

IT&E INTERNATIONAL GROUP
Form PRE 14A
August 19, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Rule 14a-12

IT&E International Group
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

IT&E INTERNATIONAL GROUP
505 Lomas Santa Fe Drive, Suite 200
Solana Beach, California 92075

NOTICE OF 2005 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 26, 2005

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of IT&E International Group, a Nevada corporation (the Company), will be held at the Marriott Del Mar, 11966 El Camino Real, San Diego, California 92130 on September 26, 2005 at 9:00 A.M. (Pacific Time) for the purpose of considering and voting upon:

1. the election of three directors to serve on our Board of Directors until our 2006 Annual Meeting of Shareholders or until their successors have been duly elected and qualified;
2. the approval of the Company's 2005 Equity Incentive Plan;
3. the approval of the Company's Amended and Restated Articles of Incorporation;
4. the ratification of the appointment of Beckstead and Watts, LLP to serve as our independent accountants for fiscal year 2005; and
5. the transaction of any other business that is properly presented before the Annual Meeting or any adjournment or postponement thereof.

All holders of shares of our common stock, as of the close of business on August 15, 2005, are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

By Order of our Board of Directors,

Peter R. Sollenne
Chief Executive Officer and Director

Solana Beach, California
August __, 2005

IMPORTANT

Whether or not you expect to attend our 2005 Annual Meeting of Shareholders in person, please complete, date, sign, and return the enclosed proxy card in the enclosed envelope, which requires no postage if mailed in the United States. Your proxy will be revocable any time prior to its exercise either in writing or by voting your shares personally at our 2005 Annual Meeting of Shareholders.

IT&E INTERNATIONAL GROUP
505 Lomas Santa Fe Drive, Suite 200
Solana Beach, California 92075

PROXY STATEMENT
FOR
2005 ANNUAL MEETING OF SHAREHOLDERS

Edgar Filing: IT&E INTERNATIONAL GROUP - Form PRE 14A

GENERAL

We are providing these proxy materials in connection with the solicitation by our Board of Directors, or Board, of proxies to be voted at our 2005 Annual Meeting of Shareholders. You are cordially invited to attend the Annual Meeting, which will be held at the Marriott Del Mar, 11966 El Camino Real, San Diego, California 92130 on September 26, 2005, at 9:00 A.M. (Pacific Time). The approximate mailing date of this proxy statement, notice and the accompanying proxy is August 30, 2005. (Throughout this proxy statement, we refer to IT&E International Group as we, our, us and the Company.)

A form of the proxy is enclosed for use at the Annual Meeting. Our shareholders are being asked to vote upon the election of three directors to the Board, the approval of our 2005 Equity Incentive Plan, the amendment and restatement of our Articles of Incorporation, the ratification of our independent accountants and such other business as may properly come before the meeting.

Proxy Information

We will vote the shares represented by a properly signed proxy that we receive before or at the Annual Meeting in accordance with the specifications made on the proxy. Proxies that we receive with no specification will be voted, as recommended by our Board: (i) to elect the three nominees for director named in this proxy statement, (ii) to approve the 2005 Equity Incentive Plan, (iii) to approve the Amended and Restated Articles of Incorporation, and (iv) to ratify Beckstead and Watts, LLP, as our independent accountants.

You may revoke your proxy at any time before it is voted at the Annual Meeting. You may revoke your proxy by giving written notice of such revocation to the Secretary at our corporate headquarters, which are located at 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075. You may also revoke your proxy by filing a properly executed proxy bearing a later date or by voting in person at the Annual Meeting.

Record Date and Voting

If you are a shareholder of record at the close of business on August 15, 2005, you are entitled to one vote for each share of our common stock you hold on each matter submitted to a vote of our shareholders. If you are a holder of our Series A Preferred Stock, you are entitled to ten votes for each share of Series A Preferred Stock you hold on each matter submitted to a vote of our shareholders. As of August 15, 2005, there were 21,344,198 shares of our common stock, par value \$.001 per share, outstanding and 2,000,000 shares of our Series A Preferred Stock, par value \$.001 per share, outstanding.

Holders of a majority of the voting interest of our common stock, present in person or by proxy, will constitute a quorum for the holding of the Annual Meeting directors. The inspectors of election we appoint will tabulate the votes cast in person or by proxy at the Annual Meeting. The inspectors of election will treat proxies marked withhold and/or abstain as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of any matter submitted to the shareholders for a vote. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote by the inspectors of election with respect to that matter.

You may either vote for or withhold your vote for each of the director nominees identified below. The three director nominees receiving the greatest number of votes will be elected to our Board. If you mark your vote withhold or abstain or you do not vote in the election (including broker non-votes), this will have no impact on the election of directors. In matters other than the election of directors, the matter must be approved by a majority of the votes cast on each matter. Under Nevada law, abstentions or votes withheld on a matter other than the election of directors are not counted as votes cast, and therefore have no effect on the approval of the matter.

The cost of soliciting proxies, including expenses in connection with preparing and mailing this proxy statement, will be borne by us. In addition to solicitation by use of the mail, certain officers and regular employees of our company may solicit, for no additional compensation, the return of proxies by use of telephone, telegram or personal interview. We have requested brokerage houses and other custodians, nominees and fiduciaries to forward soliciting materials to their principals, the beneficial owners of shares of our company's common stock, and we may reimburse them for their reasonable out-of-pocket expenses in so doing.

Cumulative Voting

Certain provisions of the California Corporations Code which are applicable to the Company, provide for cumulative voting with respect to the election of directors to our Board. Cumulative voting allows each shareholder to cumulate such shareholder's votes and give one candidate for director a number of votes equal to (a) the number of directors to be elected multiplied by (b) the number of votes to which the shareholder's shares would normally be entitled to cast, or to distribute the shareholder's votes on the same principle among as many candidates as the shareholder desires. For example, as described below, our shareholders are being asked to elect three (3) directors at the Annual Meeting. Using cumulative voting, a shareholder holding 100 shares of our common stock would be allowed to cast 300 votes for the election of directors

Edgar Filing: IT&E INTERNATIONAL GROUP - Form PRE 14A

(calculated by multiplying the number of directors to be elected (three (3)) by the number of votes the shareholder's shares would normally be entitled to cast (100)). Such 300 shares could all be cast for one candidate for director, or could be allocated among any number of candidates, as the shareholder sees fit.

However, cumulative voting is not applicable to the election of directors to our Board, and no shareholder will be entitled to cumulate votes for the election of directors, unless any shareholder has given notice at the Annual Meeting, prior to the voting for the election of directors, of its intention to cumulate such shareholder's votes. If any one shareholder gives such notice at the Annual Meeting, all shareholders may cumulate their votes in the election of directors.

PROPOSAL 1 ELECTION OF DIRECTORS

Description of Current Board of Directors

Our Bylaws, as amended, provide that our Board shall consist of seven (7) directors. The current number of directors is three, and we have four vacancies on our Board.

The term of office of our three current directors expires at this Annual Meeting of the shareholders and the nominees are subject to vote as proposed below. The current members of our Board are listed in the table below.

<u>NAME OF DIRECTOR</u>	<u>AGE</u>	<u>DIRECTOR SINCE</u>
Peter R. Sollenne	57	April, 2004
Kelly Alberts	37	April, 2004
Tony Allocca	62	April, 2004

Nominees for Election as Directors

The current three directors have terms expiring at the Annual Meeting. Each of our current three directors have been nominated by the Board for re-election as a director at the Annual Meeting. Each director elected at the Annual Meeting will serve for a term expiring at the Company's 2006 Annual Meeting of Shareholders or when his successor has been duly elected and qualified. The Board has no reason to believe that any nominee will refuse or be unable to accept election; however, in the event that any nominee is unable to accept election or if any other unforeseen contingencies should arise, each proxy that does not direct otherwise will be voted for the remaining nominees, if any, and for such other person(s) as may be designated by the Board.

Below is information with respect to each nominee for election.

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

2

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

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

Recommendation of the Board

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF EACH OF THE NOMINEES NAMED ABOVE.

Board Meetings and Committees

During the fiscal year ended December 31, 2004, our Board held four (4) meetings. During the 2004 fiscal year, no director attended fewer than seventy five percent (75%) of the number of meetings of the Board held during the period he served on the Board. Our Board has not established an audit committee, compensation committee or nominating committee, or committees performing similar functions. Our Board acts itself in its entirety in lieu of such committees, and performs the equivalent functions that would be performed by such committees. Our Board feels that it is appropriate for the Company not to have any of such committees because of the small size of our Board. In addition, because we do not have an audit committee, we do not have an audit committee financial expert, as defined in Item 401 of Regulation S-B of the Securities and Exchange Commission (the Commission), serving on our Board.

Each member of our Board participates in the consideration of nominees for our Board. None of the members of our Board are independent, pursuant to the definition of independence set forth in Rule 4200(a)(15) of the National Association of Securities Dealers (NASD) listing standards.

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

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

Communications with the Board of Directors

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

Attendance of Directors at Annual Meetings of Shareholders

We encourage each of our directors to attend each annual meeting of shareholders. All three of our directors attended our 2004 annual meeting of shareholders.

Director Compensation

No compensation was paid to our directors for any service provided as a director during the fiscal year ended December 31, 2004. We have no other formal or informal understandings or arrangements relating to compensation of our directors; however, directors may be reimbursed for all reasonable expenses incurred by them in conducting our business, including out-of-pocket expenses for such items as travel, telephone, and postage.

MANAGEMENT

As of June 30, 2005, the following persons were officers of our company:

<u>NAME</u>	<u>POSITION</u>	<u>AGE</u>
Peter R. Sollenne	Chief Executive Officer and Director President, Chief Operating Officer and	57
Kelly Alberts	Director	37
Tony Allocca	Vice President - Operations and Director	62
David Vandertie	Chief Financial Officer	44

Background

PETER R. SOLLENNE. See, ELECTION OF DIRECTORS - Nominees for Election as Directors for additional biographical information on Mr. Solenne.

KELLY ALBERTS. See, ELECTION OF DIRECTORS - Nominees for Election as Directors for additional biographical information on Mr. Alberts.

TONY ALLOCCA. See, ELECTION OF DIRECTORS - Nominees for Election as Directors for additional biographical information on Mr. Allocca.

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

4

**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of July 31, 2005, or the Reference Date, with respect to the beneficial ownership of our common stock, by each person known by us to own beneficially more than five percent (5%) of our common stock, by each of our executive officers and directors, and by all such officers and directors as a group. Unless otherwise indicated, all persons have sole voting and investment powers over such shares, subject to community property laws. As of the Reference Date, there were 21,344,198 shares of our common stock outstanding and 2,000,000 shares of our preferred stock outstanding.

<u>Title of Class</u>	<u>Name and Address (1)</u>	<u>Amount and Nature of Beneficial Owner (2)</u>	<u>Percent of Class</u>
Common	Peter R. Solenne, Chief Executive Officer and Director	430,138(3)	2.0%
Preferred		70,000(4)	3.5%
Common	Kelly Alberts, President, Chief Operating Officer and Director	5,967,500	30.0%
Preferred		1,085,000(5)	54.2%
Common	Tony Allocca, Vice President - Operations and Director	4,647,500	21.8%
Preferred		845,000(6)	42.3%
	David Vandertie, Chief Financial Officer	--	--
Common	Kamill Rohny, 2078 Redwood Crest, Vista, California 92081	1,500,000	7.0%
Common	All directors and executive officers as a group (4 persons)	11,045,138	51.6%
Preferred		2,000,000	100%

- (1) Except as otherwise noted, the address for each person is c/o IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075.
- (2) Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock listed as beneficially owned by them. A person is deemed to be the beneficial holder of securities that can be acquired by such person within 60 days from the Reference Date upon the exercise of warrants or options or the conversion of convertible securities. Each beneficial owner's percentage ownership is determined by including shares underlying options, warrants or convertible securities which are exercisable or convertible by such person currently or within 60 days following the Reference Date, and excluding shares underlying options, warrants or convertible securities held by any other person.
- (3) Includes 45,138 shares of common stock subject to options held by Mr. Solenne.
- (4) Consists of 70,000 shares of preferred stock that may be converted into ten shares of common stock beginning on April 14, 2006. Each such share of preferred stock also carries ten-for-one voting rights. We are obligated to issue Mr. Solenne an additional 28,700 shares of

Edgar Filing: IT&E INTERNATIONAL GROUP - Form PRE 14A

- Series A Preferred Stock upon the approval of the Amended and Restated Articles of Incorporation by our shareholders.
- (5) Consists of 1,085,000 shares of preferred stock that may be converted into ten shares of common stock beginning on April 14, 2006. Each such share of preferred stock also carries ten-for-one voting rights. We are obligated to issue Mr. Alberts an additional 444,850 shares of Series A Preferred Stock upon the approval of the Amended and Restated Articles of Incorporation by our shareholders
- (6) Consists of 845,000 shares of preferred stock that may be converted into ten shares of common stock beginning on April 14, 2006. Each such share of preferred stock also carries ten-for-one voting rights. We are obligated to issue Mr. Allocca an additional 346,450 shares of Series A Preferred Stock upon the approval of the Amended and Restated Articles of Incorporation by our shareholders

5

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

The following table sets forth the total compensation for our Chief Executive Officer and each of our other current executive officers. We refer to these executives collectively as the Named Executive Officers. We have not entered into employment contracts with any of the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name & Principal Position	Year	Annual Compensation	
		Salary	Bonus
Peter R. Sollenne Chief Executive Officer and Director	2004	\$175,000	--
	2003	--	--
	2002	--	--
Kelly Alberts President, Chief Operating Officer and Director	2004	\$144,615	--
	2003	\$167,500	--
	2002	\$ 16,461	--
Tony Allocca Vice President - Operations and Director	2004	\$132,500	--
	2003	\$132,500	--
	2002	\$ 11,923	--
David Vandertie Chief Financial Officer	2004	\$ 6,250	--
	2003	--	--
	2002	--	--

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our directors, executive officers and holders of more than 10% of a registered class of our equity securities to file with the Commission initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities. Directors, executive officers and greater than 10% shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file. Based solely on our review of the copies of such forms received by us, we believe that all reporting requirements under Section 16(a) for the fiscal year ended December 31, 2004 were met in a timely manner by our directors, executive officers and greater than 10% beneficial owners.

6

PROPOSAL 2 APPROVAL OF THE IT&E INTERNATIONAL GROUP 2005 EQUITY INCENTIVE PLAN

The Board has adopted, subject to shareholder approval, the IT&E International Group 2005 Equity Incentive Plan (the Plan), under which employees, consultants and directors may receive grants of stock options, restricted stock awards and stock bonuses (collectively, Stock Awards) in any combination. A maximum of 7,500,000 shares of the Company's common stock have been reserved for issuance under the Plan. The principal features of the Plan are summarized below. Such summary is qualified in its entirety by reference to the full text of the Plan, a copy of which is attached as Appendix A to this proxy statement.

Terms and Conditions of the Plan

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

Number of Shares

Under the Plan, 7,500,000 new shares of our common stock are reserved for issuance under awards. Any shares that are represented by Stock Awards under the Plan that expire or otherwise terminate without being exercised in full will again be available for awards under the Plan.

The Plan imposes the following additional maximum limitations:

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

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

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

Administration

The Plan will be administered by our Board, unless the Board decides to delegate administration of the Plan to a committee of the Board. Any such delegation may be made only to the extent permitted by the Company's bylaws and applicable laws and regulations. The Board will have full power to administer the Plan and the decisions of the Board will be final and binding upon all participants.

Eligibility

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

Types of Awards

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

Stock Options. The Board may grant either incentive stock options intended to qualify as such under Section 422 of the Internal Revenue Code of 1986, as amended (the Code), or options not intended to so qualify (nonstatutory options). All incentive stock options granted under the Plan must generally have an exercise price that is at least equal to the fair market value of our underlying common stock on the grant date. All nonstatutory options granted under the Plan must generally have an exercise price that is at least equal to 85% of the fair market value of our underlying common stock on the grant date. The closing price per share of our common stock as of July 31, 2005, as reported on the OTC

Edgar Filing: IT&E INTERNATIONAL GROUP - Form PRE 14A

Bulletin Board, was \$0.23. No stock option granted under the Plan may have a term longer than 10 years. All or part of any option award may be subject to conditions and restrictions, which the Board will specify. The exercise price of stock options may be paid, to the extent permitted by applicable laws and regulations, (i) in cash; (ii) by tendering shares of common stock of the Company that have been held by the optionee for at least six (6) months; (iii) or, pursuant to a cashless exercise program developed under Regulation T promulgated by the Federal Reserve Board.

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

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

Change of Control

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

Transferability of Awards

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

Amendment; Term and Termination

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

Federal Income Tax Consequences

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

Incentive Stock Options

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

Nonstatutory Stock Options

Options not designated or qualifying as incentive stock options will be non-qualified stock options having no special tax status. An optionee generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a non-qualified stock option, the optionee

Edgar Filing: IT&E INTERNATIONAL GROUP - Form PRE 14A

normally recognizes ordinary income in the amount of the difference between the option exercise price and the fair market value of the shares on the exercise date. If the optionee is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a non-qualified stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as a capital gain or loss. No tax deduction is available to the Company with respect to the grant of a non-qualified stock option or the sale of the stock acquired pursuant to such grant. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a non-qualified stock option.

Other Considerations

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

Awards under the Plan

Except as set forth in the table below, options granted under the Plan will be granted at the discretion of the Board of Directors, and, accordingly, are not yet determinable. Benefits under the Plan will depend on a number of factors, including the fair market value of the Company's common stock on future dates, and actual Company performance against performance goals established with respect to performance awards, if any. Consequently, other than the options described below, it is not possible to determine the benefits that might be received by participants under the Plan. The Company has issued options to purchase 1,784,250 shares of common stock under the Plan, subject to shareholder approval, to certain persons as follows:

<u>Name and Position</u>	<u>Shares of Common Stock</u>
Peter R. Solenne Chief Executive Officer and Director	687,000
Kelly Alberts President, Chief Operating Officer and Director	81,250
Tony Allocca Vice President - Operations and Director	65,000
David Vandertie Chief Financial Officer	500,000
Executive Group	1,333,750
Non-Executive Officer Employee Group	450,500

If the shareholders do not approve the Plan, the options previously granted under the Plan will terminate and be of no further force or effect. The Company does not presently have any other equity compensation plans in effect.

9

Vote Required for Approval and Recommendation of the Board

The affirmative vote of a majority of the shares of common stock present and represented at the Annual Meeting will be required to approve the Plan. Under Nevada law, abstentions or votes withheld on matters other than the election of directors are not counted as votes cast, and therefore have no effect on the approval of the matter.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE APPROVAL OF THE IT&E INTERNATIONAL GROUP 2005 EQUITY INCENTIVE PLAN.

10

PROPOSAL 3
APPROVAL OF AMENDED AND RESTATED ARTICLES OF INCORPORATION

Our Board has adopted, subject to the approval of the Company's shareholders, the Amended and Restated Articles of Incorporation attached to this proxy statement as **Appendix B**.

Our Articles of Incorporation presently provide for the Company to have authorized for issuance 70,000,000 shares of common stock, 2,000,000 shares of Series A Preferred Stock, 2,000,000 shares of Series B Preferred Stock and 1,000,000 shares of Series C Preferred Stock. As of July 31, 2005, there were 21,344,198 shares of our common stock and 2,000,000 shares of our Series A Preferred Stock issued and outstanding. In addition, we are obligated to issue an additional 820,000 shares of our Series A Preferred Stock at such time as they are duly authorized by our shareholders.

The Amended and Restated Articles of Incorporation increase the number of authorized shares of our common stock to 250,000,000 and increase the number of authorized shares of our Series A Preferred Stock to 2,820,000. In addition, the Amended and Restated Articles of Incorporation eliminate all of our authorized Series B Preferred Stock and Series C Preferred Stock.

Our Board has determined that it is in the best interests of the Company and its shareholders to increase the number of authorized shares of our common stock to allow the Company to raise capital through the issuance of such newly authorized shares of common stock to certain investors in a transaction or transactions resulting in total aggregate gross proceeds to us of at least \$9,000,000. In connection with such a transaction or transactions, we may also issue warrants to purchase additional shares of our common stock. We intend to use the proceeds of this potential financing to repay all of our existing debt, to enable us to pursue potential acquisitions in the future, and for general working capital. However, there can be no assurance that we will be able to consummate any such financing.

Our Board has determined that it is in the best interests of the Company and its shareholders to increase the number of shares of Series A Preferred Stock from 2,000,000 shares to 2,820,000 to enable us to issue 820,000 shares of Series A Preferred Stock that we are contractually obligated to issue to each of the present members of our board of directors. Each share of Series A Preferred Stock entitles the holder thereof to ten (10) votes on any matter put to the vote of the shareholders of the Company. In addition, at any time after April 14, 2006, each share of Series A Preferred Stock is convertible into ten (10) shares of the Company's common stock. There are no restrictions on the repurchase or redemption of shares of Series A Preferred Stock by the Company.

Be advised that the issuance of the common stock and the Series A Preferred Stock that will become authorized if our shareholders approve this Proposal 3 will substantially dilute our existing shareholders.

Because the Company does not intend to issue any shares of any series of preferred stock, other than the 820,000 shares of Series A Preferred Stock described above, our Board has determined that it is in the best interests of the Company to eliminate all of our authorized Series B Preferred Stock and Series C Preferred Stock.

If the Amended and Restated Articles of Incorporation are approved by the shareholders at the Annual Meeting, our Board does not intend to solicit further approval from our shareholders prior to the issuance of any shares of common stock or Series A Preferred Stock.

The affirmative vote of a majority of the shares of common stock present and represented at the Annual Meeting will be required to approve the Amended and Restated Articles of Incorporation. Under Nevada law, abstentions or votes withheld on matters other than the election of directors are not counted as votes cast, and therefore have no effect on the approval of the matter.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE APPROVAL OF THE AMENDED AND RESTATED ARTICLES OF INCORPORATION.

11

PROPOSAL 4
RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Company is asking the shareholders to ratify the appointment of Beckstead and Watts, LLP (B&W) as the Company's independent accountants for the fiscal year ending December 31, 2005.

In the event the shareholders fail to ratify the appointment, the Board will reconsider its selection. Even if the appointment of B&W is ratified, the Board, in its discretion, may direct the appointment of a different independent accounting firm at any time during the year if the Board feels that such a change would be in the Company's and its shareholders' best interests.

Edgar Filing: IT&E INTERNATIONAL GROUP - Form PRE 14A

Representatives of B&W are expected to be present at the Meeting, will have the opportunity to make a statement if they desire to do so, and will be available to respond to questions.

The affirmative vote of a majority of the shares of common stock present and represented at the Meeting will be required to ratify the selection of B&W. Under Nevada law, abstentions or votes withheld on matters other than the election of directors are not counted as votes cast, and therefore have no effect on the approval of the matter.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE RATIFICATION OF THE APPOINTMENT OF B&W TO SERVE AS OUR INDEPENDENT ACCOUNTANTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2005.

INDEPENDENT PUBLIC ACCOUNTANTS

B&W acted as our independent public accountants for the last completed fiscal year ended December 31, 2004. We anticipate that representatives of B&W will be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so, and will be expected to be available to respond to appropriate questions.

FEES PAID TO INDEPENDENT ACCOUNTANTS

During the last two fiscal years, B&W has billed our company the following fees for its services:

	Fiscal Year Ending	
	December 31, 2004	December 31, 2003
Audit Fees(1)	\$36,000	--
Audit-Related Fees	--	--
Tax Fees	--	--
All Other Fees	--	--

(1) Audit fees include the fees billed by B&W for their professional services rendered for auditing our annual consolidated financial statements for the years ended December 31, 2004 and 2003 and the reviews of the unaudited interim financial statements included in our Quarterly Reports on Forms 10-QSB for the years ended December 31, 2004 and 2003.

12

OTHER BUSINESS

Management knows of no other business to be brought before the 2005 Annual Meeting of Shareholders. If, however, any other business should properly come before the Annual Meeting, the persons named in the accompanying proxy will vote proxies as in their discretion, as they may deem appropriate, unless they are directed by a proxy to do otherwise.

ANNUAL REPORT

We filed our Annual Report on Form 10-KSB/A for the fiscal year ended December 31, 2004 with the Commission on July 15, 2005. A copy of such Annual Report is being furnished to you with this proxy statement. Shareholders may obtain additional copies of the Annual Report and the exhibits thereto, without charge, by writing to Peter R. Solenne, our Chief Executive Officer, at IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075.

SUBMISSION OF SHAREHOLDER PROPOSALS

Shareholders seeking to bring business before an annual meeting of shareholders, or to nominate directors at an annual or special meeting of shareholders, must provide timely notice thereof in writing. To be timely, a shareholder's notice must be delivered to, or mailed and received at, our principal executive offices (i) in the case of an annual meeting that is called for a date that is within 30 days before or after the anniversary date of the immediately preceding annual meeting of shareholders, not later than 90 days prior to such anniversary date and not

earlier than 120 days prior to such anniversary date, and (ii) in the case of an annual meeting that is called for a date that is not within 30 days before or after the anniversary date of the immediately preceding annual meeting, or in the case of a special meeting of shareholders, a reasonable time before we begin to print proxy materials.

Pursuant to Rule 14a-8 promulgated by the Commission, a shareholder intending to present a proposal to be included in the company's proxy statement for the company's 2006 Annual Meeting of Shareholders must deliver a proposal in writing to Peter R. Sollenne, IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075, no later than June 27, 2006. Proposals not in full conformity with the applicable rules of the Commission may be excluded from the proxy statement.

By Order of our Board of Directors,

Peter R. Sollenne
Chief Executive Officer and Director

Solana Beach, California
August __, 2005

13

APPENDIX A

2005 EQUITY INCENTIVE PLAN

IT&E INTERNATIONAL GROUP, INC.

2005 EQUITY INCENTIVE PLAN

IT&E INTERNATIONAL GROUP, INC.

2005 EQUITY INCENTIVE PLAN

1. PURPOSES. The primary purpose of this IT&E International Group, Inc. 2005 Equity Incentive Plan (the *Plan*) is to provide a means by which the Company can retain and maximize the services of its current Employees, Directors and Consultants, and secure, retain and maximize the services of new Employees, Directors and Consultants, by providing Stock Awards, including Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock Awards and stock bonuses, to such persons on the terms and conditions set forth in the Plan. In addition, the Plan is intended to generate proceeds from the sale of Common Stock pursuant to Stock Awards that shall be used as general funds of the Company

2. DEFINED TERMS. Capitalized terms in this Plan shall have the meanings set forth in **Appendix A** attached hereto, unless defined elsewhere in this Plan or the context of their use clearly indicates a different meaning.

3. ADMINISTRATION.

3.1 Authority of Board. Unless and until the Board decides to delegate administration of the Plan to a Committee as set forth in Section 3.2 below, the Board shall have full authority to administer the Plan, subject only to the express provisions and limitations set forth in the Plan and any applicable laws. Without limiting the generality of the foregoing, the Board shall be fully empowered to: (i) determine, from time to time, the recipients of Stock Awards and the terms upon which Stock Awards shall be granted to such recipients; (ii) construe and interpret, and correct any defects, omissions or inconsistencies in, the Plan and any Stock Awards; (iii) terminate, suspend or amend the Plan or any Stock Award as provided in Section 11; and (iv) exercise such powers and perform such acts consistent with the provisions of the Plan as the Board deems necessary or expedient to promote the best interests of the Company and its stockholders. The determinations of the Board with respect to the Plan shall not be subject to review by any Person and shall be final, binding and conclusive on the Company and all other Persons.

3.2 Delegation to Committee. In accordance with the Board's authority under the Delaware General Corporation Law and the Company's Bylaws, the Board may delegate administration of the Plan to a Committee, which Committee shall, upon such delegation, be empowered to

exercise the full authority of the Board with respect to the Plan.

4. COMMON STOCK SUBJECT TO THE PLAN.

4.1 Reserve Pool. Subject to the provisions of Section 10 relating to Capitalization Adjustments, an aggregate of 7,500,000 shares of Common Stock (the *Reserve Pool*) may be issued pursuant to Stock Awards. If any Stock Award shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Common Stock not acquired under such Stock Award shall automatically revert to the Reserve Pool and again become available for issuance under the Plan. During the term of the Plan, the Company shall keep available in the Reserve Pool at all times a number of shares of Common Stock sufficient to satisfy all outstanding Stock Awards.

1

4.2 Limitation on Number of Shares. To the extent required by CCR Title 10, the total number of shares of Common Stock issuable upon exercise of all outstanding Stock Awards, together with the total number of shares of Common Stock provided for under any stock bonus or similar plan of the Company, shall not exceed the applicable percentage as calculated in accordance with the conditions and exclusions of CCR Title 10, based on the shares of Common Stock of the Company that are outstanding at the time the calculation is made.

5. ELIGIBILITY.

5.1 Employees. Employees shall be eligible to receive each of the types of Stock Awards provided for in the Plan.

5.2 Directors. Directors shall be eligible to receive each of the types of Stock Awards, except Incentive Stock Options, provided for in the Plan.

5.3 Consultants. To the extent permitted by applicable law, consultants shall be eligible to receive each of the types of Stock Awards, except Incentive Stock Options, provided for in the Plan.

5.4 Ten Percent Stockholders. In addition to any other applicable restrictions set forth in this Section 5, a Ten Percent Stockholder shall not be granted: (i) an Incentive Stock Option unless the exercise price of such Incentive Stock Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant and such Incentive Stock Option is not exercisable after the expiration of five (5) years from the date of grant; (ii) a Nonstatutory Stock Option unless the exercise price of such Nonstatutory Stock Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant, except as otherwise permitted by CCR Title 10 at the time of the grant of the Nonstatutory Stock Option; (iii) a Restricted Stock Award unless the purchase price of the Common Stock issuable upon exercise of such Restricted Stock Award is at least one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant, except as otherwise permitted by CCR Title 10 at the time of the grant of the Restricted Stock Award.

5.5 Proprietary Information and Inventions Agreement.

(a) Prior to being granted any Award under the Plan, each Employee shall have executed and delivered to the Company a copy of the Company's standard proprietary information and inventions agreement or such other agreement containing similar obligations of confidentiality as may be approved by the Board at the time the Award is granted (any such agreement being referred to herein as a *Proprietary Information and Inventions Agreement*). In the event that any Award is inadvertently granted to an Employee who has not, as of the date of such grant, entered into a Proprietary Information and Inventions Agreement with the Company, such Award shall be deemed null and void *ab initio*.

(b) In the event that any Employee breaches any provision of the Proprietary Information and Inventions Agreement between such Employee and the Company, such Employee shall no longer be eligible to receive Awards pursuant to this Plan. Moreover, such Employee shall be deemed, as of the date of such Employee's breach of such Proprietary Information and Inventions Agreement, to have forfeited all outstanding Awards previously granted to and then held by such Employee, regardless of whether such Awards are then vested or exercisable.

2

6. PROVISIONS APPLICABLE TO ALL STOCK AWARDS.

6.1 No Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to any Stock Award held by such Participant unless and until such Participant has satisfied all requirements for the exercise of the Stock Award pursuant to its terms.

6.2 No Employment or Other Service Rights. Nothing in the Plan or any Stock Award Agreement shall confer upon any Participant any right to continue to serve the Company or an Affiliate in any capacity. Likewise, nothing in the Plan or any Stock Award shall affect the right of the Company or any applicable Affiliate to terminate: (i) the employment of an Employee with or without notice and with or without Cause; (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate; or (iii) the service of a Director pursuant to the bylaws of the Company or any applicable Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

6.3 Investment Assurances. At any time that the issuance of the shares of Common Stock issuable upon the exercise of a Stock Award has not been registered under an effective registration statement under the Securities Act, the Company may: (i) require a Participant, as a condition of acquiring Common Stock under such Stock Award, to give written assurances satisfactory to the Company (a) as to the Participant's knowledge and experience in financial and business matters and capability to evaluate the merits and risks of acquiring such Common Stock under such Stock Award and (b) stating that the Participant is acquiring such Common Stock under the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing such Common Stock; and (ii) place legends, including, without limitation, legends restricting the transfer of such Common Stock, on any and all stock certificates representing such Common Stock in order to comply with applicable securities laws.

6.4 Withholding Obligations. To the extent provided by the terms of a Stock Award Agreement, the Participant may satisfy any federal, state or local tax withholding obligation relating to the acquisition of Common Stock under a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) tendering a cash payment; or (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the acquisition of Common Stock under the Stock Award; provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid variable award accounting).