UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 15, 2017**

CLOUDCOMMERCE, INC.

(Exact name of registrant as specified in its charter)

Nevada	**000-13215**	**30-0050402**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	IRS Employer Identification No.)

1933 Cliff Drive, Suite 1 Santa Barbara, CA	**93109**
(Address of Principal Executive Offices)	(Zip Code)

(805) 964-3313

(Registrant's telephone number, including area code)

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

☐ Written communications pursuant to Rule 425 under the Securities Act

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry Into a Material Definitive Agreement.

Agreement and Plan of Merger with WebTegrity, LLC, and Parscale Digital, Inc.

On November 15, 2017, CloudCommerce, Inc., a Nevada corporation (the "**Company**"), entered into an Agreement and Plan of Merger (the "**Merger Agreement**") with WebTegrity, LLC, a Texas limited liability company (" **WebTegrity**"), Kori Ashton (the "**Sole Member**"), and Parscale Digital, Inc., a Nevada corporation and wholly owned subsidiary of the Company ("**Merger Sub**"), pursuant to which WebTegrity merged with and into Merger Sub (the "**Merger**"). Pursuant to the terms of the Merger Agreement, the Sole Member received ten thousand (10,000) shares (the "**Stock Consideration**") of the Company's newly designated Series E Convertible Preferred Stock (the "**Series E Preferred Stock**"), with a stated value of $100 per share, in exchange for the surrender of his 100% membership interests in WebTegrity. The Articles of Merger and the Certificate of Merger were filed with the Secretary of State of the State of Nevada and the Secretary of State of the State of Texas, respectively, on November 15, 2017 (the "**Effective Time**") and at that time, the separate legal existence of WebTegrity ceased, and Merger Sub became the surviving company in the Merger and shall continue its corporate existence under the laws of the State of Nevada.

At the Effective Time, automatically by virtue of the Merger, each membership interests of WebTegrity issued and outstanding immediately prior to the Effective Time was converted into validly issued, fully paid and nonassessable shares of Series E Preferred Stock and the Company issued to the Sole Member 10,000 shares of its Series E Preferred Stock. Certificates representing the Stock Consideration shall be delivered to the Sole Member no later than ten days after the Effective Time pursuant to the terms of the Merger Agreement, and upon surrender of certificates or other evidence of the Sole Member's membership interest in WebTegrity.

Pursuant to the Merger Agreement, the Sole Member has agreed to a covenant not to compete subject to the terms and conditions in the Merger Agreement for a period of four (4) years following the Effective Time (the "**Non-Competition Period**"). The Sole Member further agreed that during the Non-Competition Period, he will not directly or indirectly solicit or agree to service for his benefit or the benefit of any third-party, any of WebTegrity's, the Company's, or Merger Sub's customers.

Pursuant to the Merger Agreement, during the period beginning on the Effective Time and ending on the thirty-six (36) month anniversary thereof, the Sole Member will not directly or indirectly, (i) offer, sell, offer to sell, contract to sell, hedge, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or sell, or otherwise transfer or dispose of, any portion of the Stock Consideration, or any shares of the Company's common stock underlying the Stock Consideration (collectively the "**Lock-Up Securities**"), beneficially owned, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended, by such holder on the Effective Date, or hereafter acquired or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any portion of the Lock-Up Securities.

Each of the parties to the Merger Agreement have made customary representations and warranties in the Merger Agreement.

Certificate of Designations of Series E Preferred Stock

As set forth above, the Company designated and issued 10,000 shares of Series E Preferred Stock to the Sole Member. The holder(s) of the Series E Preferred Stock will have a priority over all of the shares of Common Stock on liquidation or sale of the Company (but are subject to the liquidation rights of the Company's outstanding Series A, B, C and D Preferred Stock), at an amount equal to One Hundred Dollars ($100.00) for each such share of the Series E Preferred Stock (as adjusted for any combinations, consolidations, stock distributions or stock dividends with respect to such shares). Except as required by applicable law, no dividends will be payable on the Series E Preferred Stock.

Except as otherwise required by law, the holders of Series E Preferred Stock shall have no voting rights. Each share of Series E Preferred Stock is convertible into two thousand five hundred (2,000) shares of the Company's fully paid and nonassessable shares of Common Stock, as adjusted. The Series E Preferred Stock shall contain the respective

rights, privileges and designations as are set forth in the Certificate of Designations, Preferences, Rights and Limitations of Series E Preferred Stock appended hereto as Exhibit 3.1 (the "**Certificate of Designation**").

The foregoing description of the Merger Agreement and the Series E Preferred Stock do not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, and any Exhibits thereto, and the Certificate of Designation, which are attached as Exhibits 2.1 and 3.1, respectively, to this Current Report on Form 8-K and are incorporated herein by reference. The Merger Agreement has been included to provide investors and shareholders with information regarding its terms. It is not intended to provide any other factual information about the Company, WebTegrity, the Sole Member or Merger Sub. The Merger Agreement contains representations and warranties that the parties to the Merger Agreement made to and solely for the benefit of each other, and the assertions embodied in such representations and warranties are qualified by information contained in confidential disclosure schedules that the parties exchanged in connection with signing the Merger Agreement. Accordingly, investors and shareholders should not rely on such representations and warranties as characterizations of the actual state of facts or circumstances, since they were only made as of the date of the Merger Agreement (or such other date as specified therein) and are modified in important part by the underlying disclosure schedules.

Offer of Employment to Kori Ashton

On November 15, 2017, Parscale Digital extended an offer of employment to the Sole Member, pursuant to which Parscale Digital has agreed to engage the Sole Member to serve as Parscale Digital's Chief Strategy Officer on a full-time basis, upon the terms and subject to the conditions set forth in the offer letter (the "**Offer Letter**"), in exchange for a base salary of $110,000, subject to deductions and withholdings, employee benefits and paid time off. In addition, the Sole Member shall be entitled to participate in the Parscale Digital's Bonus Program as set forth in the Offer Letter.

The foregoing description of the Offer Letter does not purport to be complete and is qualified in its entirety by reference to the full text of the Offer Letter, which is attached hereto as Exhibit 10.1, to this Current Report on Form 8-K and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 is incorporated by reference herein.

On November 15, 2017, the Company issued an aggregate of 10,000 shares of Series E Preferred Stock pursuant to the terms of the Merger Agreement which is described in Item 1.01, which is incorporated by reference, in its entirety, into this Item 3.02. Issuance of the Series E Preferred Stock pursuant to the Merger Agreement was not registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state. These securities were offered and issued in reliance upon the exemption from registration under the Securities Act, afforded by Section 4(a)(2).

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The information set forth in Item 1.01 is incorporated by reference herein.

Certificate of Designation of Series E Preferred Stock

On November 15, 2017, the Company filed the Certificate of Designations, Preferences, Rights and Limitations of Series E Preferred Stock (the '**Series E Certificate of Designation**") with the Secretary of State of the State of Nevada, setting forth the terms of the Series E Preferred Stock. A copy of the Series E Certificate of Designation is appended as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing does not purport to be a complete description of the Series E Certificate of Designation and is qualified in its entirety by reference to the full text of the Series E Certificate of Designation.

Item 7.01. Regulation FD Disclosure.

A copy of the press release issued by the Company on November 15, 2017 announcing the completion of the Merger is furnished as Exhibit 99.1 hereto.

The foregoing information in this Item 7.01 (including Exhibit 99.1 hereto) is being furnished under "Item 7.01 Regulation FD Disclosure." Such information (including Exhibit 99.1 hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the " **Exchange Act**"), nor shall it be deemed incorporated by reference in any filing under the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired.*

The Company will file an amendment to this Current Report on Form 8-K containing the financial statements required by Item 9.01(a) not later than seventy-one calendar days after the date that this Current Report on Form 8-K was required to be filed.

(b) *Pro Forma Financial Information.*

The Company will file an amendment to this Current Report on Form 8-K containing the pro forma financial information required by Item 9.01(b) not later than seventy-one calendar days after the date that this Current Report on Form 8-K was required to be filed.

(d) Exhibits.

2.1	Agreement and Plan of Merger, dated as of November 15, 2017, by and among CloudCommerce, Inc., WebTegrity, LLC, Kori Ashton and Parscale Digital, Inc.
3.1	Certificate of Designation of Series E Preferred Stock
10.1	Offer Letter dated November 15, 2017, to Kori Ashton
99.1	Press Release issued November 16, 2017

SIGNATURES

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

CLOUDCOMMERCE, INC.

Date: November 16, 2017

By: */s/ Andrew Van Noy*
Name: Andrew Van Noy
Title: Chief Executive Officer

EXHIBIT 2.1

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (the "Agreement") is made and entered into as of November 15, 2017 among WebTegrity, LLC, a Texas limited liability company, which has an office at 14603 Huebner Road, Building 34, San Antonio, Texas 78230 ("WebTegrity" or the "Seller"), Kori Ashton ("Ashton"), (Ashton is hereby referred to as "Member"), CloudCommerce, Inc., a Nevada corporation (the "Buyer" or "Company"), and Parscale Digital, Inc., a Nevada corporation ("Merger Sub"). The Seller, Member, Buyer, and Merger Sub are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

R E C I T A LS

WHEREAS, The Member owns 100% of the membership interests of Seller;

WHEREAS, Seller is engaged in the business of Digital marketing and web development (the "Business");

WHEREAS, The Managers of Seller and the Board of Directors of the Merger Sub and Company have determined that an acquisition of Seller by the Buyer is advisable, fair to and in the best interests of their respective companies, members and stockholders and, accordingly, have each approved the merger of Seller with and into Merger Sub (the "Merger") upon the terms and subject to the conditions set forth herein and in the Articles of Merger which will be filed with the Secretary of State of the State of Texas, attached hereto as Exhibit A and the Secretary of State of Nevada ("Certificate of Merger"), attached hereto as Exhibit B;

WHEREAS, The Parties hereto intend that the reorganization contemplated by this Merger Agreement shall constitute a tax- free reorganization pursuant to Section 368(a)(1) of the Internal Revenue Code.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, and in light of the above recitals to this Agreement, the Parties to this Agreement hereby agree as follows:

1. The Merger.

1 . 1 The Merger. Subject to the terms and conditions of this Agreement and the Certificate of Merger, Seller shall be merged with and into Merger sub in accordance with applicable provisions of Nevada law and Texas Law. At the Effective Time (as defined below), the separate legal existence of Seller shall cease, and Merger Sub shall be the surviving company in the Merger (sometimes hereinafter referred to as the "Surviving Company").

1.2 Effective Time. The Merger shall become effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Nevada and the Secretary of State of Texas in accordance with applicable law. The time at which the Merger shall become effective as aforesaid is referred to hereinafter as the "Effective Time."

1 . 3 Merger Consideration. The aggregate consideration to be paid by the Buyer to the Member in exchange for and in cancellation of their membership interest in the Seller as a result of

the Merger shall be One Million Dollars ($1,000,000) paid in the form of Ten Thousand (10,000) shares (the "Stock Consideration") of the Company's Series E Convertible Preferred Stock (the "Series E Preferred Stock"), with a stated value of $100 per share, which shall have the rights, preferences and privileges as set forth in a Certificate of Designation, in the form attached hereto as Exhibit C (the "Certificate of Designation"), to be filed with the Nevada Secretary of State on or prior to the Effective Time. Each one (1) share of Series E Preferred Stock is convertible is convertible into Two Thousand (2,000) shares of the Common Stock of the Buyer, subject to the conversion limitation set forth in Section 3(b) of the Certificate of Designation. With respect to the public resale of the Common Stock, the Member shall at all times be subject to the restrictions, conditions and requirements applicable to an affiliate of the Buyer, as described in Rule 144 of the Securities Act of 1933, as amended, even if the Member or their assignees and successors are not affiliates of the Buyer.

1.4 Conversion of Seller's Membership Interests. At the Effective Time of the Merger, automatically by virtue of the Merger and without any action on the part of any Person, each membership interest of the Seller that is issued and outstanding immediately prior to the Effective Time shall by virtue of the Merger shall be converted, into validly issued, fully paid and nonassessable shares of Series E Preferred Stock and the Buyer shall issue the Member Ten Thousand (10,000) shares of its Series E Preferred Stock. Certificates representing the Stock Consideration shall be delivered to the Member no later than ten days after the Effective Time of the Merger pursuant to the terms of this Agreement and upon surrender of certificates or other evidence of their ownership interest in Seller.

1.5 Certificate of Incorporation and By-laws; Officers and Directors.

(a) At the Effective Time, by virtue of the Merger and without any action on the part of anyParty, the Certificate of Incorporation of the Surviving Company shall be the Certificate of Incorporation of the Merger Sub immediately prior to the Effective Time.

(b) At the Effective Time, by virtue of the Merger and without any action on the part of anyParty, the By-laws of the Surviving Company shall be the By-laws of the Merger Sub immediately prior to the Effective Time.

1.6 Assets and Liabilities. At the Effective Time, the Surviving Company shall possess all the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of each of Merger Sub and Seller (collectively, the "Constituent Corporations"); and all the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed, and all debts due to any of the Constituent Corporations on whatever account, as well as all other things in action or belonging to each of the Constituent Corporations, shall be vested in the Surviving Company; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectively the property of the Surviving Company as they were of the several and respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of such Constituent Corporations shall not revert or be in any way impaired by the Merger; but all rights of creditors and all liens upon any property of any of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities and duties of the Constituent Corporations shall thenceforth attach to the Surviving Company, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

2. Other Covenants.

2.1 Covenant Not to Compete.

(a) As a material inducement for Buyer to enter into this Agreement, Kori Ashton, strictly subject to the provisions of Sections 2.1(c) and 2.1(d), covenants and agrees that for a period of thirty six (36) months following the Effective Time (the "Non-Competition Period"), she shall not, directly or indirectly own, manage, operate, participate in, produce, represent, distribute and/or otherwise act on behalf of any person, firm, corporation, partnership or other entity which involves digital marketing and web development (the "Competitive Business") anywhere in the world (collectively, the "Territory"); or hire any employee or former employee of Buyer, the Surviving Company, or Seller to perform services in or involving the Competitive Business, unless the individual hired shall have departed Buyer's, the Surviving Company's or Seller's employment at least twelve (12) months prior to the hiring. Kori Ashton may hire a former employee within (12) months of former employees' employment upon written consent of the Company. Kori Ashton further covenants and agrees that during the Non-Competition Period, she will not directly or indirectly solicit or agree to service for her benefit or the benefit of any third-party, any of Seller's, Buyer's, or the Surviving Company's customers.

(b) Kori Ashton acknowledges and agrees that Buyer will expend substantial time, talent, effort and money in marketing, promoting, managing, selling and otherwise exploiting the businesses Buyer and the Surviving Company operate, in part by virtue of Buyer's acquisition of Seller pursuant to this Agreement, that the Member is the only member of Seller, that she is receiving a substantial benefit from the transactions contemplated hereunder and that the benefit received by Buyer and the Member in agreeing to be bound by this Section 2.1 are a material part of the consideration for the transactions contemplated by this Agreement. The Parties recognize that this Section 2.1 contains conditions, covenants, and time limitations that are reasonably required for the protection of the business of the Surviving Company and Buyer. If any limitation, covenant or condition shall be deemed to be unreasonable and unenforceable by a court or arbitrator of competent jurisdiction, then this Section 2.1 shall thereupon be deemed to be amended to provide modification of such limitation, covenant and/or condition to such extent as the court or arbitrator (as applicable) shall find to be reasonable and such modification shall not affect the remainder of this Agreement. The Member acknowledges that, in the event the Member breaches this Agreement, money damages will not be adequate to compensate Buyer for the loss occasioned by such breach. The Member therefore consents, in the event of such a breach, to the granting of injunctive or other equitable relief against the Member by any court of competent jurisdiction.

(c) Anything in this Section 2.1 or any other portion of this Agreement to the contrary notwithstanding, this Agreement and/or the covenants set-forth in Section 2.1(a) shall not prohibit or otherwise restrict or abridge Kori Ashton from: (i) owning, managing, operating, participating in the operation of, or advising, consulting or being employed by any entity that is not involved in the Competitive Business, as long as such activities do not affect any responsibilities of employment or consultation at the Company or its subsidiaries, including the Surviving Company; or (ii) engaging in teaching, speaking, lecturing, training and/or instruction in web design, digital marketing, website development, search engine optimization and/or any other topic or subject matter, as long as such activities do not affect any responsibilities of employment or consultation at the Company or its subsidiaries, including the Surviving Company.

(d) In the event that Buyer terminates Kori Ashton's at-will employment as set-

forth in Section 2.3 hereof for any reason other than her gross misconduct, this covenant not to compete or otherwise engage in any Competitive Business shall automatically terminate, and be of no further force and effect as of 11:59 P.M. on the date of Kori Ashton's separation from Buyer's employment.

2.2 Lockup of Stock Consideration. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, during the period beginning on the Effective Time and ending on the thirty six(36) month anniversary thereof (the "Lockup Period"), the Member will not directly or indirectly, (i) offer, sell, offer to sell, contract to sell, hedge, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or sell (or announce any offer, sale, offer of sale, contract of sale, hedge, pledge, sale of any option or contract to purchase, purchase of any option or contract of sale, grant of any option, right or warrant to purchase or other sale or disposition), or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future), any portion of the Stock Consideration, or any shares of the Company's common stock underlying the Stock Consideration (collectively the "Lock-Up Securities"), beneficially owned, within the meaning of Rule 13d-3 under the Exchange Act, by such holder on the Effective Date, or hereafter acquired or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any portion of the Lock-Up Securities, whether or not any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of any of the Lock-Up Securities").

2.3 Employment of Kori Ashton. As material consideration for the sale of her interests in the Seller and her covenant not to compete as set-forth in Section 2.1(a), the Buyer has extended an at will offer of employment for Kori Ashton, and Kori Ashton has accepted the same. Commencing immediately upon the Effective Time of this Agreement, Kori Ashton shall serve as the Chief Strategy Officer of Merger Sub and shall receive a salary of $110,000 per year, together with participation in the Bonus Program, as set forth in the offer letter attached hereto as Exhibit D, which is incorporated herein by reference. In addition to any bonus paid under the Bonus Program specified in the offer letter, Kori Ashton may also receive any bonus as the Board of Directors of the Buyer may determine.

2.4 Cooperation on Tax Matters. The Parties acknowledge and agree that they intend for the transactions set forth in this Agreement to be treated as a tax-free reorganization under IRC § 368(a)(1). From and after the date of this Agreement, each party shall cooperate fully, as and to the extent reasonably requested by any other party, in connection with the preparation of tax returns, forms and/or documents necessary to ensure that the transactions set forth in this Agreement are treated as a tax-free reorganization under IRC § 368(a)(1).

2.5 Reserved .

3. Closing and Further Acts.

3.1 Time and Place of Closing. Upon satisfaction or waiver of the conditions set forth in this Agreement, the closing of the Transaction (the "Closing") will take place in Santa Barbara, California at 11:00 a.m. (local time) on the date that the Parties may mutually agree in writing, but in no event later than November 15, 2017 (the "Closing Date"), unless extended by mutual written

agreement of the Parties.

3.2 Actions at Closing. At the Closing, the following actions will take place:

(a) Buyer will deliver to the Member a certificate representing the Stock Consideration as set forth on the attached Schedule 4.2.

(b) The Parties shall execute and deliver for filing the Certificate of Merger for Texas and Nevada upon the Closing.

(c) Seller will deliver to Buyer copies of necessary resolutions of the Member of the Seller authorizing the execution, delivery, and performance of this Agreement and the other agreements contemplated by this Agreement, which resolutions have been certified by an officer or other authorized person of the Seller as being valid and in full force and effect.

(d) Buyer will deliver to Seller copies of corporate resolutions of the Board of Directors of Buyer authorizing the execution, delivery and performance of this Agreement and the other agreements contemplated by this Agreement, which resolutions have been certified by an officer of Buyer as being valid and in full force and effect.

(e) Seller will deliver to the Buyer true and complete copies of Seller's Certificate of Organization, operating agreement and a Certificate of Good Standing from the Secretary of State of its state of domicile, which articles and certificate of good standing are dated not more than five (5) days prior to the Closing Date.

(f) Delivery of any additional documents or instruments as a party may reasonably request or as may be necessary to evidence and effect the Merger.

(g) the Member will deliver to the Company a written assignment representing 100% of the membership interest of the Seller,.

(h) Buyer will deliver to Kori Ashton all such documents as are necessary to secure her employment as an at-will employee of the Buyer, together with all benefits appertaining to such employment, as specified in Exhibit D, as of the Effective Date.

3 . 3 Actions Pre-Closing. Seller and the Member will at all times prior to and after the Closing cooperate fully with Buyer and Buyer's officers, directors, representatives, accountants and lawyers to enable Buyer to conduct thorough due diligence of the Seller and to enable Seller to prepare all financial statements deemed necessary by Buyer to comply with all of its reporting obligations with the Securities and Exchange Commission, including without limitation the preparation and filing of a report on Form 8-K within four (4) business days after the Closing.

3 . 4 Actions Post Closing. The Member will at all times after the Closing cooperate fully with Buyer and Buyer's officers, directors, representatives, accountants and lawyers to complete the preparation of all financial statements of Seller deemed necessary or appropriate by Buyer, and to enable Buyer to comply with all of its reporting obligations with the Securities and Exchange Commission.

3.5 Reserved.

4. Representations and Warranties of the Member and Seller.

Except as set forth on the Disclosure Schedules, attached hereto as Exhibit E, the Member and Seller represent and warrant, jointly and severally, as of the date hereof, to Buyer as follows:

4.1 Power and Authority; Binding Nature of Agreement. The Member and Seller have full power and authority to enter into this Agreement and to perform their obligations hereunder. The execution, delivery, and performance of this Agreement by Seller has been duly authorized by all necessary action on its part. Assuming that this Agreement is a valid and binding obligation of each of the other Parties hereto, this Agreement is a valid and binding obligation of the Member and Seller, except as may be limited by bankruptcy, moratorium, insolvency or other similar laws generally affecting the enforcement of creditors' rights, and the effect or availability of rules of law governing specific performance, injunctive relief or other equitable remedies (regardless of whether any such remedy is considered in a proceeding at law or in equity). The execution and delivery of this Agreement by Seller, and the consummation by Seller of the transactions contemplated hereby, including the Merger, have been duly and validly authorized by the Member of Seller as well as by the holder of all the issued and outstanding shares of shares of stock of Seller entitled to vote and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby or to perform its obligations hereunder. Member is the sole Member of the Seller and owns 100% of the membership interests of the Seller free of any liens, charges, encumbrances or restrictions.

4.2 Subsidiaries. There is no corporation, general partnership limited partnership, joint venture, association, trust or other entity or organization that Seller directly or indirectly controls or in which Seller directly or indirectly owns any equity or other interest.

4.3 Good Standing. Seller (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, (ii) has all necessary power and authority to own its assets and to conduct its business as it is currently being conducted, and (iii) is duly qualified or licensed to do business and is in good standing in every jurisdiction (both domestic and foreign) where such qualification or licensing is required.

4.4 Financial Statements. Seller has delivered to Buyer the following unaudited financial statements, if applicable, prior to the Closing (the "Seller Financial Statements"): the unaudited statement of operations and balance sheet of Seller from inception through September 30, 2017. Except as stated therein or in the notes thereto, the Seller Financial Statements: (a) present fairly the financial position of Seller as of the respective dates thereof and the results of operations and changes in financial position of Seller for the respective periods covered thereby; and (b) have been prepared in accordance with Seller's normal business practices applied on a consistent basis throughout the periods covered. Seller will cooperate with Buyer to prepare the following audited financial statements, if applicable, prior to the Closing: (i) the unaudited statement of operations and statement of cash flows from inception through September 30, 2017. All financial statements shall be prepared in accordance with generally accepted accounting principles. The Seller had revenue of at least $230,089 for the year ended December 31, 2015 and net income of at least $91,858 for the ear ended December 31, 2015. Revenue for the year ended December 31, 2016 shall be at least $417,698 and net income shall be at least $92,000. The Member and the Seller project that Seller will have revenue of at least $638,000 for the year ended December 31, 2017 and net income of at least $117,000 for the year ended December 31, 2017.

4.5 **Capitalization**. The authorized capital structure of Seller consists of 100% membership percentage interests that are owned solely and exclusively by the Member. No other membership interests or units of Seller are issued, reserved for issuance or outstanding. All outstanding securities of Seller are duly authorized, validly issued, fully paid and non-assessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the applicable corporate laws of its state of formation, the Seller's certificate of formation or operating agreement or any contract to which Seller is a party or otherwise bound. There are no bonds, debentures, notes or other indebtedness of Seller having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Membership Interests may vote("Voting Company Debt"). Except as otherwise set forth herein, as of the date of this Agreement, there are no options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, contracts, arrangements or undertakings of any kind to which Seller is a party or by which Seller is bound (i) obligating Seller to issue, deliver or sell, or cause to be issued, delivered or sold, additional membership units or other equity interests in, or any security convertible or exercisable for or exchangeable into any membership units or other equity interest in, the Company or any Voting Company Debt, (ii) obligating Seller to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of membership interests of Seller.

4.6 **Absence of Changes**. Except as otherwise set forth on Schedule 4.6 hereto or otherwise disclosed to and acknowledged by Buyer in writing prior to the Closing, since inception:

(a) There has not been any material adverse change in the business, condition, assets, operations or prospects of Seller and no event has occurred that is reasonably likely to have a material adverse effect on the business, condition, assets, operations or prospects of Seller.

(b) Seller has not repurchased, redeemed or otherwise reacquired any of its membership interests or other securities.

(c) Seller has not sold or otherwise issued any of its shares of common stock.

(d) Seller has not amended its articles of organization, operating agreement or other charter or organizational documents, nor has it effected or been a party to any merger, recapitalization, reorganization or similar transaction.

(e) Seller has not formed any subsidiary or contributed any funds or other assets to any subsidiary.

(f) Seller has not purchased or otherwise acquired any material assets, nor has it leased any assets from any other person, except in the ordinary course of business consistent with past practice.

(g) Seller has not made any capital expenditure outside the ordinary course of business or inconsistent with past practice.

(h) Seller has not sold or otherwise transferred any material assets to any other person,

except in the ordinary course of business consistent with past practice and at a price equal to the fair market value of the assets transferred.

(i) There has not been any material loss, damage or destruction to any of the material properties or Assets of Seller (whether or not covered by insurance).

(j) Seller has not written off as uncollectible any indebtedness or accounts receivable, except for write offs that were made in the ordinary course of business consistent with past practice.

(k) Seller has not leased any assets to any other person except in the ordinary course of business consistent with past practice and at a rental rate equal to the fair rental value of the leased assets.

(1) Seller has not mortgaged, pledged, hypothecated or otherwise encumbered any assets, except in the ordinary course of business consistent with past practice.

(m) Seller has not entered into any contract, or incurred any debt, liability or other obligation (whether absolute, accrued, contingent or otherwise), except for (i) contracts that were entered into in the ordinary course of business consistent with past practice and that have terms of less than six (6) months and do not contemplate payments by or to Seller which will exceed, over the term of the contract, ten thousand dollars ($10,000) in the aggregate, and (ii) current liabilities incurred in the ordinary course of business consistent with the past practice.

(n) Seller has not made any loan or advance to any other person, except for advances that have been made to customers in the ordinary course of business consistent with past practice and that have been properly reflected as "accounts receivables."

(o) Other than annual raises or bonuses paid or provided consistent with past business practices and not exceeding $2,500.

(p) Seller has not paid any bonus to, or increased the amount of the salary, fringe benefits or other compensation or remuneration payable to, any of the managers, officers or employees of Seller.

(q) No contract or other instrument to which Seller is or was a party or by which Seller or any of its assets are or were bound has been amended or terminated, except in the ordinary course of business consistent with past practice.

(r) Seller has not discharged any lien or discharged or paid any indebtedness, liability or other obligation, except for current liabilities that (i) are reflected in the Seller Financial Statements as of October 31, 2017 or have been incurred since October 31, 2017_in the ordinary course of business consistent with past practice, and (ii) have been discharged or paid in the ordinary course of business consistent with past practice.

(s) Seller has not forgiven any debt or otherwise released or waived any right or claim, except in the ordinary course of business consistent with past practice.

(t) Seller has not changed its methods of accounting or its accounting practices in any respect.

(u) Seller has not entered into any transaction outside the ordinary course of business or inconsistent with past practice.

(v) Seller has not agreed or committed (orally or in writing) to do any of the things described in clauses (b) through (t) of this Section 4.6.

4.7 Absence of Undisclosed Liabilities. Seller has no debt, liability or other obligation of any nature (whether due or to become due and whether absolute, accrued, contingent or otherwise) that is not reflected or reserved against in the Seller Financial Statements as of October 31, 2017, except for obligations incurred since inception in the ordinary and usual course of business consistent with past practice.

4.8 Seller Assets.

(a) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach of the terms and conditions of, or result in a loss of rights under, or result in the creation of any lien, charge or encumbrance upon, any of its assets (the "Assets").

(b) Seller has good and marketable title to the Assets, free and clear of all mortgages, liens, leases, pledges, charges, encumbrances, equities or claims, except as expressly disclosed in writing by Seller to Buyer prior to the Closing Date.

(c) Except as reflected in the Seller Financial Statements, the Assets are not subject to any material liability, absolute or contingent, which has not been disclosed by Seller to and acknowledged by Buyer in writing prior to the Closing Date.

(d) Member has provided to Buyer in writing an accurate description of all of the assets of Seller or used in the business of Seller.

(e) Seller has provided to Buyer in writing a list of all contracts, agreements, licenses, leases, arrangements, commitments and other undertakings to which Seller is a party or by which it or its property is bound. Except as specified by Seller to and acknowledged by Buyer in writing prior to the Closing Date, all of such contracts, agreements, leases, licenses and commitments are valid, binding and in full force and effect. As soon as practicable after the execution of this Agreement by all Parties, Seller will provide Buyer with copies of all such documents for Buyer's review.

4.9 Compliance with Laws; Licenses and Permits. Seller is not in violation of, nor has it failed to conduct its business in material compliance with, any applicable federal, state, local or foreign laws, regulations, rules, treaties, rulings, orders, directives or decrees. Seller has delivered to Buyer a complete and accurate list and provided Buyer with the right to inspect true and complete copies of all of the licenses, permits, authorizations and franchises to which Seller is subject and all said licenses, permits, authorizations and franchises are valid and in full force and effect. Said licenses, permits, authorizations and franchises constitute all of the licenses, permits, authorizations and franchises reasonably necessary to permit Seller to conduct its business in the manner in which it is now being conducted, and Seller is not in violation or breach of any of the terms, requirements or conditions of any of said licenses, permits, authorizations or franchises.

4.10 **Taxes**. Except as disclosed herein, Seller has accurately and completely filed with the appropriate United States state, local and foreign governmental agencies all tax returns and reports required to be filed (subject to permitted extensions applicable to such filings), and has paid or accrued in full all taxes, duties, charges, withholding obligations and other governmental liabilities as well as any interest, penalties, assessments or deficiencies, if any, due to, or claimed to be due by, any governmental authority (including taxes on properties, income, franchises, licenses, sales and payroll). (All such items are collectively referred to herein as "Taxes"). The Seller Financial Statements fully accrue or reserve all current and deferred taxes. Seller is not a party to any pending action or proceeding, nor is any such action or proceeding threatened by any governmental authority for the assessment or collection of Taxes. No liability for taxes has been incurred other than in the ordinary course of business. There are no liens for Taxes except for liens for property taxes not yet delinquent. Seller is not a party to any Tax sharing, Tax allocation, Tax indemnity or statute of limitations extension or waiver agreement and in the past year has not been included on any consolidated combined or unitary return with any entity other than Seller. Seller has duly withheld from each payment made to each person from whom such withholding is required by law the amount of all Taxes or other sums (including but not limited to United States federal income taxes, any applicable state or municipal income tax, disability tax, unemployment insurance contribution and Federal Insurance Contribution Act taxes) required to be withheld therefore and has paid the same to the proper tax authorities prior to the due date thereof. To the extent any Taxes withheld by Seller have not been paid as of the Closing Date because such Taxes were not yet due, such Taxes will be paid to the proper tax authorities in a timely manner. All Tax returns filed by Seller are accurate and comply with and were prepared in accordance with applicable statutes and regulations. The Member and Seller will cause Seller to prepare and file all Tax returns and pay all Taxes required prior to the Closing. Such Tax returns will be subject to review and approval by Buyer, which approval will not be unreasonably withheld.

4.11 **Environmental Compliance Matters**. Seller has at all relevant times with respect to the Business or otherwise been in material compliance with all environmental laws, and has received no potentially responsible party notices or similar notices from any governmental agencies or private parties concerning releases or threatened releases of any "hazardous substance" as that term is defined under 42 U.S.C. 960(1) (14).

4.12 **Compensation**. Seller has provided Buyer with a full and complete list of all officers, managers, employees and consultants of Seller as of the date hereof, specifying their names and job designations, their respective current wages, salaries or other forms of direct compensation, and the basis of such compensation, whether fixed or commission or a combination thereof.

4.13 No Default.

(a) Each of the contracts, agreements or other instruments of Seller and each of the standard customer agreements or contracts of Seller is a legal, binding and enforceable obligation by or against Seller, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other similar federal or state laws affecting the rights of creditors and the effect or availability of rules of law governing specific performance, injunctive relief or other equitable remedies (regardless of whether any such remedy is considered in a proceeding at law or in equity). To the knowledge of Seller and Member, no party with whom Member has an agreement or contract is in default there under or has breached any terms or provisions thereof which is material to the conduct of Member's business.

(b) Seller has performed or is now performing the obligations of, and Seller is not in material default (or would by the elapse of time and/or the giving of notice be in material default) in respect of, any contract, agreement or commitment binding upon it or its assets or properties and material to the conduct of its business. No third party has raised any claim, dispute or controversy with respect to any of the executed contracts of Seller, nor has Seller received notice of warning of alleged nonperformance, delay in delivery or other noncompliance by Seller with respect to its obligations under any of those contracts, nor are there any facts which exist indicating that any of those contracts may be totally or partially terminated or suspended by the other Parties thereto.

4.14 Product Warranties. Except as otherwise disclosed to and acknowledged by Buyer in the form of a written disclosure schedule prior to the Closing and for warranties under applicable law, (a) there are no warranties, express or implied, written or oral, with respect to the products or projects of Seller, (b) there are no pending or threatened claims with respect to any such warranty and (c) Seller has no, and after the Closing Date, will have no, liability with respect to any such warranty, whether known or unknown, absolute, accrued, contingent, or otherwise and whether due or to become due, other than customary returns in the ordinary course of business that are fully reserved against in the Seller Financial Statements.

4.15 Proprietary Rights.

(a) Seller has provided Buyer in writing a complete and accurate list and provided Buyer with the right to inspect true and complete copies of all software, patents and applications for patents, trademarks, trade names, service marks, and copyrights, and applications therefore, owned or used by Seller or in which it has any rights or licenses, except for software used by Seller and generally available on the commercial market. Seller has provided Buyer with a complete and accurate description of all agreements or provided Buyer with the right to inspect true and complete copies of all agreements of Seller with each officer, employee or consultant of Seller providing Seller with title and ownership to patents, patent applications, trade secrets and inventions developed or used by Seller in its business. All of such agreements are valid, enforceable and legally binding, subject to the effect or availability of rules of law governing specific performance, injunctive relief or other equitable remedies (regardless of whether any such remedy is considered in a proceeding at law or in equity).

(b) Seller owns or possesses licenses or other rights to use all computer software, software programs, patents, patent applications, trademarks, trademark applications, trade secrets, service marks, trade names, copyrights, inventions, drawings, designs, customer lists, propriety know-how or information, or other rights with respect thereto (collectively referred to as "Proprietary Rights"), used in the business of Seller, and the same are sufficient to conduct Seller's business as it has been and is now being conducted.

(c) The operations of Seller do not conflict with or infringe, and no one has asserted to Seller that such operations conflict with or infringe on any Proprietary Rights owned, possessed or used by any third party. There are no claims, disputes, actions, proceedings, suits or appeal pending against Seller with respect to any Proprietary Rights, and none has been threatened against Seller. There are no facts or alleged fact which would reasonably serve as a basis for any claim that Seller does not have the right to use, free of any rights or claims of others, all Proprietary Rights in the development, manufacture, use, sale or other disposition of any or all

products or services presently being used, furnished or sold in the conduct of the business of Seller as it has been and is now being conducted.

(d) To the knowledge of Seller, no current employee of Seller is in violation of any term of any employment contract, proprietary information and inventions agreement, non-competition agreement, or any other contract or agreement relating to the relationship of any such employee with Seller or any previous employer.

4.16 **Insurance**. Seller has provided Buyer with complete and accurate copies of all policies of insurance and provided Buyer with the right to inspect true and complete copies of all policies of insurance to which Seller is a party or is a beneficiary or named insured as of the Closing Date. Seller has in full force and effect, with all premiums due thereon paid the policies of insurance set forth therein. There were no claims in excess of $10,000 asserted or currently outstanding under any of the insurance policies of Seller in respect of all motor vehicle, general liability, since inception.

4.17 **Labor Relations**. None of the employees of Seller are represented by any union or are parties to any collective bargaining arrangement, and, to the knowledge of Seller, no attempts are being made to organize or unionize any of Seller's employees. Except as disclosed in writing to Buyer prior to the Closing, to the knowledge of Seller, there is not presently pending or existing, and there is not presently threatened, any material (a) strike, slowdown, picketing, work stoppage or employee grievance process, or (b) action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) against or affecting Seller relating to the alleged violation of any legal requirement pertaining to labor relations or employment matters. Seller is in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, wages and hours, occupational safety and health and is not engaged in any unfair labor practices. Seller is in compliance with the Immigration Reform and Control Act of 1986. Except as disclosed in Schedule 4.17, Seller has no employment agreements.

4.18 **Condition of Premises**. All real property leased by Seller is in good condition and repair, ordinary wear and tear excepted.

4.19 **No Distributor Agreements**. Except as disclosed to and acknowledged by Buyer in writing prior to the Closing, Seller is not a party to, nor is the property of Seller bound by, any distributors' or manufacturer's representative or agency agreement.

4.20 **Conflict of Interest Transactions**. No past or present member, manager, director, officer or employee of Seller or any of their affiliates (i) is indebted to, or has any financial, business or contractual relationship or arrangement with Seller, or (ii) has any direct or indirect interest in any property, asset or right which is owned or used by Seller or pertains to the business of Seller with the exception of outstanding member loans which will be satisfied and discharged in full prior to the Closing Date.

4.21 **Litigation**. There is no action, suit, proceeding, dispute, litigation, claim, complaintor, to the knowledge of Seller, investigation by or before any court, tribunal, governmental body, governmental agency or arbitrator pending or threatened against or with respect to Seller which (i) if adversely determined would have a material adverse effect on the business, condition, assets, operations or prospects of Seller, or (ii) challenges or would challenge any of the actions required

to be taken by Seller under this Agreement. There exists no basis for any such action, suit, proceeding, dispute, litigation, claim, complaint or investigation.

4.22 **Non-Contravention**. Neither (a) the execution and delivery of this Agreement, nor (b) the performance of this Agreement will: (i) contravene or result in a violation of any of the provisions of certificate of formation or operating agreement of Seller; (ii) contravene or result in a violation of any resolution adopted by the shareholders or directors of Seller; (iii) result in a violation or breach of, or give any person the right to declare (whether with or without notice or lapse of time) a default under or to terminate, any material agreement or other instrument to which Seller or the Member is a party or by which Seller or any of its assets are bound; (iv) give any person the right to accelerate the maturity of any indebtedness or other obligation of Seller; (v) result in the loss of any license or other contractual right of Seller; (vi) result in the loss of, or in a violation of any of the terms, provisions or conditions of, any governmental license, permit, authorization or franchise of Seller; (vii) result in the creation or imposition of any lien, charge, encumbrance or restriction on any of the assets of Seller; (viii) result in the reassessment or revaluation of any property of Seller by any taxing authority or other governmental authority; (ix) result in the imposition of, or subject Seller to any liability for, any conveyance or transfer tax or any similar tax; or (x) result in a violation of any law, rule, regulation, treaty, ruling, directive, order, arbitration award, judgment or decree to which Seller or any of its assets or any limited liability interests are subject.

4.23 **Approvals**. Seller has provided Buyer with a complete and accurate list of all jurisdictions in which Seller is authorized to do business along with the documentation evidencing such authorization. No authorization, consent or approval of, or registration or filing with, any governmental authority is required to be obtained or made by Seller in connection with the execution, delivery or performance of this Agreement, including the conveyance to Buyer of the Business.

4.24 **Brokers**. Seller has not agreed to pay any brokerage fees, finder's fees or other fees or commissions with respect to the Transaction, and no person is entitled, or intends to claim that it is entitled, to receive any such fees or commissions in connection with such transaction.

4.25 **Special Government Liabilities.** Seller has no existing or pending liabilities, obligations or deferred payments due to any federal, state or local government agency or entity in connection with its business or with any program sponsored or funded in whole or in part by any federal, state or local government agency or entity, nor are the Seller or Seller aware of any threatened action or claim or any condition that could support an action or claim against Seller or the Business for any of said liabilities, obligations or deferred payments.

4.26 Balance Sheet of Seller. The Balance Sheet of Seller as of the Closing shall be as set forth on Schedule 4.6 (the "Closing Balance Sheet"). In the event that within 120 days of the Closing the Buyer determines that the amount of assets of Seller are less than on the Closing Balance Sheet, e Seller shall surrender for cancellation to Buyer such number of Series E Preferred Stock as is equal to the percentage difference between what the Company determines the amount of the assets and the Closing Balance Sheet amount and Seller agrees to immediately executed any documents and take such further action as is required to cancel such Series E Preferred Stock**.**

4.27 **Net Working Capital**. Immediately prior to the Closing, Seller's Working Capital, as hereinafter defined, shall be not less seventy thousand dollars ($70,000.00). Specifically, there

shall not be less than fifty thousand dollars $50,000.00 of cash or cash equivalent in Seller'sWorking Capital. For purposes of this Section 4.27:

i. "Current Assets" means the current assets of Seller as determined in accordance with U.S. generally accepted accounting principles.

ii. "Current Liabilities" means the current Liabilities of Seller as determined in accordance with U.S. generally accepted accounting principles.

iii. "Working Capital" means an amount equal to (a) the amount of the Current Assets,minus (b) the amount of the Current Liabilities.

4.28 Full Disclosure. Neither this Agreement (including the exhibits hereto) nor any statement, certificate or other document delivered to Buyer by or on behalf of Seller contains any untrue statement of a material fact or omits to state a material fact necessary to make the representations and other statements contained herein and therein not misleading.

4.29 Tax Advice. The Member and Seller hereby represent and warrant that they have sought their own independent tax advice regarding the Transaction and neither the Member nor Seller have relied on any representation or statement made by Buyer, Merger Sub, or their representatives regarding the tax implications of such transactions.

4.30 Acknowledgement of Risks. The Member hereby represent and warrant that they have conducted a thorough review of Buyer's public reports and financial statements filed by it with the Securities and Exchange Commission, and have had an opportunity to ask questions of and to receive additional information from representatives of Buyer. The Member acknowledges that there are substantial risks associated with owning the Series E Preferred Stock and Buyer's common stock into which it is convertible, including but not limited to (i) those risk factors contained in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017, a copy of which has been delivered to the Member and which the Member acknowledges receipt of, (ii) the transferability of Buyer's common stock is restricted by applicable federal and state securities laws as well as by the terms of this Agreement and the Series E Preferred Stock, and may be impaired by a lack of trading volume, and (iii) those additional risks described in public reports filed by Buyer with the Securities and Exchange Commission. Each Member is acquiring the Series E Preferred Stock for investment for his/her own respective accounts only and not with a view to, or for resale in connection with, any distribution thereof. Each Member represents and warrants that he or she is sophisticated, knowledgeable and experienced in making investments of this kind and are capable of evaluating the risks and merits of acquiring the Series E Preferred Stock, or have consulted with sophisticated or knowledgeable advisors in these matters. Each Member represents and warrants that he or she has no immediate need for liquidity in connection with the Series E Preferred Stock, does not anticipate that he or she will be required to sell the Series E Preferred Stock in the foreseeable future and has the capacity to sustain a complete loss of his investment in the Series E Preferred Stock.

4.31 Restricted Securities. It is understood that the Stock Consideration is characterized as "restricted securities" under the Securities Act of 1933 as amended inasmuch as this Agreement contemplates that, the Stock Consideration is being acquired in a transaction not involving a public offering. It is further understood and acknowledged that if the Stock Consideration is issued to the

Member in accordance with the provisions of this Agreement, such Stock Consideration may not be resold without registration under the Securities Act or the existence of an exemption therefrom. The Member represents that he or she is familiar with Rule 144 promulgated under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

4.32 **Legends**. It is understood that the certificates evidencing Stock Consideration will bear the following legend or another legend that is similar to the following:

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

THESE SECURITIES ARE SUBJECT TO THE TERMS OF A LOCK-UP AGREEMENT AND MAY NOT BE TRANSFERRED, SOLD OR ASSIGNED OTHER THAN AS PERMITTED THEREIN, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

THE TERMS OF THE SERIES E CONVERTIBLE PREFERRED STOCK ARE SET FORTH IN THE CERTIFICATE OF DESIGNATION WHICH HAS BEEN FILED WITH THE SECRETARY OF STATE OF THE STATE OF NEVADA A COPY OF WHICH IS AVAILABLE UPON THE WRITTEN REQUEST TO THE COMPANY BY THE HOLDER OF SERIES E CONVERTIBLE PREFERRED

and any legend required by the "blue sky" laws of any state to the extent such laws are applicable to the securities represented by the certificate so legended.

4.33 **Representations True on Closing Date**. The representations and warranties of the Member and Seller set forth in this Agreement are true and correct on the date hereof, and will be true and correct on the Effective Time as though such representations and warranties were made as of the Closing Date.

5. Representations and Warranties of Buyer.

Buyer represents and warrants to the Member and Seller as follows:

5.1 **Power and Authority; Binding Nature of Agreement**. Buyer has full power and authority to enter into this Agreement and to perform its obligations hereunder. The execution,

delivery and performance of this Agreement by Buyer have been duly authorized by all necessary action on its part. Assuming that this Agreement is a valid and binding obligation of the other party hereto, this Agreement is a valid and binding obligation of Buyer.

5 . 2 **Approvals**. No authorization, consent or approval of, or registration or filing with, any governmental authority or any other person is required to be obtained or made by Buyer in connection with the execution, delivery or performance of this Agreement.

5.3 **Good Standing**. Buyer (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, (ii) has all necessary power and authority to own its assets and to conduct its business as it is currently being conducted, (iii) is duly qualified or licensed to do business and is in good standing in every jurisdiction (both domestic and foreign) where such qualification or licensing is required, (iv) has the full right, corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

5 . 4 **Authority.** The execution of this Agreement by the individual whose signature is set forth at the end of this Agreement, and the delivery of this Agreement by Buyer, have been duly authorized by all necessary corporate action on the part of Buyer;

5.5 **Representations True on Closing Date**. The representations and warranties of Buyer set forth in this Agreement are true and correct on the date hereof, and will be true and correct on the Closing Date as though such representations and warranties were made as of the Closing Date.

5.6 **Non-Contravention**. The execution, delivery and performance of this Agreement by Buyer will not violate, conflict with, require consent under or result in any breach or default under (i) any of Buyer's organizational documents (including its Certificate of Incorporation and By-laws), (ii) any applicable law or (iii) with or without notice or lapse of time or both, the provisions of any material contract or agreement to which Buyer is a party or to which any of its material assets are bound (the "Buyer Contracts").

5.7 **Material Compliance**. Buyer is in material compliance with all applicable Laws and Buyer Contracts relating to this Agreement, and the operation of its business.

5.8 **Capital Structure**. The authorized capital stock of the Company consists of: (i)Two Billion (2,000,000,000) shares of Common Stock, par value $0.001 per share of which 130,252,778 shares are issued and outstanding as of the date of this Agreement and (ii) Five Million (5,000,000) shares of preferred stock, par value $0.001per share, of which (A) 10,000 are designated Series A Preferred Stock, all of which are issued and outstanding as of the date of the this Agreement, (B) 25,000 are designated Series B Preferred Stock, 18,025 of which are issued and outstanding as of the date of this Agreement (C) 25,000 are designated Series C Preferred Stock, 14,425 of which are issued and outstanding as of the date of this Agreement (D) 90,000 are designated Series D Preferred Stock, all of which are issued and outstanding as of the date of this Agreement. The Stock Consideration payable to Member under Section 1.3 of this Agreement shall constitute the entirety of all shares of the Company's Series E Convertible Preferred Stock, and no additional Series E shares shall be issued to any person or entity at any time. All of the outstanding shares of capital stock of the Company are, and all shares of capital stock of the Company which may be issued as contemplated or permitted by this Agreement will be, when issued, duly authorized and validly issued, fully paid and non-assessable and not subject to any pre-emptive rights. Prior to the Closing, Buyer will deliver to Seller a schedule describing all convertible instruments such as stock options,

warrants, convertible notes, and convertible preferred stock of the Company (the “Convertible Instruments”), along with the aggregate number of shares that could be issued if all Convertible Instruments were converted into shares of Common Stock.

5.9 **Governmental Consents**. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to (any of the foregoing being a "Consent"), any supranational, national, state, municipal, local or foreign government, any instrumentality, subdivision, court, administrative agency or commission or other governmental authority, or any quasi-governmental or private body exercising any regulatory or other governmental or quasi-governmental authority (a "Governmental Entity") is required to be obtained or made by the Buyer in connection with the execution, delivery and performance by the Company of this Agreement or the consummation by the Buyer of the Merger and other transactions contemplated hereby, except for: (i) the filing of the Certificate of Merger with the Secretary of State of the State of Nevada and the Secretary of State of Texas; (ii) if required by Nevada law, the filing of the Buyer Proxy Statement with the Securities and Exchange Commission ("SEC") in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such reports under the Exchange Act as may be required in connection with this Agreement, the Merger and the other transactions contemplated by this Agreement; (iii) such Consents as may be required under (A) the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") or (B) any other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or creation or strengthening of a dominant position through merger or acquisition ("Foreign Antitrust Laws" and, together with the HSR Act, the "Antitrust Laws"), in any case that are applicable to the transactions contemplated by this Agreement; (iv) such Consents as may be required under applicable state securities or "blue sky" Laws and the securities Laws of any foreign country; (v) the other Consents of Governmental Entities listed in Schedule 6.7(c); (vi) such other Consents which if not obtained or made would not reasonably be expected to have, individually or in the aggregate, a material adverse effect and (vii) any required filings with the Securities and Exchange Commission.

5.10 **SEC Filings.** Except as set forth on Schedule 5.10, Buyer has timely filed with or furnished to, as applicable, the SEC all registration statements, prospectuses, reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated by reference) required to be filed or furnished by it with the SEC since July 1, 2016 (the **"Buyer SEC Documents"**). Buyer has made available to Seller and Member all such Buyer SEC Documents that it has so filed or furnished prior to the date hereof. To the knowledge of Buyer's management and board of directors, as of their respective filing dates (or, if amended or superseded by a subsequent filing, as of the date of the last such amendment or superseding filing prior to the date hereof), each of the Buyer SEC Documents complied as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the **"Securities Act"**), and the Exchange Act, and the rules and regulations of the SEC thereunder applicable to such Buyer SEC Documents. To the knowledge of Buyer's management and board of directors, none of the Buyer SEC Documents, including any financial statements, schedules or exhibits included or incorporated by reference therein at the time they were filed (or, if amended or superseded by a subsequent filing, as of the date of the last such amendment or superseding filing prior to the date hereof), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.11 **Full Disclosure**. Neither this Agreement (including the exhibits hereto) nor any statement, certificate or other document delivered to Seller by or on behalf of Buyer contains any untrue statement of a material fact or omits to state a material fact necessary to make the representations and other statements contained herein and therein not misleading.

6. Conditions to Closing.

6.1 **Conditions Precedent to Buyer's Obligation to Close**. Buyer's obligation to close the transaction as contemplated in this Agreement is conditioned upon the occurrence or waiver by Buyer of the following:

(a) The Seller has delivered an updated list of assets and liabilities that is accurate and complete as of not more than five (5) business days prior to the Closing.

(b) All representations and warranties of the Member and Seller made in this Agreement or in any exhibit or schedule hereto delivered by the Member and Seller shall be true and correct as of the Closing Date with the same force and effect as if made on and as of that date.

(c) The Member and Seller shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing Date.

(d) Buyer must be satisfied in its sole and absolute discretion with its due diligence of the Member and Seller.

(e) Buyer shall have received a report from the Secretary of State for Texas showing the existence or absence of liens, financing statements and other encumbrances recorded against any of the Assets, dated not more than five (5) days prior to the Closing, and such report shall be satisfactory to Buyer in its sole and absolute discretion.

(f) From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Seller shall (a) conduct the Business in the ordinary course of business; and (b) use commercially reasonable efforts to maintain and preserve intact its current Business organization, operations and franchise and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business. From the date hereof until the Closing Date, except as consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Seller shall not take any action that would cause any of the changes, events or conditions described in Section 4.6 to occur.

(g) From the date hereof until the Closing, Seller shall (a) afford Buyer and its representatives reasonable access to and the right to inspect all of the real property, properties, assets, premises, books and records, contracts and other documents and data related to the Business; (b) furnish Buyer and its representatives with such financial, operating and other data and information related to the Business as Buyer or any of its representatives may reasonably request; and (c) instruct the representatives of Seller to cooperate with Buyer in its investigation of the Business; *provided, however,* that any such investigation shall be conducted during normal business hours upon reasonable advance notice to Seller, under the supervision of Seller's personnel and in

such a manner as not to interfere with the conduct of the Business or any other businesses of Seller. Notwithstanding anything to the contrary in this Agreement, Seller shall not be required to disclose any information to Buyer if such disclosure would, in Seller's sole discretion: (x) cause significant competitive harm to Seller and its businesses, including the Business, if the transactions contemplated by this Agreement are not consummated; (y) jeopardize any attorney- client or other privilege; or (z) contravene any applicable Law, fiduciary duty or binding agreement entered into prior to the date of this Agreement. Prior to the Closing, without the prior written consent of Seller, which may be withheld for any reason, Buyer shall not contact any suppliers to, or customers of the Business.

6.2 Conditions Precedent to the Member and Seller's Obligation to Close. The Member's and Seller's obligation to close the transaction as contemplated in this Agreement is conditioned upon the occurrence or waiver by the Member of the following:

(a) All representations and warranties of Buyer made in this Agreement or in any exhibit hereto delivered by Buyer shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of that date.

(b) Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing Date.

(c) Buyer shall have fully-executed the Offer Letter set-forth at Exhibit D, and made arrangements for the commencement of Kori Ashton's employment, together with all insurance and other benefits appurtenant thereto, as of the Effective Time of this Agreement.

7. Survival of Representations and Warranties.

All representations and warranties made by each of the Parties hereto will survive the Closing for eighteen (18) months after the Closing Date, or longer if expressly and specifically provided in the Agreement. Seller and the Member will have joint and several liability under this Agreement, except for the covenant not to compete in Section 2.1 of this Agreement or where otherwise expressly and specifically provided in this Agreement.

8. Indemnification.

8.1 Indemnification by the Members. The Member agrees to indemnify, defend and hold harmless Buyer and its affiliates, directors, officers, agents and assigns against any and all claims, demands, losses, costs, expenses, obligations, liabilities and damages, including interest, penalties and reasonable attorney's fees and costs ("Losses"), incurred by Buyer or any of its affiliates arising, resulting from, or relating to any and all undisclosed liabilities of Seller incurred prior to the Closing Date or relating to the Assets prior the Closing Date, any misrepresentation of a material fact or omission to disclose a material fact made by the Member or Seller in this Agreement, in any exhibits or schedules to this Agreement or in any other document furnished or to be furnished by the Member or Seller under this Agreement, or any breach of, or failure by the Member or Seller to perform, any of their representations, warranties, covenants or agreements in this Agreement or in any exhibit or other document furnished or to be furnished by the Member or Seller under this Agreement. Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Member pursuant to this Section shall be no more than $10,000.00

8.2 **Indemnification by Buyer**. Buyer agrees to indemnify, defend and hold harmless the Member and from, or relating to any misrepresentation of a material fact or omission to disclose a material fact made by the Buyer in this Agreement, in any exhibits to this Agreement or in any other document furnished or to be furnished by the Buyer under this Agreement, or any breach of, or failure by Buyer to perform, any of its representations, warranties, covenants or agreements in this Agreement or in any exhibit or other document furnished or to be furnished by Buyer under this Agreement, provided however and notwithstanding anything to the contrary herein, the maximum aggregate liability of the Buyer pursuant to this Section shall be no more than $10,000.00.

8.3 Procedure for Indemnification Claims.

(a) Whenever any parties become aware that a claim (an "Underlying Claim") has arisen entitling them to seek indemnification under Section 8 of this Agreement, such parties (the "Indemnified Parties") shall promptly send a notice ("Notice") to the parties liable for such indemnification (the "Indemnifying Parties") of the right to indemnification (the "Indemnity Claim"); provided, however, that the failure to so notify the Indemnifying Parties will relieve the Indemnifying Parties from liability under this Agreement with respect to such Indemnity Claim only if, and only to the extent that, such failure to notify the Indemnifying Parties results in the forfeiture by the Indemnifying Parties of rights and defenses otherwise available to the Indemnifying Parties with respect to the Underlying Claim. Any Notice pursuant to this Section 8.3(a) shall set forth in reasonable detail, to the extent then available, the basis for such Indemnity Claim and an estimate of the amount of damages arising therefore.

(b) If an Indemnity Claim does not result from or arise in connection with any Underlying Claim or legal proceedings by a third party, the Indemnifying Parties will have thirty (30) calendar days following receipt of the Notice to issue a written response to the Indemnified Parties, indicating the Indemnifying Parties' intention to either (i) contest the Indemnity Claim or (ii) accept the Indemnity Claim as valid. The Indemnifying Parties' failure to provide such a written response within such thirty (30) day period shall be deemed to be an acceptance of the Indemnity Claim as valid. In the event that an Indemnity Claim is accepted as valid, the Indemnifying Parties shall, within fifteen (15) business days thereafter, pay Losses incurred by the Indemnified Parties in respect of the Underlying Claim in cash by wire transfer of immediately available funds to the account or accounts specified by the Indemnified Parties..

(c) In the event an Indemnity Claim results from or arises in connection with any Underlying Claim or legal proceedings by a third party, the Indemnifying Parties shall have fifteen (15) calendar days following receipt of the Notice to send a Notice to the Indemnified Parties of their election to, at their sole cost and expense, assume the defense of any such Underlying Claim or legal proceeding; provided that such Notice of election shall contain a confirmation by the Indemnifying Parties of their obligation to hold harmless the Indemnified Parties with respect to Losses arising from such Underlying Claim. The failure by the Indemnifying Parties to elect to assume the defense of any such Underlying Claim within such fifteen (15) day period shall entitle the Indemnified Parties to undertake control of the defense of the Underlying Claim on behalf of and for the account and risk of the Indemnifying Parties in such manner as the Indemnified Parties may deem appropriate, including, but not limited to, settling the Underlying Claim. The parties controlling the defense of the Underlying Claim shall not, however, settle or compromise such Underlying Claim without the prior written consent of the other parties, which consent shall not be

unreasonably withheld or delayed. The non-controlling parties shall be entitled to participate in (but not control) the defense of any such action, with their own counsel and at their own expense.

(d) The Indemnifying Parties and the Indemnified Parties will cooperate reasonably, fully and in good faith with each other, at the sole expense of the Indemnifying Parties subject to the last sentence of Section 8.3(c) of this Agreement, in connection with the defense, compromise or settlement of any Underlying Claim including, without limitation, by making available to the other parties all pertinent information and witnesses within their reasonable control.

9. Injunctive Relief.

9.1 Damages Inadequate. Each party acknowledges that it would be impossible to measure in money the damages to the other party if there is a failure to comply with any covenants and provisions of this Agreement, and agrees that in the event of any breach of any covenant or provision, the other party to this Agreement will not have an adequate remedy at law.

9 . 2 Injunctive Relief. It is therefore agreed that the other party to this Agreement who is entitled to the benefit of the covenants and provisions of this Agreement which have been breached, in addition to any other rights or remedies which they may have, will be entitled to immediate injunctive relief to enforce such covenants and provisions, and that in the event that any such action or proceeding is brought in equity to enforce them, the defaulting or breaching party will not urge a defense that there is an adequate remedy at law.

10. Further Assurances.

Following the Closing, the Member and Seller shall furnish to Buyer such instruments and other documents as Buyer may reasonably request for the purpose of carrying out or evidencing the transactions contemplated hereby.

11. Fees and Expenses.

Each party hereto shall pay all fees, costs and expenses that it incurs in connection with the negotiation and preparation of this Agreement and in carrying out the transactions contemplated hereby (including, without limitation, all fees and expenses of its counsel and accountant).

12. Waivers.

If any party at any time waives any rights hereunder resulting from any breach by the other party of any of the provisions of this Agreement, such waiver is not to be construed as a continuing waiver of other breaches of the same or other provisions of this Agreement. Resort to any remedies referred to herein will not be construed as a waiver of any other rights and remedies to which such party is entitled under this Agreement or otherwise.

13. Successors and Assigns.

Each covenant and representation of this Agreement will inure to the benefit of and be binding upon each of the Parties, their personal representatives, assigns and other successors in interest.

14. Entire and Sole Agreement.

This Agreement, together with each of the incorporated Exhibits, constitutes the entire agreement between the Parties and supersedes all other agreements, representations, warranties, statements, promises and undertakings, whether oral or written, with respect to the subject matter of this Agreement. This Agreement may be modified or amended only by a written agreement signed by all Parties to this Agreement. The Parties acknowledge that as of the date of the execution of this Agreement, any and all other agreements, either written or verbal, regarding the substance of this Agreement will be terminated and be of no further force or effect.

15. Governing Law.

This Agreement will be governed by the laws of California without giving effect to applicable conflict of law provisions.With respect to any litigation arising out of or relating to this Agreement, each party agrees that it will be filed in and heard by the state or federal courts with jurisdiction to hear such suits located in Santa Barbara County, California.

16. Counterparts.

This Agreement may be executed simultaneously in any number of counterparts, each of which counterparts will be deemed to be an original, and such counterparts will constitute but one and the same instrument.

17. Assignment.

Except in the case of an affiliate of Buyer, this Agreement may not be assignable by any party without prior written consent of the other Parties.

18. Remedies.

Except as otherwise expressly provided herein, none of the remedies set forth in this Agreement are intended to be exclusive, and each party will have all other remedies now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more remedies will not constitute a waiver of the right to pursue other available remedies.

19. Section Headings.

The section headings in this Agreement are included for convenience only, are not a part of this Agreement and will not be used in construing it.

20. Severability.

In the event that any provision or any part of this Agreement is held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability will not affect the validity or enforceability of any other provision or part of this Agreement.

21. Notices.

Each notice or other communication hereunder must be in writing and will be deemed to

have been duly given on the earlier of (i) the date on which such notice or other communication is actually received by the intended recipient thereof, or (ii) the date five (5) days after the date such notice or other communication is mailed by registered or certified mail (postage prepaid) to the intended recipient at the following address (or at such other address as the intended recipient will have specified in a written notice given to the other Parties hereto):

If to the Member and Seller:

_____

With a copy to:

If to Buyer:

CloudCommerce, Inc.
1933 Cliff Dr. Suite 1
Santa Barbara, CA 93109
Attention: Andrew Van Noy, CEO Telephone: 805-964-3313
Facsimile: 805-964-6968

With a copy to:

Sichenzia Ross Ference Kesner LLP
61 Broadway, 32nd floor
New York, NY 10006
Attention: Gregory Sichenzia
Telephone: 212-930-9700
Facsimile: 212-930-9725
gsichenzia@srffllp.com

23. Publicity.

Except as may be required in order for a party to comply with applicable laws, rules, or regulations or to enable a party to comply with this Agreement, or necessary for Buyer to prepare and disseminate any private or public placements of its securities or to communicate with its stakeholders, no press release, notice to any third party or other publicity concerning the Transaction will be issued, given or otherwise disseminated without the prior approval of each of the Parties hereto.

[Signatures on following page.]

IN WITNESS WHEREOF, this Agreement has been entered into as of the date first above written.

Seller:

WEBTEGRITY, LLC

By: _____

Members:

_____

_____

_____

Company:

CLOUDCOMMERCE, INC.
a Nevada corporation

By: _____

Merger Sub:

PARSCALE DIGITAL, INC.
a Nevada corporation

By: _____

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EXHIBIT A

Certificate of Merger
Of the Secretary of State of Texas

EXHIBIT B

Certificate of Merger
Of the Secretary of State of Nevada

EXHIBIT C

Certificate of Designation

EXHIBIT D

Offer Letter

EXHIBIT 3.1

CERTIFICATE OF DESIGNATION
OF
CLOUDCOMMERCE, INC.

1. The name of the corporation is CloudCommerce, Inc., a Nevada corporation (the "Corporation").

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation of the Corporation, this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.

This series of the Corporation's Preferred Stock shall be designated "Series E Preferred Stock". The number of shares constituting the Series E Preferred Stock shall be Ten Thousand (10,000) shares. The total face value of this entire series is ONE Million Dollars ($1,000,000.00). Each share of Series E Preferred Stock shall have a stated face value of One Hundred Dollars ($100.00) ("Face Value"), and is convertible into shares of fully paid and non-assessable shares of common stock ("Common Stock") of the Corporation in accordance with Section 3 below. The Series E Preferred Stock shall have the rights, preferences and privileges set forth below:

Section 1. Dividends. Except as required by applicable law, no dividends will be payable on the Series E Preferred Stock.

Section 2. Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holder of each outstanding share of the Series E Preferred Stock shall be entitled to receive, out of the assets of the Corporation available for distribution to its shareholders upon such liquidation, whether such assets are capital or surplus of any nature, an amount equal to One Hundred Dollars ($100.00) for each such share of the outstanding Series E Preferred Stock held by such Holder (as adjusted for any combinations, consolidations, stock distributions or stock dividends with respect to such shares), plus all dividends, if any, declared on the Series E Preferred Stock and unpaid thereon as of the date of such distribution, before any payment shall be made or any assets distributed to the holders of the Common Stock, and, after such payment, the remaining assets of the Corporation shall be distributed to the holders of Common Stock.

(a) If the assets to be distributed pursuant to this Section 2 to the holders of the Series E Preferred Stock shall be insufficient to permit the receipt by such holders of the full preferential amounts aforesaid, then all of such assets shall be distributed among such holders of Series E Preferred Stock ratably in accordance with the number of such shares then held by each such holder.

Section 3. Conversion. The Series E Preferred Stock shall be subject to conversion into Common Stock upon the following terms and conditions:

(a) Timing and Mechanics of Conversion.

Beginning twelve (12) months after issuance, the Holder may convert shares of Series E Preferred Stock held by such Holder into shares of Common Stock. The conversion price shall be $0.05 per share (the "Conversion Price"), subject to adjustments described in Section 3. The number of shares of Common Stock receivable upon conversion of one share of Series E Preferred Stock equals the Face Value divided by the then Conversion Price. A conversion notice (the "Conversion Notice") may be delivered to Corporation by method of Holder's choice (including but not limited to email, facsimile, mail, overnight courier, or personal delivery), and all conversions shall be cashless and not require further payment from the Holder. If no objection is delivered from the Corporation to the Holder, with respect to any variable or calculation reflected in the Conversion Notice within 48 hours of delivery of the Conversion Notice, the Corporation shall have been thereafter deemed to have irrevocably confirmed and irrevocably ratified such notice of conversion and waived any objection thereto. The Corporation shall deliver the shares of Common Stock from any conversion to the Holder within three (3) business days of Conversion Notice delivery. If the Corporation is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, then upon request of the Holder and provided that the shares to be issued are eligible for transfer under Rule 144 of the Securities Act of 1933, as amended (the "Securities Act"), or are effectively registered under the Securities Act, the Corporation shall cause its transfer agent to electronically issue the Common Stock issuable upon conversion to the Holder through the DTC Direct Registration System ("DRS").

(b) Limitation of Conversions. In no event shall the Holder be entitled to convert any Series E Preferred Stock, such that upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of this Series E Preferred Stock or the unexercised or unconverted portion of any other security of the Corporation subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of Series E Preferred Stock with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso of the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso, provided, further, however, that the limitations on conversion may be waived by the Holder upon, at the election of the Holder, not less than 61 days prior notice to the Corporation, and the provisions of the conversion limitation shall continue to apply until such 61st day (or such later date, as determined by the Holder, as may be specified in such notice of waiver).

(c) Adjustment to Conversion Price for Stock Dividends, Consolidations and Subdivisions. In case the Corporation at any time after the first issuance of a share of the Series E Preferred Stock shall declare or pay on the Common Stock any dividend in shares of Common Stock, or effect a subdivision of the outstanding shares of the Common Stock into a greater number of shares of the Common Stock (by reclassification or otherwise than by payment of a dividend payable in shares of the Common Stock), or shall combine or consolidate the outstanding shares of the Common Stock into a lesser number of shares of the Common Stock (by reclassification or otherwise), then, and in each such case, the Conversion Price (as previously adjusted) in effect immediately prior to such declaration, payment, subdivision, combination or consolidation shall, concurrently with the effectiveness of such declaration, payment, subdivision, combination or consolidation, be proportionately adjusted.

(d) Adjustments for Reclassifications and Certain Reorganizations. In case the Corporation at any time after the first issuance of a share of the Series E Preferred Stock shall reclassify or otherwise change the outstanding shares of the Common Stock, whether by capital reorganization, reclassification or otherwise, or shall consolidate with or merge with or into any other corporation where the Corporation is not the surviving corporation but not otherwise, then, and in each such case, each outstanding share of the Series E Preferred Stock shall, immediately after the effectiveness of such reclassification, other change, consolidation or merger, be convertible into the type and amount of stock and other securities or property which the holder of that number of shares of the Common Stock into which such share of the Series E Preferred Stock would have been convertible before the effectiveness of such reclassification, other change, consolidation or merger would be entitled to receive in respect of such shares of the Common Stock as the result of such reclassification, other change, consolidation or merger.

(e) Fractional Shares. No fractional shares of the Common Stock shall be issuable upon the conversion of shares of the Series E Preferred Stock and the Corporation shall pay the cash equivalent of any fractional share upon such conversion.

Section 4. Notices. Any notice required by the provisions of this Certificate of Designation to be given to holders of shares of the Series E Preferred Stock shall be deemed given three days following the date on which mailed by certified mail, return receipt requested, postage prepaid, addressed to such holder at the address last appearing on the books of the Corporation for such holder or given by such holder to the Corporation for the purpose of notice, or if no such address appears or is so given, at the principal office of the Corporation, or upon personal delivery to the aforementioned address.

Section 5. Voting Rights. Except as required by law or as specifically provided herein, the Holders of Series E Preferred shall not be entitled to vote, as a separate class or otherwise, on any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting); provided, however, that each Holder of outstanding shares of Series E Preferred shall be entitled, on the same basis as holders of Common Stock, to receive notice of such action or meeting.

Section 6. Protective Provisions. So long as any shares of the Series E Preferred Stock shall remain outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock voting together as one class alter or change the rights, preferences or privileges of the shares of the Series E Preferred Stock so as to affect materially and adversely such shares; or

The Corporation hereby covenants and agrees that the Corporation will not, by amendment of its Certificate of Incorporation, bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Certificate of Designation, and will at all times carry out all the provisions of this Certificate of Designation and take all action as may be required to protect the rights of the Holders.

Section 7. Redemption. To the extent it may lawfully do so, the Corporation may, at its sole discretion, redeem any or all shares of the then outstanding shares of Series E Preferred Stock after the fifth anniversary of the original issuance date (the "Redemption Date").

(a) The Corporation shall effect any such redemption by paying in cash in exchange for the shares of Series E Preferred to be redeemed a sum equal to 120% of the original face value of the Series E Preferred Stock purchased by such Holder plus accrued and unpaid dividends with respect to such shares. The total amount to be paid for the Series E Preferred is hereinafter referred to as the "Redemption Price", and the date of such payment is hereinafter referred to as the "Redemption Date." At least thirty (30) days but no more than sixty (60) days prior to a Redemption Date, the Corporation shall send a notice (a "Redemption Notice") to all holder(s) of Series E Preferred to be redeemed setting forth (A) the Redemption Price for the shares to be redeemed; and (B) the place at which such holders may obtain payment of the Redemption Price upon surrender of their share certificates. Within three (3) days of receiving a Redemption Notice, holder shall elect to either (a) accept cash payment or (b) convert any part of the Series E Preferred Stock into shares of Common Stock, pursuant to Section 3 above. If the Corporation does not have sufficient funds legally available to redeem all shares to be redeemed at the Redemption Date, then it shall redeem such shares pro rata (based on the portion of the aggregate Redemption Price payable to them) to the extent possible and shall redeem the remaining shares to be redeemed as soon as sufficient funds are legally available, but no longer than ninety (90) days.

(b) On or after a Redemption Date, each holder of shares of Series E Preferred to be redeemed shall surrender such holder's certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event less than all the shares represented by such certificates are redeemed, a new certificate shall be issued representing the unredeemed shares. From and after such Redemption Date, unless there shall have been a default in payment of the Redemption Price or the Corporation is unable to pay the Redemption Price due to not having sufficient legally available funds, all rights of the holder of such shares as holder of Series E Preferred (except the right to receive the Redemption Price without interest upon surrender of their certificates), shall cease and terminate with respect to such shares; provided that in the event that shares of Series E Preferred are not redeemed due to a default in payment by the Corporation or because the Corporation does not have sufficient legally available funds, such shares of Series E Preferred shall remain outstanding and shall be entitled to all of the rights and preferences provided herein.

Section 8. Status of Converted Stock. In the event any shares of the Series E Preferred Stock shall be converted pursuant to Section 3 above, the shares so converted shall be cancelled and shall revert to the Corporation's authorized but unissued Preferred Stock.

Section 9. Transferability. This Series E Preferred Stock shall be transferable and may be assigned by the Holder, to anyone of its choosing without Corporation's approval subject to applicable securities laws. Lender covenants not to engage in any unregistered public distribution of the Series E Preferred Stock when making any assignments.

Section 10. Notices. Any notice required hereby to be given to the holders of shares of the Series E Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his, her or its address appearing on the books of the Corporation for such holder or given by such holder to the Corporation for the purpose of notice, or if no such address appears or is so given, at the principal office of the Corporation, or upon personal delivery to the aforementioned address.

Section 11. Public Disclosure. The Corporation and the Holder agree not to issue any public statement with respect to the Holder's investment or proposed investment in the Corporation's Series E Preferred Stock, or the terms of any agreement or covenant without the other party's prior written consent, except such disclosures as may be required under applicable law or under any applicable order, rule or regulation.

Section 12. Status of Series E Preferred Stock. Dividends, if any, on the Series E Preferred Stock will be junior to dividends on any series or class of outstanding Series A, B, C, or D Preferred Stock ("Senior Stock") and if at any time any dividend on Senior Stock is in default, the Corporation may not pay any dividend on the Series E Preferred Stock until all accrued and unpaid dividends on the Senior Stock for all prior periods and the current period are paid or declared and set aside for payment. The Series E Preferred Stock will have priority as to dividends over the Common Stock and any other series or class of the Corporation's Junior Stock, and no dividend may be paid on, and no purchase, redemption or other acquisition may be made by the Corporation of, any Junior Stock unless all accrued and unpaid dividends on the Series E have been paid. As used herein "Junior Stock" shall mean any class or series of capital stock of the corporation raking junior to the Series E Preferred Stock in respect of the right to receive dividends and/or assets upon the liquidation dissolution or winding up of the affairs of the Corporation.

Section 12. Miscellaneous.

(a) The headings of the various sections and subsections of this Certificate of Designation are for convenience of reference only and shall not affect the interpretation of any of the provisions of this Certificate of Designation.

(b) Whenever possible, each provision of this Certificate of Designation shall be interpreted in a manner as to be effective and valid under applicable law and public policy. If any provision set forth herein is held to be invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions of this Certificate of Designation. No provision herein set forth shall be deemed dependent upon any other provision unless so expressed herein. If a court of competent jurisdiction should determine that a provision of this Certificate of Designation would be valid or enforceable if a period of time were extended or shortened, then such court may make such change as shall be necessary to render the provision in question effective and valid under applicable law.

(c) Except as may otherwise be required by law, the shares of the Series E Preferred Stock shall not have any powers, designations, preferences or other special rights, other than those specifically set forth in this Certificate of Designation.

(d) Notwithstanding anything to the contrary herein, with respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, all shares of Series E Preferred Stock shall rank junior to all outstanding shares of Series A and B, C and D Preferred Stock.

IN WITNESS WHEREOF, this Certificate of Designation has been executed by a duly authorized officer of the Corporation on this Nov. 15, 2017.

CLOUDCOMMERCE, INC.

By: _____
Name: Andrew Van Noy
Title: President and Chief Executive Officer

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EXHIBIT 10.1

Employment Offer **15 November 2017**

Parscale Digital, Inc.
321 6th St.
San Antonio, TX 78215

Kori Ashton

Dear Mrs. Ashton,

Please consider this letter as an official offer of employment for a full-time Chief Strategy Officer position with Parscale Digital, Inc. We are offering you a base salary of $110,000, which will be subject to deductions for taxes and other withholdings as required by law, or the policies of the company. The company's payroll is on a bi-weekly basis; please see the compensation breakdown below:

Annual pay	$ 110,000.00 (26 pay periods)
Bi-weekly pay	$ $4,231 (80 hours)
Weekly pay	$ $2,115 (40 hours)

If you accept this offer, you will also receive employee benefits such as health insurance and company paid time off (vacation, holiday, and sick).

As an employee, you will receive ten paid holidays in a full calendar year, determined annually by the company. Health, dental, and vision insurance will begin on January 1, 2018.

Vacation days will accrue per pay period. You can take vacation you have not yet accrued, with the understanding that it reduces existing/future accruals by the number of days you take.

Employed 0-2 years: 10 days paid vacation annually, 3.077 hrs per pay period
Employed 3+ years: 12 days paid vacation annually, 3.692 hrs per pay period

Sick days will accrue at a rate of 1.54 hrs per pay period with a maximum of 5 paid days annually.

You will report directly to the Company's President.

All employee benefits are subject to periodic company review and can be changed with or without notice. We prefer your work hours to be from 9:00 a.m. – 6:00 p.m. with a maximum of an hour lunch in between. However, you may discuss your individual work schedule with your superior. You will be working from San Antonio office located at: 321 6th St. San Antonio, TX 78215.

Upon signing this document you acknowledge that this employment offer letter, together with the applicable provisions of the Agreement and Plan of Merger (the "merger Agreement") between and among WebTegrity, LLC, Kori Ashton, CloudCommerce, Inc. and Parscale Digital, Inc. represents the entire agreement between you and Parscale Digital, Inc. and that no other agreements, promises, or representations that are not specifically stated in this employment offer letter por the Merger Agreement, are or will be binding upon Parscale Digital, Inc.

As part of this position, you will be granted up to $3,000 per year for travel expense for WordCamp speaking opportunities.

You are also eligible to participate in Parscale Digital, Inc.'s Bonus Program (this plan will be subject to review and revision after 12 months), as follows:

Digital Marketing Division	Current 12 month forecast with existing book of Parscale Customers	Conservative 12 month projections adding WebTegrity digital marketing revenue and some new business in the pipeline
Gross Revenue	$800,000	$1,600,000
Net Profit	$144,000	$288,000
Base Salary	$110,000	
Commission on Net Profit	16%	
Annual Commission cap	$90,000	
Commission payment period	Quarterly	

Your employment will be subject to the covenant not to compete, as specified in Article 2 of the Merger Agreement.

If you are in agreement with the above employment offer details, please sign below and return the employment offer to us.

November 15, 2017

Candidate's Signature | Date

EXHIBIT 99.1

CloudCommerce Acquires WebTegrity

Company closes acquisition of Texas-based digital marketing solutions provider

SANTA BARBARA, CA -- (November 15, 2017) - CloudCommerce, Inc. (CLWD), a leading provider of data driven solutions (the "Company"), today announcedthat it has acquired 100% of WebTegrity, Inc., ("WebTegrity"), a provider of enterprise digital marketing services, based in San Antonio, Texas.

WebTegrity, incorporated in 2012, serves clients such as Generations Federal Credit Union, University Health System, UTSA, Petco Foundation, and Animal Defense League.

WebTegrity's founder and CEO, Kori Ashton, has been listed as one of seven women who run tech startups in San Antonio to watch. Ms. Ashton started her first company at the age of 12, and has pursued an entrepreneurial career path. With a degree in the arts, she brings more than fifteen years of experience as an online marketing specialist, graphic designer, and Web developer. As a sixth generation Texan, Ms. Ashton has participated as a keynote speaker at TEDx San Antonio, and trains and speaks at conferences across the United States.

The consideration for the acquisition of WebTegrity was paid in the form of ten thousand (10,000) shares of the Company's Series E Preferred Stock, with a stated value of $100 per share. Each one (1) share of Series E Preferred Stock is convertible into two thousand (2,000) shares of the Company's common stock.

This milestone marks the fourth transaction announced by the Company as part of its growth-by-acquisition strategy. The strategy is aimed at strengthening the Company's position and footprint in the industry through the strategic acquisition of profitable solutions providers with strong management teams.

"WebTegrity brings additional digital strategy expertise to our company," said Andrew Van Noy, CEO of the Company. "Today, we proudly welcome Kori Ashton and the entire WebTegrity team to our rapidly growing family of digital experts. Kori is an industry-leading digital strategist that understands how to create solutions for her clients that lead to greater success in the marketplace. We anticipate a smooth integration, and look forward to mutual growth as we work together."

"The whole WebTegrity team is very excited about this new chapter in our growth," said Ms. Ashton. "Our focus for the past five years has been providing our clients with incredible digital marketing and customer support. This merger means that we gain access to even more resources to fulfill just that."

The Company intends to continue its growth by acquisition strategy by seeking out complementary companies to form a global family of digital services and solutions to help brands successfully conduct business in the cloud.

About CloudCommerce

CloudCommerce, Inc. (CLWD) is a leading provider of data driven solutions. We help our clients acquire, engage, and retain their customers by finding actionable information hidden in critical sources of data. We focus intently on using quantitative and qualitative analysis to drive the creation of great user experiences and successful digital marketing strategies and campaigns. Whether it is creating omni-channel experiences, engaging a specific audience, or energizing voters in political campaigns, we believe data is the key to digital success. Our goal is to become the industry leader by always applying a “data first” strategy and acquiring other companies that share this vision.

Forward-Looking Statements

Matters discussed in this shareholder letter contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "anticipate," "believe," "estimate," "may," "intend," "expect" and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of the Company and are subject to a number of risks and uncertainties. These risks include, but are not limited to, risks and uncertainties associated with: the impact of economic, competitive and other factors affecting the Company and its operations, markets, products, and prospects for sales, failure to commercialize our technology, failure of technology to perform as expected, failure to earn profit or revenue, higher costs than expected, persistent operating losses, ownership dilution, inability to repay debt, failure of acquired businesses to perform as expected, the impact on the national and local economies resulting from terrorist actions, and U.S. actions subsequently; and other factors detailed in reports filed by the Company.

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