

SETTLEMENT AGREEMENT

[REDACTED]

WHEREAS on or about [REDACTED], RESERVE FUNDING GROUP LLC (“RFL”) entered into a secured merchant agreement with [REDACTED] [REDACTED] (“CM”), whereby RFL purchased \$641,960.00 of [REDACTED] future accounts-receivable for the purchase price of \$440,000.00 (the “Secured Agreement”);

WHEREAS, as contemplated and permitted by the Secured Agreement, RFL filed a UCC-1 financing statement in accordance with Article 9 of the Uniform Commercial Code, whereby RFL obtained a perfected security interest in the assets of CM;

WHEREAS [REDACTED] (hereinafter “Guarantor”), an individual domiciled in the [REDACTED], has executed a personal guarantee of performance, personally guaranteeing [REDACTED] obligations to RFL under the Secured Agreement;

WHEREAS Guarantor is the owner, principal, shareholder, an officer and/or manager of [REDACTED]

WHEREAS [REDACTED] has failed to perform its obligations under the Secured Agreement and accordingly has defaulted thereunder;

WHEREAS RFL has commenced an action in the Supreme Court of the State of New York, in and for the County of KINGS, captioned RESERVE FUNDING GROUP LLC v. [REDACTED] [REDACTED] Index No. [REDACTED], wherein RFL entered judgment against [REDACTED] and [REDACTED], jointly and severally, in the amount of \$604,221.99 on [REDACTED] (the “Judgment”);

WHEREAS [REDACTED] and [REDACTED] expressly consent, acquiesce and acknowledge the legality of the Judgment, and hereby expressly waives any and all claims, defenses, appeals, or otherwise of the Judgment, or any action(s) and/or enforcement measures taken by RFL and/or its attorneys;

WHEREAS in the interest of avoiding the risk of further litigation and expense to the parties, the parties wish to settle, compromise, and amicably resolve all claims against each other which they now have, had, or may have;

NOW THEREFORE, it is hereby agreed, by and between RFL and [REDACTED] and [REDACTED] that RFL’s claims against [REDACTED] and Guarantor are settled upon the following terms and conditions:

1. Payment.

a. [REDACTED] and Guarantor acknowledge that they owe RFL the sum of \$604,221.99 as of [REDACTED], without any offset, counterclaims, deductions, back-charge, credit or any other claim of any kind or nature that could be raised to reduce the amount admitted and owed by [REDACTED]

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and Guarantor in any capacity to RFL or otherwise prevent payment of the aforementioned sum [REDACTED] and Guarantor acknowledge is owed ("Principal Sum").

b. [REDACTED] and Guarantor acknowledge and hereby agree that they owe RFL additionally, in the event of default hereunder, the sum of twenty-five percent (25%) of the Principal Sum for default fees, NSF fees and related fees, interest and the costs of collection, including reasonable attorneys' fees without any offset, counterclaims, deductions, back-charge, credit or any other claim of any kind or nature that could be raised to reduce the amount admitted and owed by [REDACTED] and Guarantor in any capacity to RFL or otherwise prevent payment of the aforementioned sum [REDACTED] and Guarantor acknowledge is owed (the "Default Fees").

c. [REDACTED] and Guarantor agree to pay to RFL, and RFL agrees to accept **\$354,500.00**, exclusive of any applicable poundage fee(s) due a marshal or sheriff herein (the "Settlement Sum"), as settlement in full of any all of RFL's claims against [REDACTED] and/or Guarantor, payable as follows:

<u>DATE OF PAYMENT</u>	<u>TYPE OF PAYMENT</u>	<u>AMOUNT OF PAYMENT</u>
[REDACTED]	WIRE	\$15,000.00
[REDACTED] AND CONTINUING MONTHLY ON THE 4 TH OF EVERY MONTH FOR SIX MONTHS	WIRE	\$10,000.00
[REDACTED] AND CONTINUING MONTHLY ON THE 4 TH OF EVERY MONTH FOR THIRTEEN MONTHS	WIRE	\$20,000.00
[REDACTED] FOR FINAL PAYMENT	WIRE	\$19,500.00

Wiring Instructions:

Business name: [REDACTED]
Bank: JP Morgan Chase Bank N.A.
Routing No: [REDACTED]
Account No: [REDACTED]
Address: [REDACTED]

- i. In the event that [REDACTED] and/or Guarantor misses any payment and does not cure that missed payment within 2 business days, then RFL has the right to void the settlement agreement in its sole discretion, in which event this settlement agreement, including the release in Section 5 will become null and void ab initio.

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e. [REDACTED] and Guarantor acknowledge that Time Is Of The Essence in complying with all of the terms and conditions of this Settlement Agreement.

f. Payment of the Settlement Sum and the provisions of this Settlement Agreement provide mutually sufficient consideration for any and all rights, duties, or obligations created by the terms and conditions of this Settlement Agreement.

g. In consideration for the timely receipt of the full Settlement Sum as provided herein, RFL shall promptly file a Satisfaction of Judgment with the New York State Supreme Court, KINGS County, and shall release any and all liens or UCC security interest(s).

h. If for any reason the full Settlement Sum is not paid in full, or is not paid in accordance with the terms of this Settlement Agreement, or if [REDACTED], and/or Guarantor default on any of the terms of this Settlement Agreement, then the Principal Sum that is the subject of the Secured Agreement plus the Default Fees, or the balance of the Judgment (whichever is greater), remains due and outstanding to RFL.

i. During the course of the payment schedule, RFL will not be required to provide [REDACTED], and/or Guarantor with any type of monthly or yearly statement or invoice, although same may be requested upon reasonable notice.

2. Default.

If [REDACTED], and/or Guarantor shall fail to timely make any payment, or portion thereof, of the Settlement Sum referenced in paragraph "1" of this Settlement Agreement, and/or any wires, ACH payments, or other payments are reversed, fail to clear, or are dishonored by the bank or financial institution, then [REDACTED] and/or Guarantor shall be deemed to have defaulted under the terms of this Settlement Agreement. In the event of [REDACTED] and/or Guarantor's default, RFL shall have the immediate right to: (a) Continue enforcing the Judgment as against [REDACTED] and/or Guarantor jointly and severally; and (b) Bring any and all additional claims RFL may have against [REDACTED], and/or « Guarantor without any prejudice to any other rights, claims or defenses that RFL may have against [REDACTED], and/or Guarantor.

3. [REDACTED] and Guarantor Representations and Warranties. [REDACTED], and Guarantor hereby warrant and represent that as of the date hereof and throughout the duration of this Settlement Agreement, neither [REDACTED] nor Guarantor anticipate filing for protection under the United States Bankruptcy Code or under any similar bankruptcy or insolvency statute of the United States or any governmental unit, or any assignment for the benefit of creditors.

4. Mutual Releases. Guarantor and [REDACTED] hereby releases, discharges, and acquits forever RFL, as well as their partners, shareholders, managers, directors, officers, agents, attorneys, insurers, parent entities, partners, successors, assigns, affiliates and subsidiaries, and each of their respective owners, stockholders, directors, officers, partners, agents, attorneys, insurers, parent entities, partners, successors, assigns, affiliates and subsidiaries (the "RFL Releasees"), from any and all debts, claims, demands, liabilities, assessments, actions or causes of action, whether in law or in equity, whether in contract or tort, whether direct or indirect, whether presently known or unknown, absolute or contingent, arising under any law, rule, regulation, ordinance, constitution, common law, agreement, guideline or other standard of conduct of any kind and whatsoever which Guarantor and [REDACTED] had, now has, or may have had against any of the

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RFL Releasees from the beginning of time up to the date of the execution of this agreement, including, for the avoidance of doubt, any claims relating to the Secured Agreement dated [REDACTED]

5. Choice of Law and Venue. This Settlement Agreement is entered into in the State of New York and shall be construed and interpreted in accordance with the laws of the State of New York without regard to any conflict of law principles. Any disputes or litigation arising under this Settlement Agreement shall be brought in the Supreme Court of the State of New York.

6. Successors and Assigns. This Settlement Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective employees, officers, directors, shareholders, agents, legal representatives, affiliates, partners, joint venturers, predecessors, successors, estates, and assigns.

7. Severability. The provisions of this Settlement Agreement are severable and the invalidity or unenforceability of any provision of this Settlement Agreement shall not affect the validity or enforceability of any other provision. In the event that any provision of this Settlement Agreement (or portion thereof) is determined by a court of competent jurisdiction to be unenforceable, void, voidable or unenforceable, as drafted by virtue of the scope, duration, extent, or character of any obligation contained therein, the parties acknowledge that such provisions (or portion thereof) shall not affect any other term or provision of this Settlement Agreement.

8. Additional Documents/Further Assurances. The parties agree to cooperate fully in the execution and delivery of any additional documents and to take all additional further actions that may be necessary, appropriate or desirable to fully carry out the provisions, and intent of this Settlement Agreement.

9. Amendments. This Settlement Agreement may not be modified, supplemented or amended except by written Amendment to the Settlement Agreement executed by all of the parties to this Settlement Agreement.

10. Execution. This Settlement Agreement may be executed in multiple counterparts, and each of such counterparts so executed shall be deemed an original. All such counterparts together shall be deemed to constitute one final Settlement Agreement as if signed by all parties hereto. A telecopy or facsimile transmission of a signed counterpart of this Settlement Agreement shall be sufficient to bind the parties whose signatures appear thereon.

11. Jurisdiction. The Parties hereby waive any personal jurisdictional defenses and consent to the jurisdiction of any of the Courts of the State of New York.

12. Notices. If notice to either party needs to be given by the other party, said notice should be directed to the attorney for such party, at the address listed below, or if no attorney is listed, the addresses below.

13. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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IN WITNESS WHEREOF the parties have executed this Settlement Agreement as of the date set forth above.

AGREED AND ACCEPTED:

RESERVE FUNDING GROUP LLC

By: [Redacted]
Name: [Redacted]
Title: Attorney for Judgment Creditor
[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]

GUARANTOR

By: [Redacted]
[Redacted]

[Redacted]

[Redacted]

[Redacted]