

CENUCO INC  
Form PRER14A  
February 24, 2006

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**AMENDMENT NO. 1**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(A)

of the Securities Exchange Act of 1934

**Filed by the registrant ☒ X**

**Filed by a party other than the registrant ☐ o**

Check the appropriate box:

☒ X Preliminary Proxy Statement.

☐ o Confidential for use of the commission only (as permitted by Rule 14a-6(e)(2)).

☐ o Definitive Proxy Statement.

☐ o Definitive additional materials.

☐ o Soliciting material pursuant to Rule 14a-12.

**CENUCO, INC.**

(Name of Registrant as Specified in Its Charter)

Payment of filing fee: (check the appropriate box):

☒ X No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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2000 Lenox Drive, Suite 202

Lawrenceville, New Jersey 08648

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [MARCH \_\_], 2006**

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NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Cenuco, Inc. (the "Company") will be held ~~on~~**March \_\_**, 2006 at 10:00 a.m., local time, at \_\_\_\_\_ in **[New York City, New York]**, for the following purposes:

1. to approve the issuance of up to 30,712,069 shares of the Company's common stock issuable upon conversion of the Company's Series A Junior Participating Preferred Stock or otherwise in connection with the recently completed merger with Hermes Acquisition Company I LLC;
  2. to approve an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock of the Company to 100,000,000 shares to permit the conversion of the Company's Series A Junior Participating Preferred Stock to common stock;
  3. to approve the issuance of up to 79,357,180 shares of the Company's common stock, including shares issuable upon conversion or exercise of the Company's convertible debentures, a new series of convertible preferred stock, and warrants to purchase common stock, to be issued in connection with a financing for the purpose of refinancing of existing debt (including a bridge loan used in connection with an asset acquisition) and for general working capital purposes;
  4. to approve an amendment to the Company's Restated Certificate of Incorporation to increase further the number of authorized shares of common stock of the Company to 225,000,000 to permit future issuances of common stock, including the issuance of shares upon conversion or exercise of the Company's convertible debentures, a new series of convertible preferred stock, and warrants to purchase common stock, to be issued in connection with a financing for the purpose of refinancing of existing debt (including a bridge loan used in connection with an asset acquisition) and for general working capital purposes;
  5. to approve an amendment to the Company's Restated Certificate of Incorporation to change our corporate name to Ascendia Brands, Inc.;
  6. to approve an Amended and Restated Certificate of Incorporation, including amendments to the Company's Restated Certificate of Incorporation to (i) provide for indemnification and advancement of expenses to directors and officers of the Company to the maximum extent permitted under state law, (ii) limit to the maximum extent permitted under state law the personal liability of directors of the Company for monetary damages for breach of fiduciary duty, (iii) permit the Board of Directors to amend the bylaws of the Company and (iv) make certain other changes that clarify existing provisions of the Restated Certificate of Incorporation; and
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7. to act on other matters and transact such other business as may properly come before the special meeting and any adjournment(s) or postponement(s) of the meeting.

The Board of Directors has fixed the close of business on **[January 23]**, 2006 as the record date for the meeting. Only holders of record of the Company's Series A Junior Participating Preferred Stock and the Company's common stock on the record date are entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof. Furthermore, only the holders of record of the Company's common stock on the record date will be entitled to vote on the proposals arising from the merger transaction, namely the issuance of shares upon conversion of the Series A Junior Participating Preferred Stock issued in the merger transaction and the increase in the Company's authorized capital stock to permit such issuance. The merger transaction and the above-referenced proposals are more fully described in the accompanying proxy statement.

Please read the accompanying proxy material carefully. Your vote is important, and we appreciate your cooperation in considering and acting on the matters presented. You are cordially invited to attend the meeting in person. Whether or not you expect to attend the special meeting, you are urged to complete, sign, date and return the enclosed proxy card to us in the enclosed envelope, which requires no postage if mailed in the United States. The proxies are solicited by the Board of Directors of the Company. The return of enclosed proxy will not affect your right to vote if you attend the meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS

[electronic signature]

JOSEPH A. FALSETTI

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dated: \_\_\_\_\_, 2006

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2000 Lenox Drive, Suite 202

Lawrenceville, New Jersey 08648

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**PROXY STATEMENT**

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**SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [MARCH \_\_], 2006**

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This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Cenuco, Inc., a Delaware corporation ( Cenuco or the Company), to be used at the Special Meeting of Stockholders, to be held **Friday, March \_\_**, 2006 at 10:00 a.m., local time, at \_\_\_\_\_ in **[New York City, New York]**, and any adjournment or postponement thereof (the Meeting ). This proxy statement, the foregoing notice and the enclosed proxy are first being mailed to holders of the Company's Series A Junior Participating Preferred Stock and the Company's common stock on or about **February \_\_, 2006**.

The Board of Directors does not intend to bring any matter before the Meeting except as specifically indicated in the notice, nor does the Board of Directors know of any matters that anyone else proposes to present for action at the Meeting. If any other matters properly come before the Meeting, however, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

Shares represented by proxies received by the Company, where the stockholder has specified a choice with respect to the matters to be voted upon at the Meeting, will be voted in accordance with the specification(s) so made. **In the absence of such specification(s), the shares will be voted FOR all of the proposals regarding the issuance of shares and the amendments to the Company's restated certificate of incorporation, as amended (Proposals One through Six).**

Any proxy may be revoked at any time prior to its exercise by notifying the Secretary of the Company in writing, by delivering a duly executed proxy bearing a later date or by attending the Meeting and voting in person.

The accompanying form of proxy is being solicited on behalf of the Board of Directors of the Company. The expenses of the solicitation of proxies for the Meeting will be paid by the Company. In addition to the mailing of the proxy material, such solicitation may be made in person or by telephone or Internet by directors, executive officers or employees of the Company, who will receive no additional compensation therefor. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable out-of-pocket expenses incurred by them in forwarding proxy and solicitation material to beneficial owners of the Company's stock.

## QUESTIONS AND ANSWERS ABOUT THE MEETING

### AND THE PROPOSALS TO BE VOTED UPON AT THE MEETING

The following questions and answers briefly address some commonly asked questions regarding the Meeting and the proposals to be voted upon at the Meeting. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. For additional information, please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the other documents we refer to in this proxy statement.

#### The Special Meeting

**Q. When and where will the meeting of stockholders take place?**

A. The special meeting of the Company's stockholders will take place on **March \_\_**, 2006 at 10:00 a.m., local time, at \_\_\_\_\_ in **[New York City, New York]**. The address of the meeting is specified in the notice of the special meeting.

**Q. What is the purpose of the special meeting?**

A. You are being asked to vote upon seven proposals that are described in detail in this proxy statement including amendments to the Company's Restated Certificate of Incorporation and the approval of the issuance of shares of the Company's common stock in connection with the acquisition by the Company of the Lander health and beauty care business and a proposed new financing facility.

**Q. Who may vote at the special meeting and who may attend the special meeting?**

A. Only holders of record of the Company's common stock and Series A Junior Participating Preferred Stock as of the close of business on **[January 23]**, 2006 may vote at the special meeting. As of **[January 23]**, 2006, the Company had outstanding 13,882,056 shares of common stock, and 2,553.6746 shares of Series A Junior Participating Preferred Stock, entitled to vote. Each share of common stock shall have one vote and each share of Series A Junior Participating Preferred Stock shall have 10,095.87 votes. All stockholders of the Company who owned shares on **[January 23]**, 2006 may attend the special meeting.

**Q. How do I cast my vote?**

A. There are two different ways you may cast your vote. You can vote by:  
marking, signing and dating a proxy card and returning it in the envelope provided; or  
attending the meeting and voting in person.

**Q. If I have given a proxy, how do I revoke that proxy?**

A. Your presence at the meeting will not in itself revoke any proxy you may have given. However, you may revoke your proxy (to the extent it has not already been voted at the meeting) if you:  
give written notice of the revocation to the Company's Corporate Secretary, at 2000 Lenox Drive, Suite 202, Lawrenceville, New Jersey 08648, which notice will not be effective until it is received;

submit a properly signed proxy with a later date; or  
attend the meeting and vote in person.

**Q. How will my proxy be voted?**

A. If your proxy in the accompanying form is properly executed, returned to and received by the Company prior to the meeting and is not revoked, it will be voted in accordance with your instructions. If you return your signed proxy but do not mark the boxes to show how you wish to vote on one or more of the proposals, the shares for which you have given your proxy will, in the absence of your instructions to the contrary, be voted **FOR** all of the proposals regarding the issuance of shares, amendments to the Company's Restated Certificate of Incorporation (Proposals One through Six). If additional matters come before the meeting, the person to whom you have provided your proxy will exercise his or her own discretion in voting your shares on such matters.

**Q. Will my shares be voted if I do not provide my proxy?**

A. Your shares may be voted under certain circumstances if they are held in the name of a brokerage firm or nominee. Under rules currently in effect, brokerage firms and nominees that are members of the American Stock Exchange have the authority under the American Stock Exchange's rules to vote their customers' unvoted shares on certain routine matters if the customers have not furnished voting instructions within a specified period prior to the meeting. Under these rules, the approval of the share issuance proposals and the charter amendment proposals are not considered routine matters and hence brokerage firms and nominees will not be able to vote the shares of customers from whom they have not received voting instructions with regard to approval of the share issuance proposals and the charter amendment proposals (Proposals One through Six). If you hold your shares directly in your own name, they will not be counted as shares present for the purposes of establishing a quorum or be voted if you do not provide a proxy or attend the meeting and vote the shares yourself.

*Broker Non-Votes:* Broker non-votes occur when shares held by a broker are not voted with respect to a proposal because (1) the broker has not received voting instructions from the beneficial owner of the shares and (2) the broker lacks the authority to vote the shares at the broker's discretion. Broker non-votes will have no effect on the share issuance proposals or the charter amendment proposals because broker non-votes will not be considered votes cast, but will be counted as shares present and entitled to vote for the purposes of determining the presence of a quorum.

**Q. Who will count the vote?**

A. Representatives of American Stock Transfer & Trust Company, the Company's transfer agent, will tabulate the votes cast at the meeting.

**Q. What does it mean if I get more than one proxy card?**

A. If you have your shares registered in multiple accounts with one or more brokers and/or the Company's transfer agent, you will receive more than one card. Please complete and return each of the proxy cards you receive to ensure that all of your shares are voted.

**Q. What is a quorum?**

- A. A quorum, for purposes of the Meeting, means a majority of the shares of the Company's stock entitled to vote at the Meeting. A quorum of the Company's shares must be present at the Meeting in order for the meeting to be held. For purposes of determining the presence of a quorum, shares will be counted if they are present in person or by proxy. Shares present by proxy will be counted as present for purposes of determining the presence of a quorum even if the proxy does not have authority to vote on all matters.

*Abstentions:* Abstentions are not counted in the tally of votes FOR or AGAINST a proposal. Abstentions are counted as shares present at the Meeting for purposes of determining the presence of a quorum.

**Q. What happens if I abstain from voting?**

- A. For each of the share issuance proposals and the charter amendment proposals (Proposals One through Six), abstentions will have no effect on the outcome (other than with respect to determining whether a quorum exists), since an abstention is not a vote cast.

**Q. How will voting on any other business be conducted?**

- A. We do not know of any business to be considered at the special meeting other than the proposals described in this proxy statement. However, if any other business is presented at the Meeting, a proxy in the accompanying form will give authority to Joseph A. Falsetti and Brian J. Geiger to vote on such matters at their discretion and they intend to do so in accordance with their best judgment on any such matter.

**The Merger**

**Q. What happened in the merger?**

- A. Hermes Acquisition Company I LLC (Hermes), together with its wholly owned subsidiaries Lander Co., Inc., Lander Co. Canada Limited and Hermes Real Estate I LLC, became wholly owned subsidiaries of the Company through a merger transaction in which a newly formed subsidiary of the Company merged with and into Hermes. The merger was completed on May 20, 2005.

**Q. Upon completion of the merger, what happened to my common stock?**

- A. There was no change in your common stock. Shares of the Company's common stock held by stockholders of the Company before the merger continue to remain outstanding after the merger and represent an equal number of shares of common stock of the Company after the merger. However, immediately following the merger, the prior members of Hermes became the beneficial owners of 65% of the voting power of the then outstanding shares of the Company's capital stock by virtue of owning shares of Series A Junior Participating Preferred Stock which is convertible, subject to stockholder approval, into shares of the Company's common stock. As a consequence of the issuance of the shares of Series A Junior Participating Preferred Stock, there was significant dilution in the ownership of the Company by stockholders of the Company before the merger.

**Q. Are stockholders being asked to approve the merger?**

- A. No. The Company's Restated Certificate of Incorporation, as amended, authorizes the Board of Directors to issue shares of preferred stock from time to time with such designations, preferences, conversion and other rights as the Board shall determine. Due to certain anticipated delays in the preparation of the proxy statement, the Board concluded that it was advisable to modify the

original terms of the merger transaction to issue shares of Series A Junior Participating Preferred Stock to the former Hermes members and to consummate the merger, neither of which required stockholder approval. However, the conversion of the shares of Series A Junior Participating Preferred Stock into shares of common stock is subject to stockholder approval and, as such, will be voted on at the Meeting. Only the holders of common stock will be entitled to vote on the proposals regarding conversion of the shares of series A Junior Participating Preferred Stock into shares of common stock.

**Q. Are appraisal rights applicable to any of the matters to be voted on at the special meeting?**

A. No. Appraisal rights do not apply to any matter to be voted on at the special meeting.

**Other Information**

**Q. Who will pay the cost of this proxy solicitation and how will the solicitation be conducted?**

A. The Company will pay the expenses it incurs in soliciting proxies in the form included with this proxy statement, and in preparing and filing any material required in connection with the solicitation. In addition to the use of the mail, the Company's directors, executive officers and employees may solicit proxies personally or by telephone. The Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the Company's stockholders.

**Q. Where can I find more information about the Company?**

A. The Company files periodic reports and other information with the U.S. Securities and Exchange Commission (the SEC). This information is available at the SEC's public reference facilities, and on the SEC's Internet site <http://www.sec.gov>. For a more detailed description of the information available, see the section of this proxy statement entitled *Additional Information*.

**Q. Who can help answer my questions?**

A. After reading this proxy statement, if you have questions about the special meeting, the financing transaction or any of the other proposals to be voted upon at the special meeting, you should contact us at Cenuco, Inc., 2000 Lenox Drive, Suite 202, Lawrenceville, New Jersey 08648, Attn: Corporate Secretary or call us at (609) 219-0930.

## SUMMARY

*This summary highlights selected information from this proxy statement about the conversion of the preferred stock issued in the merger, the financing transaction and the other matters to be voted upon at the special meeting. This summary may not contain all of the information that is important to you as a stockholder of the Company. Accordingly, we encourage you to read carefully this entire document and the other documents to which we refer you. References in this proxy statement to the Company, Cenuco, we, our and us mean, unless the context indicates otherwise, Cenuco, Inc. and its subsidiaries.*

### The Companies (see page 32)

The chart below depicts the current structure of the Cenuco group and the discussion that follows summarizes the functions and role of each company in the group:

*Cenuco, Inc. (the Company).* The Company is a holding company, organized under Delaware law, with its principal office in Lawrenceville, New Jersey. It owns directly the stock of Hermes Acquisition Company I LLC and Cenuco, Inc. (a separate legal entity organized under Florida law (Cenuco-Florida)). The common stock of the Company is quoted under the symbol ICU on the American Stock Exchange.

*Hermes Acquisition Company I LLC (Hermes).* Hermes is a Delaware limited liability company that acts as the holding company for the Company's health and beauty care (HBC) division. Immediately prior to the merger, Hermes owned the shares of Lander-Canada, Lander, and HREI. In this Proxy, we refer to Hermes, Lander-Canada, Lander and HREI collectively as the Lander Group. As a consequence of the merger of Hermes with a newly formed subsidiary of the Company, the Company became the owner of the Lander Group.

*Lander Co., Inc. (Lander).* Lander is a Delaware corporation with its executive offices in Lawrenceville, NJ, and is the principal operating company in the HBC division. Founded in 1920, Lander manufactures and sells value-priced health and beauty care products. Lander also produces private label brands for a limited number of retailers through its Canadian facility. Lander is a leader in the growing market for value priced health and beauty care products, which are sold in dollar store and value focused retailers such as Wal-Mart and Kmart. The Lander brand is recognized as the largest specialty bath brand as reported in 2004 by Information Resources, Inc., a global provider of market content and business performance management within consumer goods and retail industries. Lander

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operates a manufacturing plant in Binghamton, NY, which it leases from its affiliate, HREI. Further information regarding Lander is available on its website at <http://www.lander-hba.com>.

*Lander Co, Canada Ltd (Lander-Canada).* Lander-Canada, a Canadian limited company, is the Canadian manufacturing and distribution arm of the Lander Group. Lander-Canada operates a manufacturing facility in Toronto, Ontario, which it leases from a third party.

*Hermes Real Estate I LLC ( HREI ).* HREI, a Delaware limited liability company, is a real estate holding company. HREI's sole asset is the Binghamton plant, which it leases to Lander.

*Lander Intangibles Corp ( Lander Intangibles ).* Lander Intangibles is a Delaware corporation formed to acquire and hold certain of the intellectual property that we purchased from Playtex on November 16, 2005.

*Cenuco Inc. (Cenuco Wireless).* Cenuco Wireless is a Florida corporation that is wholly owned by the Company. In addition to the activities conducted through Hermes, its wholly owned subsidiary following the merger transaction, the Company develops and markets wireless data applications, with a focus on live video streaming to cellular devices across any carrier or handset platform, through its wholly owned Florida subsidiary of the same name.

### **The Special Meeting (see page 2)**

*Date, Time and Place.* The Meeting will be held on [March \_\_], 2006 at the \_\_\_\_\_ in [New York City, New York], at 10:00 a.m., local time, to consider and vote upon proposals:

**Proposal One:** Approval of the issuance of up to 30,712,069 shares of the Company's common stock issuable upon conversion of the Company's Series A Junior Participating Preferred Stock or otherwise in connection with the recently completed merger with Hermes Acquisition Company I LLC.

This proposal requires the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, by the holders of the Company's common stock on the record date.

**Proposal Two:** Approval of an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock of the Company to 100,000,000 shares to permit the conversion of the Company's Series A Junior Participating Preferred Stock to common stock.

This proposal requires the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, by the holders of the Company's common stock on the record date.

*Approval of this proposal to amend the Company's charter to increase the amount of authorized capital stock is a condition to approval of Proposal One regarding the issuance of the subject shares. Therefore, if the Company's stockholders wish to approve Proposal One, they must also approve Proposal Two.*

**Proposal Three:** Approval of the issuance of up to 79,357,180 shares of the Company's common stock, including shares issuable upon conversion or exercise of the Company's convertible debentures, a new series of convertible preferred stock, and warrants to purchase common stock, to be issued in connection with a financing for the purpose of refinancing of existing debt (including a bridge loan used in connection with an asset acquisition) and for general working capital purposes.

This proposal requires the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, by the holders on the record date of the Company's common stock and Series A Junior Participating Preferred Stock, voting as a single class.

**Proposal Four:** Approval of an amendment to the Company's Restated Certificate of Incorporation to increase further the number of authorized shares of common stock of the Company to 225,000,000 to permit future issuances of common stock, including the issuance of shares upon conversion or exercise of the Company's convertible debentures, a new series of convertible preferred stock and warrants to purchase common stock, to be issued in connection with a financing for the purpose of refinancing of existing debt (including a bridge loan used in connection with an asset acquisition) and for general working capital purposes.

This proposal requires the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, by the holders on the record date of the Company's common stock and Series A Junior Participating Preferred Stock, voting as a single class.

*Approval of this proposal to amend the Company's Restated Certificate of Incorporation to increase the amount of authorized capital stock is a condition to approval of Proposal Three regarding the issuance of the subject shares. Therefore, if stockholders of the Company wish to approve Proposal Three, they must also approve Proposal Four.*

**Proposal Five:** Approval of an amendment to the Company's Restated Certificate of Incorporation to change our corporate name to Ascendia Brands, Inc.

This proposal requires the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, by the holders on the record date of the Company's common stock and Series A Junior Participating Preferred Stock, voting as a single class.

**Proposal Six:** Approval of an Amended and Restated Certificate of Incorporation, including amendments to the Company's Restated Certificate of Incorporation to (i) provide for indemnification and advancement of expenses to directors and officers of the Company to the maximum extent permitted under state law, (ii) limit to the maximum extent permitted under state law the personal liability of directors of the Company for monetary damages for breach of fiduciary duty, (iii) permit the Board of Directors to amend the bylaws of the Company, and (iv) make certain other changes that clarify existing provisions of the Restated Certificate of Incorporation.

This proposal requires the affirmative vote of a majority of the votes cast at the meeting, in person or by proxy, by the holders on the record date of the Company's common stock and Series A Junior Participating Preferred Stock, voting as a single class.

**Proposal Seven:** Approval to act on other matters and transact such other business as may properly come before the Meeting and any adjournment(s) or postponement(s) of the Meeting.

The Company does not anticipate that any other matters will be presented for a vote by stockholders at the special meeting. If any such matter is presented, the vote required would depend upon the nature of the matter considered.

***Record Date and Voting Power.*** You are entitled to vote if you owned shares of our common stock or our Series A Junior Participating Preferred Stock (the "Series A Preferred Stock") at the close of business on **January 23**, 2006, the record date for the Meeting. You will have one vote for each share of our common stock, and 10,095.87 votes for each share of Series A Preferred Stock, that you owned at the close of business on the record date. On the record date there were 13,882,056 shares of our common



stock, and 2,553.6746 shares of Series A Preferred Stock entitled to be voted at the Meeting. Only the holders of common stock on the record date will be entitled to vote on the proposals arising from the merger transaction (Proposals One and Two). On all other proposals (Proposals Three through Seven), the holders of the common stock and Series A Preferred Stock will vote together as a single class.

**Recommendation of the Board of Directors (see page \_\_\_)**

The Board of Directors of the Company recommends that you vote **FOR** approval of Proposals One through Seven.

**Background of the Merger (see page 30)**

This section of the proxy statement contains a description of the process that we undertook with respect to our reaching a definitive merger agreement and consummating the merger with Hermes, and includes a discussion of our contacts and discussions with Hermes that led to that agreement.

**Purpose of the Merger; Effect of the Stock Issuances (see page 33)**

The principal purpose and effect of the merger was to effectuate the acquisition by the Company of all of the membership interests in Hermes and thereby create a combined company with a diverse business portfolio and reduced reliance on any particular industry. In connection with the merger, the former members of Hermes of shares of the Series A Preferred Stock representing 65% of the outstanding voting power of the capital stock of the Company. The merger was treated as a reverse acquisition using the purchase method of accounting, with Hermes being treated as the acquirer for accounting purposes. The merger had no effect on the shares of common stock outstanding at the time of the merger; shares of the Company's common stock held by stockholders of the Company before the merger continue to remain outstanding after the merger and represent an equal number of shares of common stock of the Company after the merger. However, upon approval by our stockholders of Proposals One and Two, the Series A Preferred Stock will be converted into the Company's common stock representing 65% of the outstanding voting power of the capital stock of the Company.

Following the completion of the merger, Hermes, together with its wholly owned subsidiaries Lander Co., Inc., Lander Co. Canada Limited, and Hermes Real Estate I LLC, became a wholly owned subsidiary of the Company. We will use our reasonable best efforts to ensure that our common stock will continue to be quoted on the American Stock Exchange, and will continue to be publicly traded.

**Reasons for the Merger (see page 34)**

Our Board of Directors determined that the merger and the merger agreement were in the best interests of the Company and its stockholders. We believe that the merger offered an excellent opportunity to create value for our stockholders, as further described in this section of the proxy statement. In making this determination, our board of directors considered a number of factors, including, among other things:

the reasons described under the heading *Reasons for the Merger*, including the possibility of cost savings, accelerated growth and the combined company's diverse business portfolio;  
information concerning the businesses, assets, liabilities, results of operations and financial performance of Hermes and the combined company;

the opinion of vFinance that, as of March 9, 2005, and subject to the matters set out in its opinion, the consideration to be paid by Cenuco in the merger is fair, from a financial point of view, to the stockholders of Cenuco;  
the determination that the merger would create a larger combined company with greater financial resources and increased free cash flow and, as a result, increased flexibility and opportunity for future growth;  
Lander's position as a leader in the manufacture, marketing and distribution of brand value priced health and beauty care products with strong brand strength and name recognition;  
the expected composition of the combined company's senior management after the merger as described in this proxy statement under the heading *Board of Directors of the Combined Company; Management*  
the fact that the merger is consistent with the Company's objective to grow through acquisitions;  
  
the fact that we were not required to register the shares of the Company's capital stock issued to the former members of Hermes in the merger or the shares of common stock that would be issued upon conversion of the preferred stock if the stockholders of the Company approve Proposals One and Two;  
the long-term interests of Cenuco and its stockholders, as well as the effects of the merger on Cenuco's employees, customers, creditors, suppliers and the communities in which it has operations; and  
the expectation that the merger would qualify as a reorganization under the Internal Revenue Code.

In the course of its deliberations, our board of directors also considered a variety of risks and potential drawbacks relating to the merger, including, among other things:

the fact that the Hermes Members would hold approximately 65% of the outstanding common shares of Cenuco after the conversion of the Series A Preferred Stock to common stock;  
the fact that the Merger Agreement eliminated the possibility of Cenuco entering into business combinations with companies other than Hermes prior to the merger or the termination of the Merger Agreement, and the fact that termination fees and restrictions on negotiations may have inhibited third parties from proposing an offer for Cenuco;  
the challenges and costs of combining the businesses of Lander and Cenuco; and  
  
the risks that the companies will not be able to combine their businesses without encountering operational difficulties or failing to realize the cost savings expected from the integration of their businesses, which could lead to the need to spin off or sell the Company's wireless technology division.

**Opinion of Financial Advisor (see page 38)**

In deciding to approve the merger, our Board of Directors considered the opinion of its financial advisor, vFinance Investment, Inc., that, as of the date the merger agreement was entered into, the consideration to be paid by the Company in the merger was fair from a financial point of view to the

Company's stockholders. This opinion is attached as Annex A to this proxy statement. We encourage you to review the opinion in its entirety.

**Material Terms of the Merger Agreement (see page 47)**

We have filed the merger agreement with the SEC as an exhibit to our Current Report on Form 8-K dated March 16, 2005 and we have filed an amendment to the merger agreement as an exhibit to our Current Report on Form 8-K dated May 20, 2005. We encourage you to review the merger agreement, as amended, as it is the legal document that governed the merger. The merger agreement provides, among other things:

a newly formed wholly owned subsidiary of the Company is merged with and into Hermes; as a result of the merger, which was completed on May 20, 2005, Hermes became a direct wholly owned subsidiary of the Company;

upon the completion of the merger, the former members of Hermes received shares of the Company's Series A Junior Participating Preferred Stock which, in the aggregate, represented 65% of the voting power of the then outstanding shares of the Company's capital stock;

following the completion of the merger, the Company agreed to convene a special meeting of the Company's stockholders that would, among other things, increase the number of authorized shares of common stock of the Company and approve the conversion of the Company's Series A Junior Participating Preferred Stock into shares of common stock of the Company representing 65% of the outstanding shares; this special meeting of stockholders is called in order to satisfy that obligation of the Company and if Proposals One and Two are approved, the outstanding shares of Series A Junior Participating Preferred Stock of the Company will automatically convert into shares of common stock of the Company representing 65% of the outstanding shares in the aggregate;

upon the completion of the merger, all outstanding options to purchase common stock of the Company were immediately vested and remained outstanding without any other change in the terms or conditions thereof;

the closing of the merger was conditioned upon, among other things, the Company obtaining a fairness opinion that the merger is fair to the Company's stockholders from a financial point of view and the Company having cash and cash equivalents on hand at closing of approximately \$6 million, subject to no liens;

the Company was required to pay Hermes a termination fee in the amount of \$500,000 if Hermes terminated the Merger Agreement because of the Company's material breach of any representation, warranty, covenant or agreement contained in the Merger Agreement or if Hermes determined that any reports filed by the Company with the SEC contained an untrue statement of a material fact or omitted a material fact; and

the Company was not permitted to solicit, initiate or encourage any inquiry, proposal or offer with respect to a third party tender offer, merger, consolidation, business combination or similar transaction involving any assets or class of capital stock of the Company.

**Material Terms of the Voting Agreements (see page 50)**

Steven Bettinger, currently Vice President of Corporate Development and Investor Relations, and our former President and Chief Executive Officer and director, has entered into a voting agreement with Hermes. This voting agreement provides that Mr. Bettinger will vote the 3,817,767 shares of the Company's common stock that he owns, representing approximately 27.5% of the outstanding shares of common stock on the record date, for Proposals One and Two at the special meeting. In addition, each of Edward Berzak, Warren Gilbert, Gilder Funding Corp., Jay Haft, Irvin Joseph, Irving J. Denmark Trust, Fred Mack, Robert Picow and Stanley Snyder, stockholders of the Company owning an aggregate of 3,415,602 shares of common stock (representing approximately 24.5% of the outstanding shares of common stock on the record date), have agreed to vote their shares in favor of Proposals One and Two. The voting agreements further restrict such stockholders from selling or transferring the shares of Cenuco common stock beneficially owned by them other than in certain permitted circumstances. The voting agreements terminate on the earlier of December 31, 2006 or the day following the special meeting. Because the Company's stockholders who have agreed to vote their shares in favor of Proposals One and Two hold approximately 52.1% of the outstanding shares of common stock entitled to vote on these proposals, their vote in favor of Proposals One and Two will be sufficient to approve these proposals without the vote of any other stockholder of the Company.

**Board of Directors of the Company After the Merger (see page 52)**

As provided for in the merger agreement, Steven Bettinger, Andrew Lockwood and Jack Phelan resigned from the Company's Board of Directors on the date that the merger was completed and Hermes designated four individuals to fill those vacancies on the Board of Directors. Since the merger, the Company's Board of Directors has been composed of Robert Picow, the sole remaining pre-merger director, and Joseph A. Falsetti, Kenneth D. Taylor, Edward J. Doyle and Francis Ziegler, the four Hermes designees.

**Proposals Relating to Issuance of Shares on Conversion of Series A Preferred Stock and Increase in Authorized Capital Stock (Proposals One and Two) (see pages 55 and 56)**

These sections of the proxy statement contain descriptions of the proposals relating to the conversion of the Series A Preferred Stock issued in the merger transaction: Proposal One, approval of the issuance of up to 30,712,069 shares of the Company's common stock issuable upon conversion of the Series A Preferred Stock; and Proposal Two, approval of an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock of the Company to 100,000,000 shares to permit the conversion of the Series A Preferred Stock to common stock.

**Financing Transaction (see page 58)**

The Company has entered into agreements to obtain debt and equity financing from Prencen, LLC and Highgate House Funds, to include: (i) \$11 million from the sale of shares of participating preferred stock, convertible (subject to certain restrictions) into an aggregate of 3,150,652 shares of common stock, along with the issuance of warrants to acquire an aggregate of 945,195 shares of common stock; and (ii) \$69 million from the issuance of five-year secured debentures, convertible at any time into common stock at 95% of the then current market price (as defined in the relevant agreement), along with the issuance of warrants to acquire an aggregate of 1,939,508 shares of common stock. In addition, the Company entered into an agreement with The Stanford Group Company to act as our financial advisor in connection with the financing transactions, which provides for the issuance of five-year warrants to purchase an aggregate of 690,247 shares of our common stock. The proceeds of the equity and convertible debt financing will be used by the Company to refinance a bridge loan entered into in connection with the acquisition of certain brands and related assets from Playtex Products, Inc. and certain of its subsidiaries ( Playtex ), and for general working capital purposes.

**Proposals Relating to Issuance of Shares in connection with the Financing Transaction and Increase in Authorized Capital Stock (Proposals Three and Four) (see pages 66 and 67)**

A condition to the consummation of and availability of proceeds from the debt and equity financing is a vote of the Company's stockholders to approve the issuance of the common stock and convertible securities to be issued or reserved for issuance under the debt and equity financing. At the special meeting, the Company's stockholders will be asked to approve these issuances, and the corresponding increase in the Company's authorized capital stock: Proposal Three, approval of the issuance of up to 79,357,180 shares of the Company's common stock, including shares issuable upon conversion or exercise of the Company's convertible debentures, a new series of convertible participating preferred stock, and warrants to purchase common stock, to be issued in connection with a financing for the purpose of refinancing of existing debt (including a bridge loan used in connection with an asset acquisition) and for general working capital purposes; and Proposal Four, approval of an amendment to the Company's Restated Certificate of Incorporation to increase further the number of authorized shares of common stock of the Company to 225,000,000 to permit future issuances of common stock.

**Proposal to Change the Company Name (Proposal Five) (see page 69)**

The Company proposes to change its name to Ascendia Brands, Inc. Proposal Five requests stockholders to approve an amendment to the Company's Restated Certificate of Incorporation to change our corporate name to Ascendia Brands, Inc. The Company's current name is associated specifically with its wireless application development and technology business, which, prior to the merger, was the only line of business that the Company engaged in. As a consequence of the merger, the Company has two operating divisions: (i) the wireless application development and technology business, and (ii) the health and beauty care business conducted through Lander, the former Hermes-owned companies. The Board of Directors believes that the Company's operations and future growth will benefit from the use of a corporate name that is not linked to a specific operating division. The Board of Directors anticipates that the wireless application development and technology division will continue to utilize the Cenuco name and brand, and that the Lander name and brand will be used in the health and beauty care division.

**Proposal Regarding Amendments to the Company's Charter (Proposal Six)(see page 70)**

In addition to the proposals to amend the Company's Restated Certificate of Incorporation to increase the Company's authorized capital stock (Proposals Two and Four), and to change its name to Ascendia Brands, Inc. (Proposal Five), the Board of Directors is proposing to the stockholders for their approval an Amended and Restated Certificate of Incorporation, including amendments to the Company's charter to:

- provide for indemnification and advancement of expenses to directors and officers of the Company to the maximum extent permitted under state law;

- limit to the maximum extent permitted under state law the personal liability of directors of the Company for monetary damages for breach of fiduciary duty;

- permit the Board of Directors to amend the bylaws of the Company; and

- make certain other changes that clarify existing provisions of the Restated Certificate of Incorporation, including the binding effect of certain agreements in bankruptcy proceedings.

**Security Ownership of Certain Beneficial Owners and Management (see page 76)**

This section of the proxy statement contains a table setting forth certain information with respect to the beneficial ownership of shares of the Company's common stock and Series A Preferred Stock by: (i) each person known by us to beneficially own more than 5% of the outstanding shares of our common stock or Series A Preferred Stock; (ii) each of our current directors; (iii) each of our named executive officers; and (iv) all of our executive officers and directors as a group.

**Certain Financial Statements for Cenuco and Hermes (see pages F-1 and F-2)**

The audited combined balance sheets of Hermes as of February 28, 2005 and February 29, 2004, together with the audited consolidated statements of operations and comprehensive loss of Lander Holdings, Inc. for the year ended February 28, 2003, the audited consolidated statements of operations of Lander Holdings, Inc. for the period from March 1, 2003 to May 31, 2003, the audited combined statements of operations of Hermes for the year ended February 28, 2005, and the audited combined statements of operations of Hermes for the period from April 25, 2003 (date of organization of Hermes) to February 29, 2004, were filed on December 19, 2005 with the SEC on the Company's Current Report on Form 8-K/A. The same Current Report on Form 8-K/A, a copy of which is being delivered with this proxy statement, included certain unaudited pro forma financial information to reflect the merger. Such financial information is incorporated into this proxy statement by reference in its entirety.

## RISK FACTORS

In addition to the other information that we have included and incorporated by reference in this proxy statement, including the matters addressed in *Cautionary Statement Concerning Forward-Looking Statements*, you should carefully read and consider the following factors in evaluating the proposals to be voted on at the Meeting.

### **Risks Relating to the Merger and the Financing Transaction**

*The integration of the business operations of the Lander Group and Cenuco following the merger may be difficult.*

The combination of the Cenuco and Lander Group operations as a consequence of the merger that was completed on May 20, 2005 involves the integration of separate businesses: the health and beauty care business of the Lander Group and the wireless data applications, including live video streaming to cellular devices, of Cenuco. The process of combining the companies may be disruptive to their respective businesses and may cause an interruption of, or a loss of momentum in, such businesses, and may result in the following difficulties, among others:

loss of key employees or customers;

possible inconsistencies in standards, controls, procedures and policies among the companies being combined and the need to implement and harmonize company-wide financial, accounting, information and other systems;

failure to maintain the quality of services that the companies have historically provided;

the need to coordinate geographically diverse organizations;

the diversion of management's attention from the day-to-day business as a result of the need to deal with the above disruptions and difficulties and the possible need to add management resources to do so; and

if the integration of the diverse businesses is not successful, it may be necessary for management to devote resources to effect a disposition of the wireless business by sale or spinoff.

Such disruptions and difficulties, if they occur, may cause us to fail to realize the benefits we currently expect to result from such integration and may cause material adverse short and long-term effects on our operating results and financial condition of the companies.

*We may not achieve the cost savings and sales enhancements we expect to result from the integration of Cenuco and the Lander Group.*

Even if we are able to integrate the operations of the companies successfully, there can be no assurance that such integration will result in the realization of the full benefits that, at the time of the merger, we expected to result from such integration or that such benefits will be achieved within the time frame that we then expected. Potential risks include, without limitation, the possibility that:

revenue enhancements following the integration may not materialize as expected;

the benefits from the integration may be offset by costs incurred in integrating the companies; and

the benefits from the integration may also be offset by increases in other expenses, by operating losses or by problems in the business unrelated to the merger transaction.

***As a result of the merger that was completed on May 20, 2005, we have been required to re-list our shares of common stock on the American Stock Exchange.***

Shares of our common stock have been listed on the American Stock Exchange since May, 2004. The American Stock Exchange has separate standards that companies must meet in order to (a) have their shares listed and (b) continue that listing in effect. Continued listing is dependent, among other things, on compliance with applicable SEC filing requirements. Following the merger, we were unable to file in a timely manner certain historical audited financial statements relating to the business of Lander, because certain of the periods in question had not previously been audited. As a result of our failure to make these filings within the prescribed period, we received notice from the American Stock Exchange that we were not in compliance with certain listing standards. For more information on these notices, you are referred to our Current Reports on Form 8-K dated August 22, 2005 and September 20, 2005. The required financial statements were subsequently filed with our Current Report on Form 8-K/A dated December 19, 2005, a copy of which is being supplied to you with this proxy statement.

Section 341 of the American Stock Exchange Company Guide (the "AMEX Guide") describes the listing policies that the American Stock Exchange applies in the case of any plan of acquisition, merger or consolidation, the net effect of which is that a listed company is acquired by an unlisted company even though the listed company is the nominal survivor. Section 341 states that, in evaluating the continued listing eligibility of the surviving company, the American Stock Exchange will apply its original listing standards (which differ, in certain respects, from the continued listing standards. On January 5, 2006, the American Stock Exchange requested, pursuant to Section 341 of the AMEX Guide, that we re-file an original listing application to demonstrate compliance with the original listing standards of the American Stock Exchange. This information was provided on January 19, 2006 and supplemented on January 26, 2006. Although we have received no formal response from the American Stock Exchange, we believe that we currently meet all applicable listing standards.

In the future, should the implementation of the financing transaction result in a change of control of the Company, we will once again be required to re-apply for listing. No assurance can be given, however, that we will continue to meet all of the American Stock Exchange listing standards or that the American Stock Exchange will agree to continue to list our shares of common stock, and there is the possibility that the American Stock Exchange will not accept our listing application filed on January 19, 2006, or any re-listing application that we may be required to file in the future. In the event the American Stock Exchange does not agree to list our common stock, our stock price may materially decrease and the public market for our common stock may deteriorate. The absence of a public trading market would make it far more difficult for stockholders to sell any or all of their shares of our common stock, as we would, de facto, become a private company with no ability for any stockholder to sell shares of our common stock in the public markets.

***The issuance of our common stock in connection with the merger and the financing transaction will result in substantial dilution in the current ownership of the Company's common stock.***

The approval of Proposals One and Two (relating to the issuance and authorization of shares of common stock in connection with the conversion to common stock of the Series A Preferred Stock issued in the merger) will result in our issuing at least 25,781,567 shares of our common stock to the prior members of Hermes. This issuance will result in substantial and immediate dilution to your percentage ownership of common stock, as the former members of Hermes will own 65% of the shares of our common stock. However, when the merger was completed on May 20, 2005, the former members of



Hermes were issued shares of Series A Preferred Stock that had the same dilutive effects both with respect to voting and economic interests as would the issuance of common stock upon conversion of the preferred stock upon approval of Proposals One and Two. Accordingly, there will be no further dilution as a consequence of the conversion to common stock of the outstanding shares of Series A Preferred Stock. However, the approval of Proposals Three and Four (relating to the issuance and authorization of shares of common stock in connection with the financing transaction) could result, under certain circumstances, in our issuing securities equivalent to 26,439,888 shares of common stock to the providers of the debt and equity financing and the financial advisors for the financing, or approximately 40.0% of the then outstanding capital stock (assuming no issuances of stock other than as contemplated by the financing and the conversion of the outstanding shares of Series A Preferred Stock and conversion of the \$69 million in secured convertible debentures at a conversion price of \$3.50 per share), and further dilution of your percentage ownership of common stock. The earnings per share and stockholders' equity per share will be reduced as a result of the increase in shares issued and outstanding.

In addition, the number of shares issuable under the debt and equity financing will be dramatically increased in the event of our default or a substantial drop in the market price of our stock. For instance, the conversion price under the secured convertible debentures to be issued as part of the financing is based on the market price of our common stock at the time of the conversion, and therefore, could result in the issuance of significantly more shares of our common stock than originally anticipated at the time the secured convertible debentures were amended to add the floating conversion price, when the market price (as defined) of our common stock was approximately \$2.30 per share. Similarly, the conversion price of the secured convertible debentures will be decreased to 20% of the otherwise applicable conversion price in the event that certain conditions of default are triggered under the secured convertible debentures. This decrease in price could result in the issuance of five times as many shares of common stock as would otherwise be issuable to the holders of the secured convertible debentures. If either of these price reductions occurs, and the number of shares of common stock issuable thereby is increased, then your percentage ownership of common stock would be further diluted, and to a potentially greater extent. The earnings per share and stockholders' equity per share will also be more significantly reduced as a result of such an increase in shares issued and outstanding.

***The debt financing is structured in such a way that the issuance of shares of common stock upon conversion of the convertible debentures could cause the price of the Company's common stock to spiral downward.***

If Proposals Three and Four are approved, then in connection with the agreements, dated October 10, 2005 and amended on November 15, 2005, for debt and equity financing with Prencen, LLC and Highgate House Funds, Ltd., the Company will issue \$69 million principal amount of five-year secured debentures, convertible at any time into common stock at 95% of the then current market price of the common stock. For purposes of any conversion, the market price is defined as the lowest closing bid price of our common stock for the 45 trading days preceding the date of conversion. Hence, if the holders of the debentures elect to convert any portion of the debentures into shares of our common stock, those shares will be issued at a discount to the trading price of our common stock at the time, thereby causing dilution of all other shareholders and a likely reduction in the trading price following that issuance. Further conversion based upon the lower trading price of the common stock would be likely to further decrease the trading price. Such a downward spiral could have a material adverse effect on the trading price of our common stock.

***The debt and equity financing contains other remedies of default that could have a material adverse effect on the company and our stockholders.***

In addition to the default price reductions referred to above, the remedies available to the providers of the debt and equity financing upon our default include foreclosure on our assets, the right to appoint directors to our Board, and liquidated damage payments. The secured convertible debentures to be issued in connection with the financing transaction will be secured by a perfected first-priority lien on substantially all of our assets, including the assets of our Lander operating subsidiaries. In the event of our default under the secured convertible debentures, including our failure to pay principal or interest when due or our failure to observe any other covenants under the secured convertible debentures, the holders of the debentures will have the right to repossess any or all of our assets securing the debentures and to sell them in a public sale. If this were to occur, not only would we forfeit the possession and use of such assets, which would likely have a material adverse effect on our ability to continue operating our business, but the price received by the debenture holders in the public sale may not be sufficient to satisfy our obligations under the debentures, and we may not then have the resources available to pay the rest of our debt under the debentures, in which event we could be required to liquidate or seek bankruptcy protection and the holders of our common stock at that time would likely lose the entire value of their investment.

Other remedies that may become available to certain providers of the debt and equity financing include the right to appoint directors to our Board of Directors or receive liquidated damages. The terms of the registration rights agreements we entered into in connection with the financing transaction contain liquidated damage clauses that obligate us to make significant cash payments in the event we fail to comply with our obligations under those agreements. For more information, see the section of this proxy statement entitled *The Financing Terms of the Financing*. Any such payments could have a material adverse effect on our operating results and financial condition.

***The market price of our common stock may decline as a result of the merger and/or the financing transaction.***

The market price of our common stock may decline as a result of the issuance of common stock upon conversion to common stock of the outstanding shares of Series A Preferred Stock issued in connection with the merger agreement for a number of reasons, including because:

the consideration offered for the equity interests of Hermes may not be viewed favorably by the market;

integration may not be successful; or

the effect on our financial results may not be consistent with the expectations of financial or industry analysts.

**Risks Relating to Our Business**

***The high level of competition in Lander's industry - the health and beauty care business - could adversely affect our sales, operating results and profitability.***

The business of selling health and beauty aids in personal care categories is highly competitive. These markets include numerous manufacturers, distributors, marketers and retailers that actively compete for consumers' business both in the United States and abroad.

The principal competitors of Lander include Alberto-Culver Company, Church & Dwight Co., Inc., Colgate-Palmolive Company, Johnson & Johnson, Playtex Products, Inc. and The Procter & Gamble Company. All of these competitors are larger and have substantially greater resources than Lander, and may therefore have the ability to spend more aggressively on advertising and marketing and to respond

more effectively to changing business and economic conditions than we do. This could adversely affect our sales, operating results and profitability.

Lander competes on the basis of numerous factors, including brand name recognition (in the value segment), product quality, performance, price and product availability at retail stores. Merchandising and packaging, the timing of new product introductions and line extensions also have a significant impact on customers' buying decisions and, as a result, on Lander's sales. The structure and quality of the sales force and broker network, as well as consumption of Lander's products, affects in-store position, wall display space and inventory levels in retail outlets. If Lander is not able to maintain or improve the inventory levels and in-store positioning of its products in retail stores, Lander's sales and operating results will be adversely affected. Lander's markets also are highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. An increase in the amount of product introductions by Lander's competitors could have a material adverse effect on Lander's sales, operating results and profitability.

In addition, competitors may attempt to gain market share by offering products at or below the prices typically offered by Lander. Competitive pricing may require Lander to reduce prices and may result in lost sales or reduction in Lander's profit margins. Future price or product changes by Lander's competitors may have a material adverse effect on Lander or Lander may be unable to react with price or product changes of its own to maintain its current market position.

***Lander depends on a limited number of customers for a large portion of its gross sales and the loss of one or more of these customers could materially reduce our gross sales and therefore could have a material adverse effect on our business, financial condition and results of operations.***

For the year ended February 28, 2005, Lander's top five customers accounted for approximately 46% of its net sales, with one customer (Wal-Mart) accounting for 25% of net sales and a second customer (Dollar Tree) for 13% of net sales. We expect that for the year ended February 28, 2006 and future periods Lander's top five customers, including Wal-Mart and Dollar Tree, will, in the aggregate, continue to account for a large portion of its gross sales. The loss of one or more of Lander's top customers, any significant decrease in sales to these customers or any significant decrease in retail display space in any of these customers' stores, could reduce Lander's gross sales and therefore could have a material adverse effect on our business, financial condition and results of operations.

In addition, Lander's business is based primarily upon individual sales orders, and we typically do not enter into long-term contracts. Accordingly, Lander customers could cease buying our products at any time and for any reason. The fact that we do not have long-term contracts with our Lander customers means that we have no recourse in the event a customer no longer wants to purchase products from Lander. If a significant number of our Lander customers elect not to purchase products from us, our business, prospects, financial condition and results of operations could be adversely affected.

***Lander manufactures a significant quantity of the products it sells at its own manufacturing facilities. Any disruption in production could result in lost sales, and could have a material adverse effect on our customer relationships, financial condition and results of operations.***

We manufacture most of our Lander brand health and beauty care products at our 163,000 square foot manufacturing facility in Binghamton, New York and our 98,000 square foot plant in Scarborough, Ontario, Canada. Although we have the capability to manufacture most products (including shampoos, bubble bath, powders and topical analgesics) at either facility, alcohol-based products (such as mouthwash) and acetone-based products (such as nail polish remover) can be manufactured only at the Ontario location. A permanent or temporary unplanned shutdown of either of our plants, resulting from

equipment malfunction, accident, fire, sabotage, strikes or lockouts, acts of God or other factors, could substantially reduce our output of finished products. If output from one facility were to be curtailed, there is no assurance that we could absorb any lost production in our other manufacturing facility or that we could arrange to outsource production of the affected products in sufficient time to maintain scheduled deliveries. In the event of a protracted disruption in our own manufacturing operations, we would become more dependent on contract manufacturers and there is no assurance that we could obtain finished products from such contract manufacturers in sufficient quantities or at prices comparable to our own manufacturing costs. Our inability to do so could result in decreased sales and loss of market share, and could have a material adverse effect on our customer relationships, operating results and profitability.

***Lander depends on third parties to provide raw materials for the products it manufactures. Disruption in the supply of raw materials, or increases in raw material costs, could adversely affect sales and our profitability.***

Our ability to maintain production of our Lander health and beauty care products at our own facilities depends upon access to raw materials, all of which we purchase from unrelated vendors. These raw materials include oil-based derivatives, such as mineral oil, petrolatum, surfactants and other specialty chemicals, plastic resin products (such as bottles and caps) and paper products such as surfactants, paper products, boxes, labels, packaging, plastic bottles and caps from unrelated vendors. If in the future our current vendors become unable or unwilling to supply us with raw materials in a timely manner or at acceptable prices, we would have to identify and qualify substitute vendors. There is no assurance that such substitute vendors could be identified and qualified in sufficient time to prevent a disruption in production of some or all of the products we manufacture, or that substitute vendors would be able or willing to supply raw materials in the quantities and at the prices required to maintain normal operations. In addition, many of Lander's products, such as petroleum derivatives and paper products, are commodities that may be subject to significant price fluctuation, both in the short- and long-term. There is no assurance that any resulting increase in our cost of manufacturing could be passed through to our customers in the form of higher prices and as a volume producer of value and extreme value brand products, Lander may be more susceptible than other producers to margin erosion resulting from increases in manufacturing costs. Our inability to secure sufficient quantities of raw materials, at prices consistent with our current costs and sales price structure, could negatively impact inventory levels, sales, profitability and market share, and could have a material adverse effect on our customer relationships, operating results and profitability.

In addition, if our raw material suppliers fail to maintain adequate controls with respect to materials specifications and quality, we may be unable to maintain the quality of our finished products. Reliance on raw materials of inferior quality could diminish the value of Lander's brand name and the level of customer satisfaction. This could similarly lead to reduced sales and loss of market share and could thereby negatively affect our operating results and profitability.

***Lander relies on unrelated carriers for the shipment of raw materials and finished products. Any disruption in, or unavailability of, transportation, could adversely affect production and distribution of our products.***

Lander receives raw materials at its manufacturing facilities by truck, and distributes its finished products to warehouses and customer distribution facilities by truck and/or rail. Lander relies on unrelated transportation companies for these services, which we typically contract on a short term or *ad hoc* basis. The availability and cost of transportation services may be affected by many factors, including, without limitation, (i) market conditions of supply and demand, (ii) inclement weather, flood, hurricanes and the like, (iii) fuel shortages and/or increases in fuel costs, and (iv) strikes, lockouts or other industrial action. Although we seek to manage our raw materials and finished goods inventories prudently, any

disruption in transportation services may interfere with normal plant operations, and could impede or prevent the delivery of finished products to our warehouses and to our customers' facilities. Any sustained increase in transportation rates would increase our manufacturing and/or distribution costs, and there is no assurance that we would be able to pass these cost increases through to our customers in the form of higher prices. These factors could result in lost sales and market share and could adversely affect our operating results and profitability.

***Disruption in our Lander distribution centers may prevent us from meeting customer demand and Lander's sales and profitability may suffer as a result.***

We manage our Lander product distribution in the continental United States and Canada through distribution centers in California, New York, North Carolina and Toronto, Canada. A serious disruption, such as a flood or fire, to any of these distribution centers could damage or destroy inventory and could materially impair our ability to distribute products to our customers in a timely manner or at a reasonable cost. We could incur significantly higher costs and experience longer delivery lead times during the time it would take to reopen or replace a distribution center. This in turn could have a material adverse effect on Lander's sales, operating results and profitability.

***Lander makes use of contract manufacturers to manufacture significant quantities of the finished products it sells.***

We rely on contract manufacturers to manufacture certain of the finished products sold by our Lander health and beauty care division, and the use of contract manufacturers will increase significantly as a result of Lander's acquisition of certain brands from Playtex in November, 2005. Any delay in delivery by one or more of these contract manufacturers, or the breach or termination of a manufacturing contract, could adversely affect our inventory levels, our ability to meet scheduled deliveries and to accept new orders. Any or all of these factors could also negatively affect our market share, customer relationships, operating results and profitability.

***Efforts to acquire other companies, brands or product lines may divert our managerial resources away from our business operations, and if we complete an acquisition, we may incur or assume additional liabilities or experience integration problems.***

Our growth strategy is driven by acquiring other companies, brands or product lines that management believes complement our existing health and beauty care business, such as the brands and related assets we acquired from Playtex in November 2005. At any given time, we may be engaged in discussions with respect to possible acquisitions or other business combinations that are intended to enhance our product portfolio, enable us to realize cost savings and further diversify our category, customer and channel focus. Our ability successfully to grow through acquisition depends on our ability to identify, negotiate, complete and integrate suitable acquisition targets and to obtain any necessary financing. These efforts could divert the attention of our management and key personnel from our day-to-day business operations. If we complete acquisitions, including the recently acquired Playtex brands, we may also experience:

- difficulties in integrating any acquired companies, personnel and products into our existing business;
- delays in realizing the benefits of the acquired company or products;
- diversion of our management's time and attention from other business concerns;
- higher than anticipated costs of integration;

difficulties in retaining key employees of the acquired business who are necessary to manage those businesses;  
difficulties in maintaining uniform standards, controls, procedures and policies throughout all acquired companies; or  
adverse customer reaction to the business combination.

In addition, an acquisition could materially impair our operating results by causing us to incur debt or requiring us to amortize acquisition expenses and acquired assets.

***Regulatory matters governing our industry could have a significant negative effect on our sales and operating costs.***

In both our U.S. and foreign markets, we are subject to extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, state or local levels in the United States and at analogous levels of government in foreign jurisdictions.

In particular, the formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of the products sold by our health and beauty care division are subject to extensive regulation by various federal agencies, including the Food and Drug Administration, the Federal Trade Commission ( FTC ), the Consumer Product Safety Commission, the Environmental Protection Agency, and by various agencies of the states, localities and foreign countries in which our products are manufactured, distributed and sold. If we fail to comply with those regulations, we could become subject to significant penalties or claims, which could materially adversely affect our operating results or our ability to conduct our business. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may adversely affect the marketing of our products, resulting in significant loss of sales revenues.

If we fail to comply with federal, state or foreign regulations, we could be required to:

suspend manufacturing operations;  
change product formulations;  
suspend the sale of products with non-complying specifications;  
initiate product recalls; or  
change product labeling, packaging or advertising or take other corrective action.

Any of these actions could materially and adversely affect our financial results.

In addition, any failure to comply with FTC or state regulations, or with regulations in foreign markets that cover our product claims and advertising, including direct claims and advertising by us, may result in enforcement actions and imposition of penalties or otherwise materially and adversely affect the distribution and sale of our products.

***The Cenuco Wireless business faces extensive competition.***

Our wireless technology division conducted under the Cenuco name has only recently introduced its full line of wireless video monitoring servers. There can be no assurance that the market will accept the wireless products currently offered. The industries in which the Cenuco wireless division

operate are characterized by intense competition. We face competition in all aspects of our business and we compete directly with numerous other firms, a significant number of which offer their customers a broader range of products and services, have substantially greater financial, personnel, marketing, research and other resources, have greater operating efficiencies and have established reputations relating to product offerings and customer service. There can be no assurance that we will be able to compete in this business successfully.

***If we are unable to protect our intellectual property rights our ability to compete effectively in the market for our products could be negatively impacted.***

We regard our patents, copyrights, service marks, trademarks, trade secrets and similar intellectual property as important to our success in both of the business sectors in which we compete, namely health and beauty care products and wireless applications development. We rely on patent, trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, consultants and advisors to protect our proprietary rights; however, the steps we take to protect our proprietary rights may be inadequate and legal means may afford only limited protection. In addition, traditional legal protections may not be applicable in the Internet or wireless context, and the ownership of proprietary rights in our Cenuco Wireless technology may be subject to uncertainty. Our failure or inability to protect our proprietary rights could materially harm our business and competitive position.

We have filed for one Cenuco-patent, Wireless Security Audio-Video Monitoring, which was accepted by the United States Patent Office in June, 2004, as Patent Pending #10/846426. From time to time, we may decide to file additional patent applications relating to aspects of our proprietary Cenuco technology. Other parties may independently develop similar or competing technology or design around any patents that may be issued to us. We cannot assure you that any of the patent applications we file will be approved, or that any issued patents will protect our intellectual property. In addition, there is no assurance that third parties will not challenge the validity of our patents, or assert that technology developed and sold by the Cenuco wireless technology division infringes other patents. Any such claims, even if lacking in merit, could require us to expend considerable resources in defending them and adversely affect the results of our operations.

Cenuco Wireless is currently the defendant in a patent infringement case commenced on February 1, 2005 in Federal District Court for the Southern District of New York (*Joao v. Cenuco, Inc.*, 05 Civ. 1037 (CM) (MDF)). The plaintiff, Raymond Anthony Joao, asserts in his complaint that Cenuco Wireless is infringing certain patent held by Joao, specifically United States Patents Nos. 6,587,046, 6,542,076 and 6,549,130, which cover apparatuses and methods for transmitting video information to remote devices and/or over the Internet. Cenuco Wireless has timely answered the complaint denying infringement, and intends to defend this case vigorously on the merits. Based on discussions with counsel, we believe that the patents relied on by Joao are invalid and that the chances of Joao prevailing are remote. Nonetheless, there can be no assurance as to the outcome of the case, and a judicial determination that Cenuco Wireless is infringing Joao's patents, while unlikely, could have a material adverse effect on the ability of Cenuco Wireless to market and sell its current product line. Similarly, there is no assurance that Cenuco Wireless would be able to develop, at a reasonable cost, within a reasonable length of time or at all, a workaround to eliminate any patent infringement found to exist.

In addition, the market for our health and beauty care products depends to a significant extent upon the goodwill associated with our trademarks and tradenames. The trademarks and tradenames on our Lander products are how we convey that the products Lander sells are value brand name products, and we believe consumers ascribe value to our brand. Lander owns the material trademark and tradename rights used in connection with the packaging, marketing and sale of our products. This ownership is what prevents Lander's competitors or new entrants to the market from using our valuable brand names.

Therefore, trademark and tradename protection is critical to our Lander business. Although most of our material Lander trademarks are registered in the United States and in applicable foreign countries, we may not be successful in asserting trademark or tradename protection. If we were to lose the exclusive right to use our Lander brand name in the United States or any other market in which we sell our products, our sales and operating results could be materially and adversely affected. We could also incur substantial costs to defend legal actions relating to the use of our intellectual property, which could have a material adverse effect on our business, results of operations or financial condition.

Other parties may infringe on our intellectual property rights and may thereby dilute the value of our brands in the marketplace. If the value of our brands becomes diluted, or if our competitors are able to introduce brands that cause confusion with our brands in the marketplace, it could adversely affect the value that our customers associate with our brands, and thereby negatively impact our sales. Any such infringement of our intellectual property rights would also likely result in a commitment of our time and resources to protect these rights through litigation or otherwise. In addition, third parties may assert claims against our intellectual property rights and we may not be able successfully to resolve these claims.

***We depend on our key personnel and the loss of the services provided by any of our executive officers or other key employees could harm our business and results of operations.***

Our success in both of the business sectors in which we operate depends to a significant degree upon the continued contributions of our senior management and (in the case of Cenuco Wireless) of the programmers and technicians responsible for technology development. These employees may voluntarily terminate their employment with us at any time. We may not be able successfully to retain existing personnel or identify, hire and integrate new personnel.



**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

We have made forward-looking statements in this document and in documents that are incorporated by reference in this document that are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future actions, events or results of operations of Cenuco, Hermes and Lander and the combined company, generally. These forward-looking statements may contain the words believe, anticipate, expect, estimate, project, will be, will continue, will likely result, or other similar words and phrases. This statement may contain forward-looking statements that reflect, when made, our expectations or beliefs concerning future events that involve risks and uncertainties, including:

general economic conditions affecting our products and their respective markets;

the high level of competition in our industry and markets;

our dependence on a limited number of customers for a large portion of our sales;

disruptions in our distribution centers;

integration of the brands acquired from Playtex diverting managerial resources, or incurrence of additional liabilities or integration problems associated with such transaction;

changing consumer trends;

pricing pressures that may cause us to lower our prices;

increases in supplier prices;

changes in our senior management team;

our ability to protect our intellectual property rights;

our dependency on the reputation of our brand names;