stock to be held by Mr. McCall upon conversion of the Senior Notes into shares of Series D Preferred Stock.

(13) Consists of 1,000 shares of Series D Preferred Stock issuable to Mr. McCall upon the conversion of the Senior Notes which shall automatically occur upon the filing of the Certificate of Designations. Each share of Series D Preferred Stock shall be convertible at the option of the holder into 14,285.71 shares of common stock.

(14) Consists of a warrant to purchase 1,428,571 shares of common stock issued at the initial closing of the sale of the Senior Notes and 2,857,142 shares of common stock issuable upon conversion of the shares of Series D Preferred Stock to be held by Mr. Dontzin upon conversion of the Senior Notes into shares of Series D Preferred Stock.

(15) Consists of 200 shares of Series D Preferred Stock issuable to Mr. Dontzin upon the conversion of the Senior Notes which shall automatically occur upon the filing of the Certificate of Designations. Each share of Series D Preferred Stock shall be convertible at the option of the holder into 14,285.71 shares of common stock.

Change in Control of Company

On November 9, 2005, ComVest acquired control of the Company. ComVest purchased Senior Notes in the aggregate principal amount of $5,800,000 which are automatically convertible into 5,800 shares of Series D Preferred Stock, subject only to the filing of the Certificate of Designations with the relevant Secretary of State. Each share of Series D Preferred Stock, when issued, will be convertible at the option of the holder into 14,285.71 shares of our common stock. ComVest was also issued warrants to purchase up to 41,428,559 shares of our common stock which are immediately exercisable for a period of four (4) years at an exercise price of $0.10 per share, notwithstanding that the market price of a share of our common stock was $0.17 on November 9, 2005. This exercise price was based on a valuation of our company performed by ComVest which we negotiated at arms-length, without reference to any prevailing market price. Therefore, ComVest beneficially owned approximately 67.28% of our outstanding common stock as of November 9, 2005, excluding the ComVest Option. ComVest acquired control of the Company from Kelly Alberts and Anthony Allocca. Pursuant to the Certificate of Designations, the holders of Series D Preferred Stock will have the right to elect five (5) members to our Board and the holders of common stock have the right to elect two (2) members to our Board.

In addition, at a second closing on December 22, 2005, ComVest purchased an additional Senior Note in the aggregate principal amount of $4,500,000. The additional Senior Note issued to ComVest at the second closing will automatically convert into 4,500 shares of Series D Preferred Stock upon the filing of the Certificate of Designations with the relevant Secretary of State. At the second closing, ComVest was also issued a warrant to purchase up to 32,142,847 shares of our common stock which is immediately exercisable for a period of four (4) years at an exercise price of $0.10 per share. Subsequent to the second closing, ComVest beneficially owned approximately 78.5% of our outstanding common stock, excluding the ComVest Option.

Further, we granted ComVest an option to purchase an additional Senior Note or shares of Series D Preferred Stock for an aggregate purchase price of $5,000,000 which may be exercised at any time prior to May 9, 2006. If ComVest acquires a Senior Note pursuant to the ComVest Option, the Senior Note will be automatically convertible into 5,000 shares of Series D Preferred Stock upon the filing of the Certificate of Designations with the relevant Secretary of State. If ComVest exercises the ComVest Option, ComVest will also be issued a warrant to purchase up to 35,714,275 shares of our common stock which will be immediately exercisable for a period of four (4) years at an exercise price of $0.10 per share. Subsequent to the closing of the ComVest Option, if any, ComVest will beneficially own approximately 84.43% of our outstanding common stock.

ADDITIONAL INFORMATION

We will furnish without charge to any shareholder, upon written or oral request, any documents filed by us pursuant to the Exchange Act. Requests for such documents should be address to IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075. Documents filed by us pursuant to the Exchange Act may be reviewed and/or obtained through the Commission s Electronic Data Gathering Analysis and Retrieval System, which is publicly available through the Commission s website at http://www.sec.gov.

DISSENTERS RIGHT OF APPRAISAL

Holders of the common stock of IT&E International that follow the appropriate procedures will be entitled to dissent from the consummation of the Reincorporation and receive payment of the fair value of their shares under Sections 92A.300 through 92A.500 of the Nevada General Corporation Law. The following discussion summarizes the material applicable provisions of the Nevada dissenters rights statute. You are urged to read the full text of the Nevada dissenters rights statute, which is reprinted in its entirety and attached as ***Appendix I*** to this Information Statement. A person having a beneficial interest in shares of IT&E International s common stock that are held of record in the name of another person, such as a bank, broker or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner if such person wishes to perfect any dissenters rights such person may have. This discussion and Appendix I should be reviewed carefully by you if you wish to exercise statutory dissenters rights or wish to preserve the right to do so, because failure to strictly comply with any of the procedural requirements of the Nevada dissenters rights statute may result in a termination or waiver of dissenters rights under the Nevada dissenters rights statute.

Under the Nevada dissenters rights statute, you have the right to dissent from the Reincorporation and demand payment of the fair value of your shares of IT&E International common stock. If you elect to dissent, you must file with IT&E International a written notice of dissent stating that you intend to demand payment for your shares of IT&E International common stock if the Reincorporation is consummated. Such written notice of dissent must be filed with IT&E International within twenty (20) days after receipt of this Information Statement. If you fail to comply with this notice requirement, you will not be entitled to dissenters rights. The fair value of the shares as used in the Nevada dissenters rights statute is the value of the shares immediately before the effectuation of the proposed Reincorporation, including an appreciation or depreciation in anticipation of the Reincorporation unless exclusion would be inequitable.

Within ten (10) days after the effective time of the Reincorporation, IT&E International will give written notice of the effective time of the Reincorporation by certified mail to each shareholder who filed a written notice of dissent. The notice must also state where demand for payment must be sent and where share certificates shall be deposited, among other information. Within thirty (30) days following the date such notice is delivered, the dissenting shareholder must make a written demand on IT&E International for payment of the fair value of his, her or its shares and deposit his, her or its share certificates in accordance with the notice.

Within thirty (30) days after the receipt of demand for the fair value of the dissenters shares, IT&E International will pay each dissenter who complied with the required procedures the amount it estimates to be the fair value of the dissenters shares, plus accrued interest. Additionally, IT&E International shall mail to each dissenting shareholder a statement as to how fair value was calculated, a statement as to how interest was calculated, a statement of the dissenters right to demand payment of fair value under Nevada law, and a copy of the relevant provisions of Nevada law. A dissenting shareholder, within thirty (30) days following receipt of payment for the shares, may send IT&E International a notice containing such shareholder s own estimate of fair value and accrued interest, and demand payment for that amount less the amount received pursuant to IT&E International s payment of fair value to such shareholder.

If a demand for payment remains unsettled, IT&E International shall petition the court to determine fair value and accrued interest. If IT&E International fails to commence an action within sixty (60) days following the receipt of the shareholder s demand, IT&E International shall pay to the shareholder the amount demanded by the shareholder in the shareholder s notice containing the shareholder s estimate of fair value and accrued interest.

All dissenting shareholders, whether residents of Nevada or not, must be made parties to the action and the court shall render judgment for the fair value of their shares. Each party must be served with the petition. The judgment shall include payment for the amount, if any, by which the court finds the fair value of such shares, plus interest, exceeds the amount already paid. If the court finds that the demand of any dissenting shareholder for payment was arbitrary, vexatious or otherwise not in good faith, the court may assess costs, including reasonable fees of counsel and experts, against such shareholder. Otherwise the costs and expenses of bringing the action will be determined by the court. In addition, reasonable fees and expenses of counsel and experts may be assessed against IT&E International if the court finds that it did not substantially comply with the requirements of the Nevada dissenters rights statute or that it acted arbitrarily, vexatiously, or not in good faith with respect to the rights granted to dissenters under Nevada law.

IF YOU WISH TO SEEK DISSENTERS RIGHTS, YOU ARE URGED TO REVIEW THE APPLICABLE NEVADA STATUTES ATTACHED TO THIS DOCUMENT AS APPENDIX I.

IF YOU FAIL TO COMPLY STRICTLY WITH THE PROCEDURES DESCRIBED ABOVE, YOU WILL LOSE YOUR APPRAISAL RIGHTS. CONSEQUENTLY, IF YOU WISH TO EXERCISE YOUR APPRAISAL RIGHTS, WE STRONGLY URGE YOU TO CONSULT A LEGAL ADVISOR BEFORE ATTEMPTING TO EXERCISE YOUR APPRAISAL RIGHTS.

By Order of the Board of Directors,
/s/ PETER SOLLENNE
Chief Executive Officer

Appendix A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of December , 2005 (the Agreement), is made by and between IT&E International Group., a Nevada corporation (IT&E Nevada), and IT&E International, Inc., a Delaware corporation (IT&E Delaware). IT&E Nevada and IT&E Delaware are sometimes referred to herein as the Constituent Corporations.

RECITALS

A. IT&E Delaware is a corporation duly organized and existing under the laws of the State of Delaware and has an authorized capital of 660,000,000 shares, 650,000,000 of which are common stock, $0.001 par value per share, and 10,000,000 of which are preferred stock, $0.001 par value per share. As of the date hereof, 100 shares of common stock of IT&E Delaware were issued and outstanding, all of which were held by IT&E Nevada, and no shares of preferred stock were issued and outstanding.

B. IT&E Nevada is a corporation duly organized and existing under the laws of the State of Nevada and has an authorized capital of 250,000,000 shares of common stock, $.001, and 2,820,000 of which are preferred stock, $0.001 par value, all of which are designated as Series A Preferred Stock. As of the date hereof, [ ] shares of common stock of IT&E Nevada were issued and outstanding.

C. The Board of Directors of IT&E Nevada has determined that, for the purpose of effecting the reincorporation of IT&E Nevada in the State of Delaware, it is advisable and in the best interests of IT&E Nevada and its shareholders that IT&E Nevada merge with and into IT&E Delaware upon the terms and conditions herein provided.

D. The respective Boards of Directors of IT&E Delaware and IT&E Nevada have approved this Agreement and have directed that this Agreement be submitted to a vote of their respective stockholders and shareholders and executed by the undersigned officers.

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, IT&E Delaware and IT&E Nevada hereby agree, subject to the terms and conditions hereinafter set forth, as follows:

ARTICLE I

MERGER

1. ***Merger.*** In accordance with the provisions of this Agreement, the Delaware General Corporation Law and the Nevada General Corporation Law, IT&E Nevada shall be merged with and into IT&E Delaware (the Merger), the separate existence of IT&E Nevada shall cease and IT&E Delaware shall survive the Merger and shall continue to be governed by the laws of the State of Delaware. IT&E Delaware shall be, and is herein sometimes referred to as, the Surviving Corporation. The name of Surviving Corporation shall be IT&E International, Inc.

a. *Filing and Effectiveness.* The Merger shall become effective when the following actions shall have been completed: (i) this Agreement and the Merger shall have been adopted and approved by the shareholders and sole stockholder of each Constituent Corporation, as applicable, in accordance with the requirements of the Nevada General Corporation Law and the Delaware General Corporation Law; (ii) all of the conditions precedent to the consummation of the Merger specified in this Agreement shall have been satisfied or duly waived by the party entitled to satisfaction thereof; (iii) an executed certificate of merger or an executed counterpart of this Agreement meeting the requirements of the Delaware General Corporation Law shall have been filed with the Secretary of State of the State of Delaware; and (iv) an executed certificate of merger or an executed counterpart

of this Agreement meeting the requirements of the Nevada General Corporation Law shall have been filed with the Secretary of State of the State of Nevada. The date and time when the Merger shall become effective, as aforesaid, is herein called the Effective Date of the Merger.

b. *Effect of Merger.* Upon the Effective Date of the Merger, the separate existence of IT&E Nevada shall cease and IT&E Delaware, as the Surviving Corporation, (i) shall continue to possess all of its assets, rights, powers and property as constituted immediately prior to the Effective Date of the Merger, (ii) shall be subject to all actions previously taken by its and IT&E Nevada s Board of Directors, (iii) shall succeed, without other transfer, to all of the assets, rights, powers and property of IT&E Nevada in the manner more fully set forth in Section 259 of the Delaware General Corporation Law, (iv) shall continue to be subject to all of the debts, liabilities and obligations of IT&E Nevada as constituted immediately prior to the Effective Date of the Merger, and (v) shall succeed, without other transfer, to all of the debts, liabilities and obligations of IT&E Nevada in the same manner as if IT&E Delaware had itself incurred them, all as more fully provided under the applicable provisions of the Delaware General Corporation Law and the Nevada General Corporation Law.

ARTICLE II

CHARTER DOCUMENTS, DIRECTORS AND OFFICERS

1. ***Certificate of Incorporation.*** The certificate of incorporation of IT&E Delaware as in effect immediately prior to the Effective Date of the Merger, a copy of which is attached hereto as **Exhibit A**, shall continue in full force and effect as the certificate of incorporation of the Surviving Corporation until duly amended in accordance with the provisions thereof and applicable law.

2. ***Bylaws.*** The bylaws of IT&E Delaware as in effect immediately prior to the Effective Date of the Merger, a copy of which is attached hereto as **Exhibit B**, shall continue in full force and effect as the bylaws of the Surviving Corporation until duly amended in accordance with the provisions thereof and applicable law.

3. ***Directors and Officers.*** The directors and officers of IT&E Nevada immediately prior to the Effective Date of the Merger shall be the directors and officers of the Surviving Corporation until their successors shall have been duly elected and qualified or until as otherwise provided by law, or the certificate of incorporation of the Surviving Corporation or the bylaws of the Surviving Corporation.

ARTICLE III

MANNER OF CONVERSION OF STOCK

1. ***IT&E Nevada Common Stock.*** Upon the Effective Date of the Merger, each share of IT&E Nevada common stock issued and outstanding immediately prior thereto shall, by virtue of the Merger and without any action by the Constituent Corporations, the holder of such shares or any other person, be converted into and exchanged for one (1) share of fully paid and non-assessable shares of common stock, $0.001 par value per share, of the Surviving Corporation and each stock certificate representing common stock of IT&E Nevada outstanding as of the effective time shall thereafter represent a number of shares of common stock of the Surviving Corporation equal to the number of shares of common stock of IT&E Nevada represented by such certificate immediately prior to the Effective Date of the Merger.

2. ***IT&E Delaware Common Stock.*** Upon the Effective Date of the Merger, each share of IT&E Delaware common stock issued and outstanding immediately prior thereto shall, by virtue of the Merger and without any action by IT&E Delaware, the holder of such shares or any other person, be cancelled and returned to the status of authorized but unissued shares.

3. ***IT&E Nevada Options and Equity Incentive Plan.*** Upon the Effective Date of the Merger, each share of IT&E Nevada subject to an issued and outstanding stock option grant (each, a IT&E Nevada Option) shall be converted into and become rights with respect to IT&E Delaware common stock, and IT&E Delaware shall assume each such IT&E Nevada Option in accordance with the terms and conditions of the IT&E Nevada 2005 Equity Incentive Plan (the IT&E Nevada Plan) which shall also be assumed by IT&E Delaware. From and after the Effective Date of the Merger, each IT&E Nevada Option may be exercised solely for shares of IT&E Delaware common stock and otherwise shall continue in full force and effect and the other terms and provisions of such IT&E Nevada Options shall remain unchanged; provided however, that each IT&E Nevada Option assumed by IT&E Delaware shall, in accordance with its terms remain subject to all further adjustments as provided in the IT&E Nevada Plan, as assumed by IT&E Delaware, or in the granting documentation for such IT&E Nevada Option.

4. ***IT&E Nevada Warrants.*** Following the Effective Date of the Merger, all warrants to purchase shares of IT&E Nevada common stock (IT&E Nevada Warrants) shall remain in effect in accordance with their terms except that each IT&E Nevada Warrant shall be a warrant to purchase shares of IT&E Delaware common stock.

5. ***Exchange of Certificates.*** After the Effective Date of the Merger, each holder of an outstanding certificate representing shares of IT&E Nevada common stock may, at such shareholder s option, surrender the same for cancellation to Holladay Stock Transfer, Inc., as exchange agent (the Exchange Agent), and each such holder shall be entitled to receive in exchange therefor a certificate or certificates representing the number of shares of the Surviving Corporation s common stock into which the surrendered shares were converted as set forth in Article III, Section 1 above. Unless and until so surrendered, each outstanding certificate theretofore representing shares of IT&E Nevada common stock shall be deemed for all purposes to represent the number of shares of the Surviving Corporation s common stock into which such shares of IT&E Nevada common stock were converted in the Merger as set forth in Article III, Section 1 above. The registered owner on the books and records of the Surviving Corporation or the Exchange Agent of any shares of stock represented by such outstanding certificate shall, until such certificate shall have been surrendered for transfer or conversion or otherwise accounted for to the Surviving Corporation or the Exchange Agent, have and be entitled to exercise any voting and other rights with respect to and to receive dividends and other distributions upon the shares of common stock of the Surviving Corporation represented by such outstanding certificate as provided above. Each certificate representing common stock of the Surviving Corporation so issued in the Merger shall bear the same legends, if any, with respect to the restrictions on transferability as the certificates of IT&E Nevada so converted and given in exchange therefore, unless otherwise determined by the Board of Directors of the Surviving Corporation in compliance with applicable laws, or other such additional legends as agreed upon by the holder and the Surviving Corporation. If any certificate for shares of the Surviving Corporation s common stock is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer, that such transfer otherwise be proper and comply with applicable securities laws and that the person requesting such transfer pay to IT&E Delaware or the Exchange Agent any transfer or other taxes payable by reason of issuance of such new certificate in a name other than that of the registered holder of the certificate surrendered or established to the satisfaction of IT&E Delaware that such tax has been paid or is not payable.

ARTICLE IV

GENERAL

1. ***Covenants of IT&E Delaware.*** IT&E Delaware covenants and agrees that it will, on or before the Effective Date of the Merger: (a) file any and all documents with the State of Nevada necessary for the

assumption by IT&E Delaware of all of the franchise tax liabilities of IT&E Nevada; and (b) take such other actions as may be required by the Nevada General Corporation Law.

2. ***Further Assurances.*** From time to time, as and when required by IT&E Delaware or by its successors or assigns, there shall be executed and delivered on behalf of IT&E Nevada such deeds and other instruments, and there shall be taken or caused to be taken by IT&E Delaware and IT&E Nevada such further and other actions as shall be appropriate or necessary in order to vest or perfect in or conform of record or otherwise by IT&E Delaware the title to and possession of all the property, interests, assets, rights, privileges, immunities, powers, franchises and authority of IT&E Nevada and otherwise to carry out the purposes of this Agreement, and the officers and directors of IT&E Delaware are fully authorized in the name and on behalf of IT&E Nevada or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

3. ***Abandonment.*** At any time before the Effective Date of the Merger, this Agreement may be terminated and the Merger may be abandoned for any reason whatsoever by the Board of Directors of either IT&E Nevada or of IT&E Delaware, or of both, notwithstanding the approval of this Agreement by the shareholders of IT&E Nevada or the sole stockholder of IT&E Delaware, or both.

4. ***Amendment.*** The Boards of Directors of the Constituent Corporations may amend this Agreement at any time prior to the filing of this Agreement (or certificate in lieu thereof) with the Secretaries of State of the States of Delaware and Nevada, provided that an amendment made subsequent to the adoption of this Agreement by the shareholders or sole stockholder of either Constituent Corporation, as applicable, shall not: (a) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of such Constituent Corporation; (b) alter or change any term of the certificate of incorporation of the Surviving Corporation to be effected by the Merger; or (c) allow or change any of the terms and conditions of this Agreement if such alteration or change would adversely affect the holders of any class or series of capital stock of any Constituent Corporation.

5. ***Agreement.*** Executed copies of this Agreement will be on file at the principal place of business of the Surviving Corporation at 505 Lomas Santa Fe Drive, Suite 200, Solana Beach , California 92075.

6. ***Governing Law.*** This Agreement shall in all respects be construed, interpreted and enforced in accordance with and governed by the laws of the State of Delaware and, so far as applicable, the merger provisions of the Nevada General Corporation Law.

7. ***Counterparts.*** In order to facilitate the filing and recording of this Agreement, the same may be executed in two counterparts, by facsimile, or both, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto executed this Agreement as of the day and year first written above.

IT&E INTERNATIONAL GROUP
By:
Print Name: Peter Sollenne
Title: Chief Executive Officer

IT&E INTERNATIONAL, INC.
By:
Print Name: Peter Sollenne
Title: Chief Executive Officer

Appendix B

BYLAWS

OF

IT&E INTERNATIONAL, INC.

(A DELAWARE CORPORATION)

TABLE OF CONTENTS