

Submission Data File

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Items*	1.01 Entry into a Material Definitive Agreement 2.01 Completion of Acquisition or Disposition of Assets 3.02 Unregistered Sales of Equity Securities 7.01 Regulation FD Disclosure 9.01 Financial Statements and Exhibits
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Item Submission Type	
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Sponsor CIK	
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(End General Information)	

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Notify via Website only	No
E-mail 1	filings@m2compliance.com
(End Notifications)	



UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 17, 2019

PACIFIC VENTURES GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

000-54584

75-2100622

(State or other jurisdiction of incorporation)

(Commission File Number)

(I.R.S. Employer Identification No.)

117 West 9th Street, Suite 316

Los Angeles, CA 90015

(Address of principal executive offices) (Zip Code)

(310) 392-5606

(Registrant’s telephone number, including area code)

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None

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

Emerging growth company ☐

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

### 1.01 Entry into a Material Definitive Agreement

In connection with the acquisition of the assets of Seaport Meat Company, as further described in Item 2.01, below, Pacific Ventures Group Inc. (the “Company”) entered into a series of agreements with TCA Global Credit Master Fund LP and its affiliates.

The Company entered into 2 Senior Secured Redeemable Debentures with TCA Special Situations Credit Strategies ICAV, an Irish collective asset vehicle, each in the amount of \$1,500,000 (One Million Five Hundred Thousand Dollars). The debentures carry an interest rate equal to Sixteen and One Half Percent (16.5%) per annum simple interest that is due and payable on June 30, 2020. The Debentures are secured by all of the assets the Company including the newly acquired assets of Seaport Meat Company.

The Company also entered into an Exchange Agreement with TCA Global Credit Master Fund, LP whereby the Company exchanged \$2,500,000 in investment banking fees owing to TCA Global for 9,990 Common Units and 10,000 Series A Preferred Units of Seaport Group Enterprises LLC, the Company’s subsidiary.

In conjunction with the acquisition of the assets of Seaport Meat Company, as further described in Item 2.01, below, Pacific Ventures Group Inc. (the “Company”) entered into a promissory note (the “Note”) with the PNC Inc., the seller of the assets for \$850,000. The Note accrues interest at the rate of 7% per annum and is payable in 3 installments over 18 months.

The description of the agreements set forth above does not purport to be complete and is qualified in its entirety by reference to the text of the agreements filed as exhibits hereto and incorporated herein by reference.

### Item 2.01 Completion of Acquisition or Disposition of Assets.

Pacific Ventures Group Inc. (the “Company”) completed the acquisition of the assets of Seaport Meat Company from PNC Inc. (the “Seller”) on December 17, 2019. Pursuant to the Asset Purchase Agreement as Amended, the purchase price is as follows:

- \$1,500,000 payment made at closing
- \$660,000 inventory payment made at closing
- \$850,000 note payable to the Seller
- \$1,900,000 payable to the Seller 90 days from the closing
- A number of common shares of the Company equal to 2.5% of the issued and outstanding shares of the Company on the date of issuance to Seller with in fifteen (15) business days of the completion of the audit of the Company’s financial statements, including the assets acquired, for the year ended December 31, 2019.

The assets acquired consist of properties and rights that belong to the Seaport Meat Company that are used in or pertain to the business and all necessary to operating the business as its currently being operated.

### Item 3.02 Unregistered Sales of Equity Securities.

Concurrently with the transactions described in Items 1.01 and 2.01, the Company entered into an Exchange Agreement with TCA Global Credit Master Fund, LP whereby the Company exchanged \$2,500,000 in investment banking fees owing to TCA Global for 9,990 Common Units and 10,000 Series A Preferred Units of Seaport Group Enterprises LLC, the Company’s subsidiary.

### Item 7.01 Regulation FD Disclosure.

On December 18, 2019, the Company issued a press release announcing it had closed on its previously announced acquisition of the assets of Seaport Meat Company. A copy of the press release is filed and attached hereto as Exhibit 99.1.

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The information in this Item 7.01 of this Current Report on Form 8-K and the related Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
10.1	<a href="#">SEAPORT Asset Purchase Agreement</a>
10.2	<a href="#">Exchange IB Obligations Membership Interests in Seaport</a>
10.3	<a href="#">Pledge Irrevocable Proxy (TCA Royalty Foods I, LLC)</a>
10.4	<a href="#">Pledge Irrevocable Proxy (Seaport Group Enterprises LLC)</a>
10.5	<a href="#">Pledge and Escrow Agreement (Pacific - TCA)</a>
10.6	<a href="#">Pledge and Escrow Agreement (Pacific - Seaport)</a>
10.7	<a href="#">Pacific Ventures Group - Security Agreement (Issuer)</a>
10.8	<a href="#">Pacific Ventures Group - Security Agreement (Guarantors)</a>
10.9	<a href="#">Pacific Ventures Group - Validity Certificate (Shannon Masjedi)</a>
10.10	<a href="#">Pacific Ventures Group - Corporate Guaranty (Guarantors)</a>
10.11	<a href="#">Debenture (Working Capital) TCA ICAV Pacific Venture Group</a>
10.12	<a href="#">Debenture (Purchase Price) TCA ICAV Pacific Venture Group</a>
10.13	<a href="#">Securities Purchase Agreement TCA special Situations Pacific Ventures</a>
99.1	<a href="#">Press release dated December 18, 2019</a>

SIGNATURES

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

Dated: December 18, 2019

PACIFIC VENTURES GROUP, INC.

By: /s/ Shannon Masjedi  
Name:Shannon Masjedi President, Chief Executive Officer  
Title: and Interim Chief Financial Officer

**AMENDMENT TO**  
**ASSET PURCHASE AGREEMENT**

This **AMENDMENT TO ASSET PURCHASE AGREEMENT** (the "**Amendment**") is dated effective as of the 10<sup>th</sup> day of December, 2019 by and among **Seaport Group Enterprises LLC**, a California limited liability company ("**Buyer**"), **Pacific Ventures Group, Inc.**, a Delaware corporation ("**PACV**"), **PNC, INC.**, a California corporation ("**Seller**") and **Peter Camarda** and **Nancy Camarda**, the sole equity holders of Seller (the "**Stockholders**").

**RECITALS**

**WHEREAS**, Seller, Buyer and the Stockholders entered into an Asset Purchase Agreement, dated August 15, 2019 (the "**Agreement**"), pursuant to which Seller agreed to sell certain of the assets, properties and rights belonging to Seller that are used in or pertain to the Business and include all necessary assets to operate the Business as it is currently being operated; and

**WHEREAS**, the parties desire to amend the Agreement as set forth herein;

**NOW, THEREFORE**, in consideration of the promises and the mutual covenants of the parties hereinafter expressed and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

1. **Recitals.** The recitations set forth in the preamble of this Amendment are true and correct and incorporated herein by this reference.
2. **Capitalized Terms.** All capitalized terms used in this Amendment shall have the same meaning ascribed to them in the Agreement, except as otherwise specifically set forth herein.
3. **Conflicts.** In the event of any conflict or ambiguity by and between the terms and provisions of this Amendment and the terms and provisions of the Agreement, the terms and provisions of this Amendment shall control, but only to the extent of any such conflict or ambiguity.
4. The definitions of "**Balance Sheet**" and "**Balance Sheet Date**" as set forth in Section 1.1 of the Agreement are hereby amended and replaced with the following:

"**Balance Sheet**" shall mean the balance sheet of Seller included in their unaudited financial statements as at and for the fiscal period ended September 30, 2019."

"**Balance Sheet Date**" shall mean September 30, 2019."

5. Section 2.4 of the Agreement is hereby amended and restated in its entirety and replaced with the following:

"**SECTION 2.4 Purchase Price.** Subject to the terms and conditions of this Agreement, in consideration of the transfer, conveyance and assignment of the Purchased Assets:

(a) At the Closing, Buyer shall deliver to Seller by wire transfer, certified check or official bank check, made payable to the Law Offices of Jonathan P. Musgrove, APC, attorney for Seller, to be deposited in an attorney-client trust account for the benefit of Seller, in immediately available funds, One Million Five Hundred Thousand US Dollars and Zero Cents (\$1,500,000.00) ("Closing Payment"). The Closing Payment is non-refundable and must be transferred and the funds must clear prior to Seller's inventory being transferred to Buyer.

(b) At the Closing, Buyer shall deliver to Seller by wire transfer, certified check or official bank check, made payable to the Law Offices of Jonathan P. Musgrove, APC, attorney for Seller, to be deposited in an attorney-client trust account for the benefit of Seller, in immediately available funds, an additional payment of Seven Hundred Fifty Thousand US Dollars and Zero Cents (\$750,000.00) ("Inventory Payment"). The Inventory Payment is non-refundable and must be transferred and the funds must clear prior to Seller's inventory being transferred to Buyer. See Sections 2.4 (c) and (d) below for further discussion regarding the Inventory Payment.

(c) The parties acknowledge the inventory changes any time a purchase order or an accounts receivable invoice is processed in the ordinary course of business. Immediately before Closing, the Seller and Buyer will take a closing inventory of merchandise. The purchase price for the Seller's inventory of merchandise, computed at Seller's cost, as evidenced by receipts and/or invoices delivered to the Buyer, certified by officers or directors of the Seller as true and accurate, and acceptable to the Buyer, will be the actual cost as reflected in the Seller's invoice records of inventories on hand at Closing, as adjusted below (the "Inventory Cost"). If the Inventory Cost is greater than the Inventory Payment made by Buyer to Seller at Closing, then the Ninety Day Payment identified in Section 2.4(d) below will be increased by the amount of the deficiency in the Inventory Payment. However, if the Inventory Cost is less than the Inventory Payment made by Buyer to Seller at Closing, then the Ninety Day Payment identified in Section 2.4(d) below will be decreased by the amount of the excess Inventory Payment. For example, if the Inventory Cost is \$800,000.00, then the Ninety Day Payment will be increased by \$50,000, but if the Inventory Cost is \$700,000 then the Ninety Day Payment will be decreased by \$50,000.

(d) On the Date which is ninety (90) days following the Closing, Buyer shall deliver to Seller by wire transfer, certified check or official bank check as instructed by Seller, in immediately available funds, (i) One Million Nine Hundred Thousand US Dollars and Zero Cents (\$1,900,000.00) (the "Ninety Day Payment"). As provided in Sections 2.4 (b) and (c) above, the Ninety Day Payment is subject to increase or decrease based on the difference, if any, between the Inventory Payment and Inventory Cost.

(e) At the Closing, Buyer shall deliver to Seller a promissory note ("Promissory Note") of the Buyer in favor of Seller in the principal amount of Eight Hundred Fifty Thousand US Dollars and Zero Cents (\$850,000.00) with seven percent (7%) interest per annum, payments as follows: subject to that certain Subordination Agreement by and among the Buyer, the Seller, TCA Special Situations Credit Strategies ICAV and TCA Global Credit Master Fund LP (the "Subordination Agreement"), (i) on the date which is seven (7) months following the date of Closing, a payment consisting of principal and accrued interest in the amount of Three Hundred Eighty Eight Thousand Eight Hundred Eighty Seven US Dollars and Ninety-Two Cents (\$388,887.92); (ii) on the first anniversary of the date of Closing, a payment consisting of principal and accrued interest in the amount of Two Hundred Sixty One Thousand Six Hundred Nineteen US Dollars and Sixty-Six Cents (\$261,619.66); and (iii) on the date which is eighteen (18) months following the date of Closing, a payment consisting of principal and accrued interest in the amount of Two Hundred Eight Thousand Two Hundred Ninety Four US Dollars and Ninety-Eight Cents (\$208,294.98). The Promissory Note does not include a prepayment penalty. In the event of default of the Promissory Note, at Seller's option, Pacific Ventures Group, Inc., a Delaware corporation ("PACV") will issue shares of preferred stock of PACV (Series H Preferred Stock) as additional security for payment of the Promissory Note ("Seller's Option"). PACV represents it is the sole owner of Buyer and will not sell, transfer or issue any further shares of Buyer at any time before the Promissory Note is paid in full. Prior to Closing, Buyer will provide to Seller a copy of the Articles of Incorporation of PACV, written confirmation of the total authorized, issued and outstanding number of shares of PACV. In the event Seller's Option is exercised, Buyer, shall issue to the Seller shares of preferred stock of PACV (Series H Preferred Stock) with an aggregate stated value of the amount of principal in default which are convertible into shares of common stock of PACV (the "PACV Preferred Stock"). (The Promissory Note shall be substantially in the form attached hereto as Exhibit 2.4(c) and shall provide Seller remedies for Buyer's default, which shall include any default of the real property lease where the Business operates at 2533 Folex Way, Spring Valley, CA 91978, subject to the Subordination Agreement).

(f) Within fifteen (15) business days of the date which the consolidated audit of the Buyer for the fiscal year ended December 31, 2019 (which includes the assets and the Business of Seller) is completed by an auditing firm registered by the Public Company Accounting Oversight Board (as selected by Buyer) and delivered to Buyer, PACV shall issue to Seller that number of shares of common stock of PACV (which shall equal two and one half percent (2.5%) of the total issued and outstanding shares of common stock of PACV at the time of such issuance (the "PACV Common Stock").

(g) All receivables, payables and unrealized rebates of Seller shall be calculated at least five (5) business days before Closing, followed by a true-up as of the Closing, and shall be prorated at Closing in favor of Buyer and/or Seller, as the case may be. All other pro-ratable expenses shall be prorated at the Closing. All

unrealized rebates from purchases and sales shall be credited from Buyer to Seller at Closing. All receivables, payables and unrealized rebates of Seller shall be evidenced by adequate documentary support delivered to the Buyer, certified by officers or directors of the Seller as true and accurate, and acceptable to the Buyer.

(h) Seller is agreeable to future payment of the Ninety Day Payment based upon Buyer's representation and written confirmation that TCA Special Situations Credit Strategies ICAV is financing Buyer's purchase of the Business and the operating costs of the Business, and making funds available for timely payments of the Purchase Price as required by this Section 2.4. In the event the Ninety Day Payment as adjusted by the Inventory Cost is not timely paid, all interest transferred or to be transferred by Seller to Buyer, including all Purchased Assets as defined in the Agreement and this Amendment, and all future receivables of the Business from the Closing Date going forward, will revert back to Seller immediately and free of all liens arising from this Amendment, the Subordination Agreement and Promissory Note, and free from all liens arising from any agreements, security interests, promises, obligations and interests which Buyer or TCA Special Situations Credit Strategies, ICAV, TCA Global Credit Master Fund, LP, may have or acquire in the future against the Business and Purchased Assets ("Reversion to Seller"). In such case of a Reversion to Seller, all monies tendered to Seller by or on behalf of Buyer as required under this Section 2.4 and the transaction contemplated herein are forfeited, without recourse against Seller by the Buyer or by any party making such payments on behalf of Buyer, including all lenders, financiers, TCA Special Situations Credit Strategies, ICAV, TCA Global Credit Master Fund, LP, or other parties in interest.

(i) To preserve Seller's interest in the Business in the event of default under this Section 2.4, Buyer agrees that until the Ninety Day Payment as adjusted by the Inventory Cost is paid in full, Buyer will comply in all respects with those covenants and agreements made by Seller as set forth in the Agreement at "Section 5.1 Conduct of the Business" as though Buyer is the Seller.

(j) Buyer acknowledges and agrees that Seller may file a UCC-1 in appropriate jurisdictions to evidence its interest in the Business and Purchased Assets until the Purchase Price is paid in full, provided however, that any security interest in favor of the Seller shall be subordinated pursuant to the Subordination Agreement. After the Purchase Price is paid in full, along with any interest, fees and costs which may arise as contemplated by this transaction, Seller will file a release or satisfaction of all filed UCC-1s and other lien rights.

(k) In addition to Seller's right to file UCC-1s, Seller will, subject to the Subordination Agreement, have a priority position as a lienholder against the Business and Purchased Assets until the Ninety Day Payment, as adjusted, and the Promissory Note are paid in full.

6. Section 2.5. Additional Assumed Liability of Buyer. Separate and apart from any assumed liability of Buyer as set forth in the Agreement, Buyer agrees to assume the remaining payments due on



a dicer machine that Seller purchased for the Business after the Agreement was executed. The dicer is hereby added as an Assumed Liability of Buyer under Section 2.5 and Schedule 2.5 of the Agreement. (See Schedules to Amendment to Asset Purchase Agreement attached hereto.)

7. Section 2.6 of the Agreement is hereby amended and restated in its entirety and replaced with the following:

“SECTION 2.6 Closing. The Closing (the “Closing”) of the purchase and sale of the Purchased Assets hereunder shall take place as a “mail-away” Closing, with all documents executed in the Parties’ respective locations and originals delivered to the attorney for Buyer and attorney for Seller and Stockholders at least one (1) business day before Closing. The Closing shall occur as soon as all of the conditions to Closing set forth herein have been met; however, it is anticipated that the Closing shall occur on or around December 10, 2019. (The date of the Closing being hereinafter called the “Closing Date”.) All transactions consummated at the Closing shall be deemed to have taken place simultaneously and shall be deemed to be effective as of the Close of Business of Seller on the Closing Date.”

8. Section 3.17 of the Agreement is hereby amended and restated in its entirety and replaced with the following:

“SECTION 3.17 Suppliers, Customers and Contractors. Schedule 3.17 lists, by dollar volume paid for the year ended December 31, 2018 and the nine (9) months ended September 30, 2019, the 15 largest suppliers and the 50 largest customers of Seller. The relationships of Seller with such suppliers, customers and contractors are reasonable commercial working relationships and: (i) no supplier or contractor has refused to provide credit, or has suspended the provision of credit, to Seller as a result of the failure or delay in payment of amounts due to such suppliers or contractors; (ii) all amounts owing to such suppliers and contractors, if not in dispute, have been paid in accordance with their respective terms; (iii) no person within the last twelve months has threatened in writing to cancel, or otherwise terminate, the relationship of such person with Seller, and (iv) no person during the last twelve months has decreased materially or threatened in writing to decrease or limit materially, its relationship with Seller or intends to decrease or limit materially its services or supplies to Seller or its usage or purchase of the services or products of Seller.”

9. Section 6.2 of the Agreement is hereby amended and restated in its entirety and replaced with the following:

“SECTION 6.2 Conditions to the Obligations of Seller. All obligations of Seller hereunder are subject, at the option of Seller, to the fulfillment prior to or at the Closing of each of the following further conditions:

(a) Performance. Buyer shall have performed and complied in all material respects with all of its agreements, obligations and covenants

hereunder required to be performed by it at or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement and in any certificate or other writing delivered by Buyer pursuant hereto shall be true in all material respects at and as of the Closing Date as if made at and as of such time.

(c) Documentation. There shall have been delivered to Seller the following:

(i) One or more duly executed originals of the Assumption Agreement signed by Buyer, and such other instruments of assumption as are reasonably necessary or desirable to effect the assumption by Buyer of the Assumed Liabilities.

(ii) A certificate, dated the Closing Date, of the President or a Vice-President of Buyer confirming the matters set forth in Section 6.2(a) and (b) hereof.

(iii) A certificate, dated the Closing Date, of the Secretary or Assistant Secretary of Buyer certifying, among other things, that attached or appended to such certificate (A) is a true and correct copy of its Certificate of Incorporation and all amendments if any thereto as of the date thereof, (B) is a true and correct copy of its By-laws, (C) is a true copy of all corporate resolutions of its board of directors authorizing the execution, delivery and performance of this Agreement, and each other document to be delivered by Buyer pursuant hereto, and (D) are the names and signatures of its duly elected or appointed officers who are authorized to execute and deliver this Agreement and any certificate, document or other instrument in connection herewith.

(iv) The Buyer shall have delivered to each of Seller and Stockholders executed copies of the Consulting and Covenant Not to Compete Agreement, substantially in the form annexed hereto as Schedule 6.2(c)(iv).

(v) The Buyer shall have delivered to Seller the originally executed Lease Agreement.

(vi) The Buyer shall have delivered to Seller the originally executed Promissory Note."

10. Section 8.1 of the Agreement is hereby amended and restated in its entirety and replaced with the following:

"SECTION 8.1 Termination. This Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Closing:

(d) By mutual written consent of Seller and the Stockholders, on the one hand, and Buyer on the other;

(e) By Buyer during the Due Diligence Period, with written notice to Seller;

(c) By Seller and the Stockholders, if: (i) there has been a material misrepresentation or breach of warranty on the part of Buyer in the representations and warranties contained herein and such material misrepresentation or breach of warranty, if curable, is not cured within 15 days of written notice thereof from Seller, (ii) Buyer has committed a material breach of any covenant imposed upon it hereunder and fails to cure such breach within 15 days of written notice thereof from Seller, or (iii) any condition to Seller's or the Stockholders' obligations hereunder becomes incapable of fulfillment through no fault of such parties and is not waived by such parties;

(d) By Buyer, if (i) there has been a material misrepresentation or breach of warranty on the part of Seller or the Stockholders in the representations and warranties contained herein and such material misrepresentation or breach of warranty, if curable, is not cured within 15 days of written notice thereof from Buyer to Seller, (ii) Seller or the Stockholders have committed a material breach of any covenant imposed upon them hereunder and fails to cure such breach within 15 days of written notice thereof from Buyer to Seller, or (iii) any condition to Buyer's obligations hereunder becomes incapable of fulfillment through no fault of Buyer and is not waived by Buyer;

(e) By Seller and the Stockholders, or Buyer, if the Closing shall not have occurred on or before **December 13, 2019**; provided that no party may terminate this Agreement pursuant to this clause (i) if such party's failure to fulfill any of its obligations under this Agreement shall have been the reason that the Closing shall not have occurred on or before said date or (ii) in the event that the Closing is delayed due to delay in the Buyer's financing provided that such financing is proceeding in good faith."

11. Section 9.7 of the Agreement is hereby amended and restated in its entirety and replaced with the following:

"SECTION 9.7 Binding Effect; No Assignment. This Agreement and all of its provisions, rights and obligations shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and legal representatives. Except as otherwise provided in Section 9.6, this Agreement may not be assigned by a party without the express written consent of the others and any purported assignment, unless so consented to, shall be void and without effect. Nothing herein express or implied is intended or shall be construed to confer upon or to

give anyone other than the parties hereto, their respective heirs, legal representatives and successors, and TCA Special Situations Credit Strategies ICAV and TCA Global Credit Master Fund LP (collectively, "TCA") any rights or benefits under or by reason of this Agreement. Accordingly, no party that has not executed this Agreement or as otherwise stated in this Section shall have any right to enforce any of the provisions of this Agreement. It is acknowledged and agreed that the Buyer is receiving financing from TCA in connection herewith and the Seller is the indirect beneficiary of such financing but for which the sale contemplated hereby would not be proceeding. The Seller agrees that TCA is a third party beneficiary of this Agreement and, notwithstanding anything to the contrary contained herein, shall have the right (but not the obligation) to enforce any of the provisions of this Agreement on behalf of the Buyer to protect Buyer's and/or TCA's rights and interests.

12. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original as against the party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Amendment shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all the parties reflected hereon as the signatories.

13. Conflict. This Amendment supersedes all prior agreements, written or oral, with respect to the subject matter contained herein. In the event that any term of this Amendment conflicts with a term of the Agreement or any other agreement, the terms of this Amendment shall prevail.

14. Governing Law. This Amendment shall be governed and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State and the federal laws of the United States of America, without regard to the conflict of laws rules thereof.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.


**BUYER:**

**Seaport Group Enterprises LLC**

By:   
Shannon Masjedi  
Managing Member

**STOCKHOLDERS:**

  
Nancy Camarda

  
Peter Camarda

**SELLER:**

**PNC, INC.**

By:   
Nancy Camarda  
President

Solely with respect to obligation to issue the PACV Preferred Stock and the PACV Common Stock as set forth in Amended Section 2.4 of the Agreement, as set forth above in Section 5 of this Amendment.

**PACV:**

**PACIFIC VENTURES GROUP, INC.**

By:   
Shannon Masjedi  
Chief Executive Officer

---

**ACKNOWLEDGED:**

**TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV**

By: \_\_\_\_\_  
Name:  
Title:

ASSET PURCHASE AGREEMENT

Among

Seaport Group Enterprises LLC, a California limited liability company

As Buyer

PNC, INC., a California corporation

As Seller

and

PETER CAMARDA AND NANCY CAMARDA  
THE SOLE STOCKHOLDERS OF  
Seller

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Dated as of August 15, 2019

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## ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT dated as of August 15, 2019 among **Seaport Group Enterprises LLC**, a California limited liability company ("Buyer"), PNC, INC., a California corporation ("Seller") and **Peter Camarda** and **Nancy Camarda**, the sole equity holders of Seller (the "Stockholders").

### W I T N E S S E T H:

WHEREAS, Seller is the owner of a meat manufacturing company located at 2533 Folex Way, Suite B, Spring Valley, California 91978, doing business as Seaport Meat Company;

WHEREAS, Seller conducts the Business of Seaport Meat Company as described on Schedule 1 hereto (the "Business"); and

WHEREAS, Buyer wishes to purchase from Seller and Seller wishes to sell to Buyer, in accordance with the terms and subject to the conditions of this Agreement, certain of the assets, properties and rights belonging to Seller that are used in or pertain to the Business and all necessary to operating the Business as its currently being operated;

NOW, THEREFORE, in consideration of the mutual promises, covenants and other agreements contained herein, the parties hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

**SECTION 1.1 Definitions.** The following terms, as used herein, have the following meanings:

"Acquisition Proposal" shall mean any proposal for the acquisition of, or merger or other business combination involving, Seller or the sale of any equity interest in, or a substantial portion of the assets of, Seller other than the transactions by Buyer as contemplated by this Agreement.

"Affiliate" of any person means any other person directly or indirectly through one or more intermediary persons, controlling, controlled by or under common control with such person.

"Agreement" or "this Agreement" shall mean, and the words "herein", "hereof" and "hereunder" and words of similar import shall refer to, this agreement, and the Schedules hereto, as the same from time to time may be amended.

"Assumption Agreement" shall mean the Assumption Agreement in the form of Schedule 2.5 between Seller and Buyer.

"Audit" or "audited" when used in regard to financial statements shall mean an examination of the financial statements by a firm of independent public accountants in accordance with GAAP consistently applied for the purpose of expressing an opinion thereon.

"Balance Sheet" shall mean the balance sheet of Seller included in their unaudited financial statements as at and for the fiscal period ended June 30, 2019.

Handwritten signature and initials in blue ink, possibly reading 'P.C.' and 'NC'.

"Balance Sheet Date" shall mean June 30, 2019.

"Bill of Sale" shall mean the Bill of Sale in the form of Schedule 6.3(d)(i) hereto.

"Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the Borough of Manhattan, the City of New York, are authorized or obligated by law or executive order to close.

"Certificate of Incorporation" shall mean the certificate of incorporation, articles of incorporation or charter of a corporation howsoever denominated under the laws of the jurisdiction of its organization.

"Close of Business" on any given date shall mean 5:00 p.m., New York time, on such date; provided, however, that if such date is not a Business Day, "Close of Business" shall mean 5:00 p.m., New York time, on the next succeeding Business Day.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

The term "control", with respect to any person, shall mean the power to direct the management and policies of such person, directly or indirectly, by or through stock ownership, agency or otherwise, or pursuant to or in connection with an agreement, arrangement or understanding (written or oral) with one or more other persons by or through stock ownership, agency or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Due Diligence Period" shall mean 30 calendar days after delivery to Buyer or Buyer's Counsel of all documents requested by Buyer.

"GAAP" shall mean generally accepted accounting principles in effect on the date hereof as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or as may be generally accepted by the accounting profession of the United States.

"Liability" shall mean any direct or indirect indebtedness, liability, claim, loss, damage, deficiency, obligation or responsibility, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent or otherwise.

"Lien" shall mean any mortgage, lien, pledge, charge, security interest or encumbrance of any kind.

The term "person" shall mean an individual, corporation, limited liability company, partnership, joint venture, association, trust, unincorporated organization or other entity.

"Subsidiary" as to any person shall mean any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are owned directly or indirectly through one or more intermediaries, or both, by such person.

"Tax" (including, with correlative meaning, the terms "Taxes" and "Taxable") shall mean (i) (A) any net income, gross income, gross receipts, sales, use, ad valorem, transfer, transfer gains, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, rent, recording, occupation, premium, real or personal property, intangibles, environmental or windfall profits tax, alternative or



add-on minimum tax, customs, duty or other tax, fee, duty, levy, impost, assessment or charge of any kind whatsoever (including but not limited to taxes assessed to real property and water and sewer rents relating thereto), together with (B) any interest and any penalty, addition to tax or additional amount imposed by any governmental authority (domestic or foreign) (a "Tax Authority") responsible for the imposition of any such tax and interest on such penalties, additions to tax, fines or additional amounts; (ii) any liability for the payment of any amount of the type described in the immediately preceding clause (i) as a result of the person being a member of an affiliated or combined group with any other person at any time on or prior to the Closing Date and (iii) any liability of the person for the payment of any amounts of the type described in the immediately preceding clause (i) as a result of a contractual obligation to indemnify any other person.

"Taxable Year" shall mean, with respect to any Tax, the calendar or fiscal year, or shorter period, for which the Tax is computed and the Return for such Tax is made.

"Transaction Documents" shall mean, collectively, this Agreement, the Consulting and Covenant Not to Compete Agreement, the Assumption Agreement, the Bill of Sale, Lease Agreement and each of the other agreements and instruments to be executed and delivered by all or some of the parties hereto in connection with the consummation of the transactions contemplated hereby.

The term "voting power" when used with reference to the capital stock of, or units of equity interests in, any person shall mean the power under ordinary circumstances (and not merely upon the happening of a contingency) to vote in the election of directors of such person (if such person is a corporation) or to participate in the management and control of such person (if such person is not a corporation).

**SECTION 1.2 Interpretation.** Unless the context otherwise requires, the terms defined in Section 1.1 shall have the meanings herein specified for all purposes of this Agreement, applicable to both the singular and plural forms of any of the terms defined herein. All accounting terms defined in this Article I, and those accounting terms used in this Agreement not defined in Section 1.1, except as otherwise expressly provided herein, shall have the meanings customarily given thereto in accordance with GAAP. Except as otherwise expressly provided herein, all terms used in conjunction with a description of securities shall have the meanings given to those terms under the 1934 Act. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The use of the neuter gender herein shall be deemed to include the masculine and feminine genders wherever necessary or appropriate, the use of the masculine gender shall be deemed to include the neuter and feminine genders and the use of the feminine gender shall be deemed to include the neuter and masculine genders wherever necessary or appropriate.

## ARTICLE II

### PURCHASE AND SALE; CLOSING; OTHER MATTERS

SECTION 2.1 Purchase and Sale of Purchased Assets. Except as otherwise provided in Section 2.3, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall acquire and purchase from Seller, all the Purchased Assets, free and clear of all Liens. As used in this Agreement, the term "Purchased Assets" shall mean all of the properties, rights, goodwill, franchises, interests and assets of every kind, real, personal or mixed, tangible or intangible, and wheresoever situated, of the Business and belonging to Seller whether or not reflected on the books and records of Seller, other than the Excluded Assets, including, but not limited to:

- (a) All trademarks, trade names, service marks, logos, designs and other intangible property (including all Federal, state and foreign registrations and applications for registration of such trademarks, trade names, service marks, logos or designs) owned by Seller if used in the Business;
- (b) All rights, titles and interests of Seller in, to and under all Contracts;
- (c) All customer lists, credit policies and credit information with respect to all customers of, and all cost and pricing data for, the Business and referral sources of and to the Business;
- (d) All supplier lists, product specifications, bills of materials, and all other product information;
- (e) All employee records for all personnel of the Business with respect to employees to be employed by Buyer;
- (f) All existing business plans, advertising and promotional plans, product development plans, forecasts, market research reports and competitor information;
- (g) All existing formulae, technology, trade secrets, know-how, computer software programs and electronic data processing software used by Seller in connection with the Business, and other similar data; and
- (h) All rights under permits, licenses, franchises, distribution agreements and similar authorizations of Seller (including all rights of Sellers to obtain renewals and extensions thereof); and
- (i) All assets currently utilized to operate the Business.

### SECTION 2.2 Transfer, Assignment and Conveyance of Purchased Assets.

(a) Instruments of Transfer, Assignment, Conveyance and Assumption, Etc. At the Closing, Seller will deliver to Buyer the Bill of Sale, Assumption Agreement, instruments of transfer of Intellectual Property Rights, and any other instruments of transfer, conveyance and assignment deemed necessary or desirable by Buyer to transfer all the Purchased Assets, all as provided in Section 2.1. Simultaneously therewith, Seller shall take all steps as may be reasonably necessary or desirable to put Buyer in possession or control of all the Purchased Assets. At the Closing, Buyer will deliver to Seller the Assumption Agreement and any other instruments of assumption necessary to evidence the assumption by Buyer of the Assumed Liabilities, all as provided in Section 2.5.

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(b) Power of Attorney; Right of Endorsement. Effective upon the Closing Date, Seller hereby constitutes and appoints Buyer, and any successors and assigns, as the true and lawful attorney of Sellers with full power of substitution, in the name of Buyer, or the name of Seller, on behalf of and for the benefit of Buyer, to (i) institute and prosecute all proceedings which Buyer may deem proper in order to assert or enforce any claim, right or title of any kind in or to the Purchased Assets to be transferred, conveyed and assigned as provided herein, (ii) with notice to Seller as provided herein, defend and compromise any and all actions, suits or proceedings in respect of any of the Purchased Assets, and (iii) do all such acts and things in relation thereto as Buyer may deem advisable. Seller agrees that the foregoing powers are coupled with an interest and shall not be revocable by the dissolution of Seller or in any other manner or for any reason.

(c) Further Assurances. At any time and from time to time after the Closing Date, upon the request of Buyer, Seller and the Stockholders will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be reasonably required for the better transferring, assigning, conveying, granting, assuring and confirming to Buyer, or for aiding and assisting in the collection of or reducing to possession by Buyer, any of the Purchased Assets to be transferred, conveyed and assigned hereunder or to vest in Buyer all of Seller's right, title and interest in and to the Purchased Assets being conveyed hereunder. At any time and from time to time after the Closing Date, upon the request of Seller, Buyer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further acts, assumptions or assurances as may be reasonably required for the better assuming by Buyer of the liabilities and obligations being assumed by Buyer hereunder. Seller and Buyer will each, respectively, bear their own costs and expenses incurred in compliance with their obligations under this Section 2.2(c).

(d) Access by Buyer and Seller. Those books and records the possession of which are not being transferred to Buyer pursuant to this Agreement which relate to the Purchased Assets shall be preserved and maintained by Seller for three (3) years from the Closing Date. Seller and Stockholders shall give to Buyer and its authorized Representatives, during normal business hours, such access to such books and records retained by Seller and Stockholders as may be reasonably required by Buyer. Buyer shall be entitled, at its own expense, to make extracts and copies thereof and Seller and Stockholders shall cooperate with Buyer in connection with accomplishing the same. Those books and records relating to the Purchased Assets being transferred to Buyer shall be preserved and maintained by Buyer for three (3) years from the Closing Date and shall be made available to Seller at its expense for copying at reasonable times, upon reasonable notice.

SECTION 2.3 Excluded Assets. Anything in Section 2.1 to the contrary notwithstanding, there shall be excluded from the assets, properties, rights and business to be transferred to Buyer hereunder those items listed on Schedule 2.3 attached hereto. Such assets, properties and rights not being purchased by Buyer as aforesaid are hereinafter collectively called the "Excluded Assets".

SECTION 2.4 Purchase Price. Subject to the terms and conditions of this Agreement, in consideration of the transfer, conveyance and assignment of the Purchased Assets:

(a) At the Closing, Buyer shall deliver to Seller by wire transfer, certified check or official bank check, made payable to the Law Offices of Jonathan P. Musgrove, APC, attorney for Seller, to be deposited in an attorney-client trust account for the benefit of Seller, in immediately available funds, Four Million Two Hundred Fifty Thousand US Dollars and zero cents (\$4,250,000.00);

(b) At the Closing, Buyer shall deliver to Seller by wire transfer, certified check or official bank check, made payable to the Seller, in immediately available funds, the Inventory Cost. It is anticipated that the Inventory Cost will be approximately Eight Hundred Thousand US Dollars and zero cents (\$800,000.00) to One Million US Dollars and zero cents (\$1,000,000.00). The parties acknowledge the inventory changes any time a purchase order or an accounts receivable invoice is processed in the ordinary course of business. Immediately before Closing, the Seller and Buyer will take a closing inventory of merchandise. The purchase price for the Seller's inventory of merchandise, computed at Seller's cost, will be the actual cost as reflected in the Seller's invoice records of inventories on hand at Closing, as adjusted below (the "Inventory Cost").

(c) All receivables, payables and unrealized rebates of Seller shall be calculated at least five (5) business days before Closing, followed by a true-up as of the Closing, and shall be prorated at Closing in favor of Buyer and/or Seller, as the case may be. All other pro-ratable expenses shall be prorated at the Closing. All unrealized rebates from purchases and sales shall be credited from Buyer to Seller at Closing.

#### SECTION 2.5 Assumption of Liabilities.

(a) Liabilities Assumed by Buyer. In addition to payment of the Purchase Price, except for the Excluded Obligations (as defined below), Buyer shall assume, as of the Closing Date, the liabilities and obligations of Seller relating to the Business listed on Schedule 2.5(a) attached hereto. Such obligations and liabilities to be assumed by Buyer pursuant to this Agreement are sometimes collectively referred to herein as the "Assumed Liabilities." At the Closing, Buyer and Seller shall enter into an assumption agreement (the "Assumption Agreement"), substantially in the form annexed hereto as Schedule 2.5. For a period of 90 days after Closing, Seller and Stockholders shall cooperate with Buyer for the purchase of additional inventory from Seller's vendors, upon reasonable request and notice from Buyer. Notwithstanding the foregoing, if any vendor of Seller declines to offer credit to or conduct business with Buyer, Buyer shall not have the right to terminate this Agreement and any such declination shall not be considered Seller's breach of this Agreement unless such declination is a result of the willful action of Stockholder. Willful action constituting a breach of this Agreement does not include Seller or Stockholder's failure to provide guarantees, personal guarantees or collateral to any vendor in favor of Buyer, the Business or Purchased Assets.

(b) Liabilities Not Assumed by Buyer. Anything in this Agreement to the contrary notwithstanding, Buyer shall not assume, or in any way be liable or responsible for any liability or obligation of Seller or any other person relating to the Business which, is not listed on Schedule 2.5(a). Such obligations and liabilities of Seller not being assumed by Buyer are referred to herein, collectively, as "Excluded Obligations". Seller and the Stockholders shall take any and all action which may be necessary to prevent any person from having recourse against any of the Purchased Assets or against Buyer as transferee thereof with respect to any Excluded Obligations and shall indemnify Buyer and hold it harmless therefrom.

SECTION 2.6 Closing. The Closing (the "Closing") of the purchase and sale of the Purchased Assets hereunder shall take place as a "mail-away" Closing, with all documents executed in the Parties' respective locations and originals delivered to the attorney for Buyer and attorney for Seller and Stockholders at least one (1) business day before Closing. The Closing shall occur as soon as all of the conditions to Closing set forth herein have been met; however, it is anticipated that the Closing shall occur on or around August 30, 2019 (The date of the Closing being hereinafter called the "Closing Date"). All transactions consummated at the Closing shall be deemed to have taken place simultaneously and shall be deemed to be effective as of the Close of Business of Seller on the Closing Date.



SECTION 2.7 Effective Date. To the extent permitted by applicable law and provided the Closing has occurred, the parties intend that all of the Purchased Assets shall be deemed vested in and with the Buyer, effective as of the Closing Date to reflect the principle that except as otherwise provided herein, all income and expenses attributable to the Purchased Assets and the Business for the period prior to the Closing Date are for the account of Seller and all income and expenses attributable to the Purchased Assets and the Business for the period on and after the Closing Date are for the account of Buyer.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SELLER AND THE STOCKHOLDERS

Seller and the Stockholders hereby jointly and severally represent and warrant to Buyer that:

SECTION 3.1 Authority Relative to this Agreement. Seller and the Stockholders have full power, capacity and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby (the "Contemplated Transactions"). The execution and delivery of this Agreement and the consummation of the Contemplated Transactions have been duly and validly authorized by Seller and the Stockholders and no other proceedings on the part of Seller or the Stockholders (or any other person) is necessary to authorize the execution and delivery by Seller and the Stockholders of this Agreement or the consummation of the Contemplated Transactions. This Agreement has been duly and validly executed and delivered by Seller and the Stockholders, and (assuming the valid execution and delivery of this Agreement by the other parties hereto) constitutes the legal, valid and binding agreement of such party enforceable against such party in accordance with its terms except as such obligations and their enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought (whether at law or in equity).

SECTION 3.2 No Conflicts; Consents. The execution, delivery and performance by Seller and the Stockholders of this Agreement and each other Transaction Document to which it is a party and the consummation of the Contemplated Transactions will not: (i) violate any provision of the Certificate of Incorporation or By-laws (or comparable instruments) of Seller; (ii) require Seller or the Stockholders to obtain any consent, approval or action of, or make any filing with or give any notice to, any Governmental Body or any other person, except as set forth on Schedule 3.2 (the "Required Consents"); (iii) if the Required Consents are obtained, violate, conflict with or result in the breach of any of the terms of, result in a modification of the effect of, or otherwise cause the termination of or give any other contracting party to a contract the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default (by way of substitution, novation or otherwise) under any contract, agreement, indenture, note, bond, loan, instrument, lease, conditional sale contract, purchase order, sales order, agreement with customer, agreement with supplier, union contract, collective bargaining agreement, mortgage, license, permit, franchise, commitment or other binding arrangement, whether written, oral, express or implied, (the "Contracts") to which Seller is a party or by or to which Seller or any of its properties may be bound or subject, or result in the creation of any Lien upon the Purchased Assets or upon the properties of Seller pursuant to the terms of any such Contract; (iv) if the Required Consents are obtained, violate any Order of any Governmental Body against, or binding upon, Seller or upon its respective securities, properties or business; (v) if the Required Consents are obtained, violate any Law of any Governmental Body, or (vi) if the Required Consents are obtained, violate or result in the revocation or suspension of any Permit.

SECTION 3.3 Corporate Existence and Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has all requisite powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Seller is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on the business, properties, financial condition or the results of operations of Seller and its Affiliates, individually or taken as a whole (the "Condition of the Business"). Seller is duly qualified to do business as a foreign corporation in each of the jurisdictions listed on Schedule 3.3 hereto.

SECTION 3.4 Subsidiaries. Seller does not own, directly or indirectly, any equity or other interest in any other person and has no Subsidiaries.

SECTION 3.5 Charter Documents and Corporate Records. (a) Seller has, or will within five (5) business days after execution of this Agreement, heretofore delivered to Buyer true and complete copies of the Articles of Incorporation (certified by the Secretaries of State or other appropriate official of its jurisdictions of incorporation) and By-laws (certified by Seller's secretary or an assistant secretary), or comparable instruments, of Seller as in effect on the date hereof. The stock books of Seller which have been made available to Buyer for its inspection are true and complete. The Stockholders are the sole record and beneficial owner of all of the outstanding capital stock of Seller and there are no options, warrants or other agreements of any kind outstanding or proposed to be issued with respect to the capital stock of Seller.

(b) All financial, business and accounting books, ledgers, accounts and other records relating to Seller have been properly and accurately kept and completed in all material respects.

SECTION 3.6 Financial Statements. (a) Seller has, or will within five (5) business days after execution of this Agreement, delivered to Buyer, together with supporting schedules, un-audited financial statements of Seller consisting of a balance sheet, statements of income and retained earnings and statements of cash flows as at and for each of Seller's fiscal years ended December 31, 2018, 2017 and 2016 and for the six (6) month period ending June 30, 2019. Such financial statements (collectively, the "Financial Statements") present fairly the financial position of Seller and the results of its operations and changes in financial position as of the dates and for the periods indicated, in conformity with GAAP consistently applied during such periods.

(b) Except as set forth on Schedule 3.6(b): (i) As at the Balance Sheet Date, Seller did not have any Liabilities that were not fully and adequately reflected or reserved against on the balance sheet contained in, or in the notes to, the Financial Statements; (ii) Seller has not, except in the ordinary course of business consistent with past practice and except for customary expenses incurred in connection with the Contemplated Transactions, incurred any Liabilities since the Balance Sheet Date; and (iii) neither Seller nor the Stockholders have any knowledge of any circumstance, condition, event or arrangement that they reasonably anticipate would hereafter give rise to any Liabilities of Seller or any successor to its businesses except Liabilities arising in the ordinary course of business consistent with past practice and customary expenses incurred in connection with the Contemplated Transactions.

(c) All the accounts receivable of Seller (the "Receivables") reflected in the Balance Sheet and all Receivables that have arisen since the Balance Sheet Date (except such Receivables as have been collected since such date) are valid and enforceable claims, and constitute bona fide Receivables



resulting from the sale of goods and services in the ordinary course of business in conformity with applicable purchase orders and agreements. Such Receivables are subject to no valid defense, offsets, returns, allowances or credits of any kind other than defenses, offsets, returns, allowances and credits arising in the ordinary course of business.

SECTION 3.7 Absence of Certain Changes. Since the Balance Sheet Date, except as contemplated by this Agreement or disclosed in Schedule 3.7, Seller has conducted its business in the ordinary course consistent with past practices and there has not been:

- (a) Any event that has had or would reasonably be expected to have an adverse effect on the operations of Seller, individually or in the aggregate;
- (b) Any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of Seller;
- (c) Any amendment to the Articles of Incorporation or By-laws of Seller or any amendment to any term of any outstanding security of Seller;
- (d) Any (i) incurrence, assumption or guarantee by Seller of any debt other than in the ordinary course of business in amounts and on terms consistent with past practices, (ii) issuance or sale of any securities convertible into or exchangeable for debt securities of Seller, or (iii) issuance or sale of options or other rights to acquire from Seller, directly or indirectly, debt securities of Seller or any securities convertible into or exchangeable for any such debt securities;
- (e) Any creation, incurrence or assumption by Seller of any lien on any asset other than (i) liens for Taxes not yet due or being contested in good faith (and for which adequate reserves have been established); (ii) liens which do not materially detract from the value of such asset as now used, or materially interfere with any present or intended use of such asset; or (iii) warehousemen's, mechanics', carriers', landlords', repairmen's or other similar liens arising in the ordinary course of business;
- (f) Any making or forgiving of any loan, advance or capital contribution to or investment in any person other than loans, advances or capital contributions to or investments in wholly-owned subsidiaries made in the ordinary course of business consistent with past practices;
- (g) Any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the Business or assets of Seller which, individually or in the aggregate, has had or will reasonably be expected to have a material adverse effect on its operations;
- (h) Any change in any method of accounting or accounting practice by Seller or billing, collection or marketing practices;
- (i) Any assumption or guarantee of the obligations of any person;
- (j) Any grant of any severance or termination pay to any stockholders, officer or employee of Seller, any entering into of any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any stockholders, officer, director or employee of Seller or any increase in benefits payable under any existing severance or termination pay policies or employment agreements, or any increase in compensation, bonus or other benefits payable to any stockholder, officers, directors or employees of Seller, other than routine increases for employees (other than the stockholders) in the ordinary course of business;

(k) Any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of Seller, which employees were not subject to a collective bargaining agreement at the Balance Sheet Date, or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to such employees;

(l) Any intentional waiver of any material right under any Contract of the type required to be set forth on any Schedule;

(m) Except for any changes made in the ordinary course of business, any material change in any business policies of Seller, including advertising, investment, marketing, pricing, purchasing, production, personnel, sales, returns, budget or product acquisition policies;

(n) Except in the ordinary course of business, any payment, directly or indirectly, of any Liability before the same became due in accordance with its terms;

(o) Any termination or failure to renew, or the receipt of any written threat (that was not subsequently withdrawn) to terminate or fail to renew, any Contract that is or was material to the operation; or

(p) Any agreement or arrangement made by Seller to take any action which, if taken prior to the date hereof, would have made any representation or warranty in this Section untrue or incorrect in any material respect.

After the completion of Due Diligence and before Closing, Buyer and Seller shall coordinate payment of all outstanding vendors pursuant to the terms required by each vendor.

SECTION 3.8 Properties. (a) Schedule 3.8(a) sets forth a brief description (including the address) of all real property leased or owned by Seller for the benefit of the Business ("Real Property Leases"); the date of the lease and any amendments thereto, the term thereof, the term of any renewal options and the aggregate monthly rental payable thereunder. Buyer shall assume the Real Property Leases described on Schedule 3.8(a). Seller's Business operates at 2533 Folex Way, Suite B, Spring Valley, CA 91978 ("Business Premises"). Stockholders, individually or through a family trust or other entity, own the Business Premises and such ownership will not transfer to Buyer under this Agreement. The parties have agreed that Stockholders will lease the Business Premises to Buyer, the terms of which are set forth in a Lease Agreement in the form attached hereto as Exhibit 3.8.

(b) Schedule 3.8(b) sets forth a complete and correct list and description of all tangible property (the "Tangible Property"), owned or used by Seller in the Business or which Seller holds an option to acquire having a value individually of \$1,000 or more or \$5,000 or more in the aggregate in the case of any group of similar items of Tangible Property, including, without limitation, all machinery, equipment, furniture, furnishings, leasehold improvements, fixtures, vehicles and structures. All Tangible Property has been maintained in the ordinary course and is in a state of working order except for a nonmaterial portion of such Tangible Property that may be undergoing repairs or maintenance in the ordinary course.

(c) Except as set out in Schedule 3.8(c), Seller has good title to, or in the case of leased property have valid leasehold interests in, all properties and assets (whether real, personal, tangible or intangible) reflected on the Balance Sheet or acquired after the Balance Sheet Date except for properties and assets sold or disposed of since the Balance Sheet Date in the ordinary course of business consistent with

past practice. Except as set forth on Schedule 3.8(c), none of such properties or assets are subject to any Liens, except:

- (i) Liens disclosed on the Balance Sheet or the notes thereto;
- (ii) Liens for taxes not yet due or being contested in good faith (and for which adequate reserves have been established on the Balance Sheet);
- (iii) Liens which do not materially detract from the value of such property or assets as now used, or materially interfere with any present or intended use of such property or assets; or
- (iv) Warehousemen's, mechanics', carriers', landlords', repairmen's or other similar Liens arising in the ordinary course of business.

SECTION 3.9 Contracts. (a) Except for: (i) purchase orders with suppliers or sales orders from patients or customers arising in the ordinary course of business; and (ii) Contracts pursuant to the terms of which Seller is to make or receive payments in the ordinary course of Seller's business on a short-term basis throughout the term thereof, Schedule 3.9 sets forth as of the date hereof a complete and accurate list and description of all Contracts to which Seller's Business is a party or by or to which it or its assets or properties are bound or subject, including, without limitation:

- (i) Contracts with any current or former shareholder, officer, director, employee, independent contractor, consultant, agent or other representative or with any Affiliate of any of the foregoing;
- (ii) Contracts with any labor union or association representing any employee;
- (vii) Contracts for the purchase of materials, supplies, equipment, merchandise or services in excess of \$5,000 for any one individual item;
- (iv) Other than in the ordinary course of business: (A) Contracts for the sale of any of its assets or properties or business; or (B) Contracts for the grant to any person of any preferential rights to purchase any of its assets or properties;
- (v) Partnership or joint venture Contracts;
- (vi) Contracts under which Seller agrees to indemnify any party;
- (vii) Contracts under which Seller agrees to share Tax Liability of or with any party;
- (viii) Contracts that cannot be cancelled without liability, premium or penalty;
- (ix) Contracts that can be cancelled only on thirty (30) days or more notice;
- (x) Any special financial arrangements with the largest (in terms of sales volume) 25 customers of Seller that is outside of Seller's published policies including, but not limited to, any arrangements relating to chargebacks, allowances, credits, discounts and payment terms;



(vi) Contracts with any person to advertise or market Seller's products or services other than in the ordinary course of business;

(xi) Contracts containing covenants not to compete in any line of business or with any person in any geographical area (or not to solicit or accept any business) or covenants of any other person not to compete in any line of business or in any geographical area (or not to solicit or accept any business);

(xii) Contracts relating to the acquisition of any operating business or the capital shares of any other person;

(xiii) Options for the purchase or sale of any asset, tangible or intangible;

(xiv) Contracts requiring the payment to any person of an override or similar commission or fee;

(xv) Contracts relating to all Debt;

(xvi) Contracts with customers, independent suppliers, contractors and manufacturers;

(xvii) Sales agency, licensing, representative or distributorship Contracts;

(xviii) Contracts for the payment of fees or other consideration to any officer or director of Seller or to any other entity in which any of the foregoing has an interest;

(xix) Management Contracts and other similar agreements with any person;

(xx) Any other Contracts not made in the ordinary course of business or pursuant to the terms of which there is either a current or future obligation or right of Seller to make payments or receive payments in excess (individually or, in the case of any group of similar items, in the aggregate) of \$5,000 throughout the term thereof. Schedule 3.9 also lists and describes the status of all Contracts currently in negotiation or proposed by Seller as to which there exists a draft agreement, letter of intent or similar instrument and which is of a type which if entered into by Seller would be required to be listed on Schedule 3.9 or on any other Schedule (the "Proposed Contracts").

(b) There are no Contracts, other than those set forth on Schedule 3.9, and on any other Schedule hereto, that are required to be disclosed hereunder. Except as set forth on Schedule 3.9, all such Contracts and all Contracts reflected on any other Schedule hereto are valid, subsisting, in full force and effect and binding upon Seller and on the other parties thereto in accordance with their terms, and the Seller has paid in all respects or accrued all amounts due thereunder and has satisfied in all respects or provided for all of its liabilities and obligations thereunder to be satisfied or provided for through the date hereof, and is not in default under any of them in any material respect, nor, to the best knowledge of Seller, is any other party to any such Contract in default thereunder in any respect nor does any condition exist that with notice or lapse of time or both would constitute a default thereunder. Except as separately identified on Schedule 3.9 hereto, Seller is not a party to or bound by any Contract that either individually or in the aggregate adversely affects the Condition of the Business. Except as separately identified on Schedule 3.9 hereto or on any other Schedule, no approval or consent of any person is needed in order that the Contracts set forth on Schedule 3.9 or on any other Schedule continue in full force and effect following the consummation of the Contemplated Transactions. Except as set forth on Schedule 3.9 or any other Schedule, the termination of any Contract will not cause the Buyer or Seller to incur any penalty, loss, expense or termination payment.

(c) There have been delivered to Buyer, true and complete copies of (i) all of the Contracts required to be set forth on Schedule 3.9 or on any other Schedule and (ii) the most recent draft, letter of intent or term sheet of all of the Proposed Contracts required by the provisions of Section 3.9(a)(xxi) to be set forth on Schedule 3.9.

SECTION 3.10 Intangible Property. (a) Schedule 3.10 sets forth all patents, trademarks, copyrights, service marks and trade names owned or used by Seller relating to the Business, all applications for any of the foregoing, and all permits, grants and licenses or other rights running to or from Seller relating to any of the foregoing (the "Intellectual Property Rights"), and there are no other patents, trademarks, copyrights, service marks and trade names that are material to the Business. Except as provided on Schedule 3.10: (i) with respect to trademarks material to the Business as presently conducted (and only in such jurisdictions where such trademarks are material to the Business as presently conducted), all renewals of the registrations set forth in Schedule 3.10 for such trademarks have been appropriately filed; (ii) Seller has exercised its best efforts to ensure compliance with all registration requirements, and have paid all necessary government fees; and (iii) the trademark registrations material to the Business as presently conducted are valid with respect to Services that are covered by the registrations. Within 90 days after Closing, Buyer shall cause to be transferred ownership of all trademarks sold by Seller hereunder.

(b) Seller has the right to use, free and clear of any claims or rights of others, all trade secrets, know-how, processes, technology, blue prints, art work, films, negatives, photographs, separations, patterns and package and other designs utilized in or incident to the conduct of the Business.

(c) Except as set forth on Schedule 3.10, no Intellectual Property Rights or any other such right is subject to any security interest or outstanding order, judgment, decree, stipulation or agreement restricting the use or licensing thereof. Except as set forth on Schedule 3.10, (i) Seller, during the three years preceding the date hereof, has not been sued or charged in writing with or been a defendant in any claim, suit, action or proceeding relating to the Business which has not been terminated prior to the date hereof and which involves a claim of infringement of any Intellectual Property Rights; and (ii) the Stockholders and Seller have no knowledge of any such charge or claim of any infringement during the three years preceding the date hereof by any other person of any Intellectual Property Rights.

SECTION 3.11 Claims and Proceedings. Except as set forth on Schedule 3.11, there are no



outstanding Orders of any Governmental Body against or involving Seller other than Orders affecting the home health care industry generally. Except as set forth on Schedule 3.11, there are no actions, suits, claims or counterclaims or legal, administrative or arbitral proceedings or investigations (collectively, "Claims") (whether or not the defense thereof or liabilities in respect thereof are covered by insurance), pending or threatened, against or involving Seller, the Business, the Purchased Assets or Seller's properties which: (i) involve a claim for the payment of money damages of \$10,000 or more; (ii) relate to employment, regardless of amount; or (iii) individually or in the aggregate, would have an adverse effect upon the Contemplated Transactions or upon the Condition of the Business. Except as set forth on Schedule 3.11, there is no fact, event or circumstances that would give rise to any Claim that would be required to be set forth on Schedule 3.11 if currently pending or threatened. All notices required to have been given to any insurance company listed as insuring against any Claim set forth on Schedule 3.11 have been timely and duly given and, except as set forth on Schedule 3.11, no insurance company has asserted in writing that such Claim is not covered by the applicable policy relating to such Claim. There are no Claims pending or threatened that would give rise to any right of indemnification on the part of any director or officer of Seller or the heirs, executors or administrators of such director or officer, against Seller or any successor to the Business of Seller.

**SECTION 3.12 Restrictions on Business Activities.** There is no agreement, judgment, injunction, order, decree or other instrument binding upon Seller which has or would reasonably be expected to have the effect of prohibiting (i) competition by Seller, (ii) any business practice of Seller, (iii) any acquisition of property by Seller, or (iv) the conduct of the Business.

**SECTION 3.13 Taxes.** (a) Except as set forth on Schedule 3.13, (i) all Tax returns, statements, reports and forms required to be filed with any Taxing Authority by or on behalf of Seller (collectively, the "Returns") have been timely filed through the date hereof or will be filed when due (taking into account any extension granted by the appropriate Taxing Authority), in accordance with all applicable Laws; (ii) as of the time of filing, the Returns correctly reflected (and, as to any Returns not filed as of the date hereof, will correctly reflect) the facts regarding the income, business, assets, operations, activities and status of Seller and any other information required to be shown therein; (iii) Seller has timely paid all Taxes that have been shown as due and payable on the Returns that have been filed; (iv) Seller is not delinquent in the payment of any Tax or has not requested any extension of time within which to file or send any Return, which Return has not since been filed or sent; (v) no deficiency for any Tax or claim for additional Taxes by any Taxing Authority has been proposed, asserted or assessed in writing against Seller (or any member of any affiliated or combined group of which Seller is or has been a member); (vi) Seller (or any member of any affiliated or combined group of which Seller is or has been a member) has not granted any extension or waiver of the limitation period applicable to any Returns; (vii) Seller has not filed any consent or election under the Code, other than such consents and elections, if any, reflected in the Returns; (viii) there is no claim, audit, action, suit, proceeding or investigation now pending against or with respect to Seller in respect of any Tax or assessment; (ix) there are no Liens for Taxes upon the assets of Seller; (x) Seller has not been a member of an affiliated group or filed or been included in a combined, consolidated or unitary Return together other than one filed by Seller; (xi) Seller has complied with all Laws relating to Tax withholding; and (xii) Seller is not currently under any contractual obligation to indemnify any other person with respect to Taxes.

(b) True and correct copies of the Returns for the years 2018, 2017 and 2016 have been delivered to Buyer.

(c) Neither Buyer nor Seller shall be required to pay any amount to anyone else pursuant to any tax-sharing or tax allocation agreement to which Seller is a party.

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(d) Seller does not hold or has not held a permit, registration, certificate or like instrument as a "dealer" or other collecting agent from a state Taxing Authority under which it collects sales tax from its business operations and remits such tax to such Taxing Authority.

SECTION 3.14 Employment Related Matters. Except as set forth in Schedule 3.14, (a) Seller is not a party to any contract or agreement with any labor organization or other representative of its employees; (b) there is no unfair labor practice charge or complaint pending or, to Seller's best knowledge, threatened against Seller; (c) there is no labor strike, slowdown, work stoppage or other labor controversy in effect or, to Seller's best knowledge, threatened against or otherwise affecting Seller; (d) Seller has not experienced any labor strike, slowdown, work stoppage or similar labor controversy within the past three years; (e) no representation question has been raised respecting any employees of Seller working within the past three years, nor, to the best knowledge of Seller, are there any campaigns being conducted to solicit authorization from any employees of Seller to be represented by any labor organization; (f) no collective bargaining agreement relating to any employees of Seller is being negotiated other than extensions or renewals of existing agreements set forth in Schedule 3.14; (g) no action, suit, complaint, charge, arbitration, inquiry, proceeding or investigation by or before any court, governmental agency, administrative agency or commission brought by or on behalf of any employee, prospective employee, former employee, retiree, labor organization or other representative of Seller's employees, is pending or, to Seller's best knowledge, threatened against Seller; (h) Seller is not a party to, or otherwise bound by, any consent decree with, citation or order by, any Governmental Body relating to its employees or employment practices relating to the employees; (i) Seller is in compliance in all material respects with all applicable laws, policies, procedures, agreements and contracts, relating to employment, employment practices, wages, hours, and terms and conditions of employment; (j) Seller has paid in full to all of its employees all wages, salaries, commissions, bonuses, benefits and other compensation due and payable to such employees on or prior to the date hereof.

SECTION 3.15 Potential Conflicts of Interest. Except for the Excluded Assets, no officer, director or Affiliate of Seller, Stockholder, spouse of any such officer, director or Affiliate of a Stockholder, lineal descendant of the Stockholder and no entity controlled by one or more of the foregoing:

(a) owns, directly or indirectly, any interest in (excepting less than 1% stock holdings for investment purposes in securities of publicly held and traded companies), or is an officer, director, employee or consultant of, any person which is, or is engaged in business as, a competitor, lessor, lessee, supplier, distributor, sales agent or customer of Seller;

(b) owns, directly or indirectly, in whole or in part, any material property that Seller uses in the conduct of the Business; or

(c) has any material cause of action or other claim whatsoever against, or owes any amount to, Seller, except for claims in the ordinary course of business such as for accrued vacation pay and accrued benefits under employee benefit plans.

SECTION 3.16 Insurance. Seller has provided to Buyer a list of all insurance policies and fidelity and surety bonds covering the assets, business, equipment, properties, operations, employees, officers and directors of Seller covering the Business and true and complete copies of all such policies and bonds have been made available to Buyer. There is no claim by any Seller pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds. All premiums payable under all such policies and bonds have been paid and Seller is otherwise in compliance in all material respects with the terms and conditions of all such policies and bonds. Such policies of insurance and bonds (or other policies and bonds providing substantially similar insurance

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coverage) other than those relating to director and officer liability insurance remain in full force and effect. Such policies of insurance and bonds are of the type and in amounts customarily carried by persons conducting businesses similar to those of Seller. Seller has no knowledge of any threatened termination of, or premium increase with respect to, any of such policies or bonds.

SECTION 3.17 Suppliers, Customers and Contractors. Schedule 3.17 lists, by dollar volume paid for the year ended December 31, 2018 and the six (6) months ended June 30, 2019, the 15 largest suppliers and the 50 largest customers of Seller. The relationships of Seller with such suppliers, customers and contractors are reasonable commercial working relationships and: (i) no supplier or contractor has refused to provide credit, or has suspended the provision of credit, to Seller as a result of the failure or delay in payment of amounts due to such suppliers or contractors; (ii) all amounts owing to such suppliers and contractors, if not in dispute, have been paid in accordance with their respective terms; (iii) no person within the last twelve months has threatened in writing to cancel, or otherwise terminate, the relationship of such person with Seller, and (iv) no person during the last twelve months has decreased materially or threatened in writing to decrease or limit materially, its relationship with Seller or intends to decrease or limit materially its services or supplies to Seller or its usage or purchase of the services or products of Seller.

SECTION 3.18 Compliance with Laws. Seller is not in violation of any applicable order, judgment, injunction, award, decree or writ (collectively, "Orders"), or any applicable law, statute, code, ordinance, rule, regulation or other requirement (collectively, "Laws"), of any government or political subdivision thereof, whether federal, state, local or foreign, or any agency or instrumentality of any such government or political subdivision, or any court or arbitrator (collectively, "Governmental Bodies") affecting its property, affairs or Business, where the effect of any such violation, individually or in the aggregate, would have an adverse effect on the Condition of the Business. Seller has not made any illegal payment to officers or employees of any Governmental Body, or made any illegal payment to customers for the sharing of fees or to customers or suppliers for rebating of charges, or engaged in any other illegal reciprocal practice, or made any illegal payment or given any other illegal consideration to purchasing agents or other representatives of customers in respect of sales made or to be made by Seller.

SECTION 3.19 Environmental Matters. (a) For the purposes of this Agreement:

(i) "Environmental Matters" means any matter arising out of, relating to or resulting from pollution, protection of the environment and human health, or other related matters, including any matters relating to emissions, discharges, releases or threatened releases of Hazardous Materials.

(ii) "Hazardous Materials" means any pollutants, contaminants or hazardous or toxic substances, materials or wastes (including, without limitation, asbestos and asbestos-related products, chlorofluorocarbons, oils or petroleum-derived compounds, polychlorinated biphenyls, pesticides, radon and medical waste) released into ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or hazardous or toxic substances, materials, wastes or medical wastes.

(iii) "Environmental Laws" means the Resources Conservation Recovery Act, the Comprehensive Environmental Responsibility Compensation and Liability Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act, the Hazardous Materials Transportation Act, the Clean Air Act, the Clean Water Act, and other similar federal and state laws, as amended, together with all regulations issued or promulgated thereunder, relating to pollution, the

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protection of the environment or the health and safety of workers or the general public.

(b) With respect to Seller, there has been no manufacture, refining, storage, disposal or treatment of Hazardous Materials by such party (or, to the best knowledge of such party (its predecessor in interest) at any real property owned, operated, used or leased by such party in connection with the Business or otherwise in violation of any Environmental Laws or which would require remedial action under any Environmental Law; to the best knowledge of such party, none of the soil, ground water or surface water of such real property is contaminated by any Hazardous Material.

(c) During the past five years, Seller has not received any: (i) notice of any such violation with respect to any Hazardous Materials at or by any of such party's real property, (ii) notice from any governmental agency that such party, or any present or former owner, lessee or operator of such real property is a potentially responsible party for cleanup liability with respect to the emission, discharge or release of any Hazardous Material or for any other matter arising under the Environmental Laws or in any litigation, administrative proceeding, finding, order, citation, notice, investigation or complaint under any Environmental Law or (iii) notice of violation, citation, complaint, request for information, order, directive, compliance schedule, notice of claim, proceeding or litigation from any party concerning such party's compliance with any Environmental Law.

(d) To the best knowledge of Seller: (i) there are no incinerators, septic tanks or cesspools located on such real property, (ii) all sewage is discharged into a public sanitary sewer system and (iii) no Hazardous Materials are emitted, discharged or released, directly or indirectly, by Seller into the atmosphere or any body of water.

(e) Seller has obtained, and is in compliance with, all permits, licenses, authorizations, registrations and other governmental consents ("Environmental Permits") required to be obtained by it by applicable Environmental Law for the use, storage, treatment, transportation, release, emission and disposal of raw materials, by-products, wastes and other substances used or produced by or otherwise relating to its Business, except where the failure to obtain or be in compliance with any such Environmental Permits would not, singly or in the aggregate, have a material adverse effect on the Condition of the Business.

(f) All Environmental Permits are in full force and effect, and Seller has made all appropriate filings for issuance or renewal of such Environmental Permits.

(g) There are no facts, events, conditions, circumstances, activities, practices, incidents, actions, omissions or plans known to Seller (i) that may give rise to any common law cause of action against or statutory liability of Seller under any Environmental Law or (ii) that is reasonably likely to form the basis of any claim, action, suit, proceeding, hearing, investigation or inquiry based on or related to any Environmental Matter involving Seller. There are no claims, actions, suits, hearings, investigations, inquiries or proceedings pending, or, to the best knowledge of Seller, threatened, against Seller based on or related to any Environmental Matter.

SECTION 3.20 Permits. Seller has all licenses, permits, orders or approvals of, and has made all required registrations with, any Governmental Body that are necessary to the conduct of the Business (collectively, "Permits"), except for such Permits which, if not in the possession of Seller, would not have a materially adverse effect on the Condition of the Business. All Permits are listed on Schedule 3.20 and are in full force and effect; no material violations are or have been recorded in respect of any Permit; and no proceeding is pending or threatened to revoke or limit any Permit.

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SECTION 3.21 Finders; Fees. Except as provided in Schedule 3.21, and excluding any broker commission payable by Seller or Stockholder to Empire Business Solutions, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Seller or the Stockholders who might be entitled to any fee or commission upon consummation of the Contemplated Transactions. Seller and Stockholders agree to satisfy their obligations in full pursuant thereto.

SECTION 3.22 Disclosure. Neither this Agreement, the Schedules hereto, the Financial Statements nor any other audited or unaudited financial statements, documents or certificates furnished or to be furnished to Buyer by or on behalf of Seller or the Stockholders pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. There are no facts which would materially adversely affect the Condition of the Business which have not been set forth herein, or in any Schedule hereto, or in any certificate or statement furnished or to be furnished to Buyer by Seller or the Stockholders.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that:

SECTION 4.1 Corporate Existence and Power. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of its state of formation and has all requisite corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

SECTION 4.2 Authority Relative to This Agreement. Buyer has full corporate power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party and to consummate the Contemplated Transactions. The execution and delivery of this Agreement and the consummation of the Contemplated Transactions have been duly and validly authorized and approved by the Board of Directors of Buyer and no other corporate proceedings on the part of Buyer are necessary to authorize the execution and delivery by Buyer of this Agreement or the Contemplated Transactions. This Agreement has been duly and validly executed and delivered by Buyer and (assuming the valid execution and delivery of this Agreement by the other parties hereto) constitutes the legal, valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such obligations and their enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought (whether in law or at equity).

SECTION 4.3 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and each other Transaction Document to which it is a party and the consummation by Buyer of the Contemplated Transactions will not: (i) violate any provision of the Certificate of Formation or Operating Agreement of Buyer, (ii) require Buyer to obtain any consent, approval or action of, or make any filing with or give any notice to, any Governmental Body or any other person, except for obtaining the consents listed on Schedule 3.2, (iii) violate, conflict with or result in the breach of any of the terms of, result in a material modification of the effect of, or otherwise cause the termination of or give any other contracting party to a contract the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default (by way of substitution, novation or otherwise) under any Contract to which Buyer is



a party or by or to which it or any of its properties may be bound or subject, or result in the creation of any Lien upon the properties of Buyer, (iv) subject to obtaining the consents listed on Schedules 3.2 and 4.3, violate any Order of any Governmental Body against, or binding upon, Buyer or upon Buyer's securities, properties or business, (v) subject to obtaining the consents listed on Schedule 3.2 and 4.3, violate any Law of any Governmental Body, or (vi) violate or result in the revocation or suspension of any Permit.

SECTION 4.4 Litigation. There are no Claims (whether or not the defense thereof or Liability in respect thereof are covered by insurance) pending or threatened in writing against or involving Buyer which individually or in the aggregate would have a material adverse effect upon the business, properties, financial condition or results of operations of Buyer taken as a whole. No suit, action or proceeding before any court or any Governmental Body has been commenced or is pending or, to the knowledge of Buyer, threatened against Buyer, which suit, action or proceeding seeks to restrain, prevent, change or delay in any material respect the Contemplated Transactions.

SECTION 4.5 Finders; Fees. There is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of Buyer who might be entitled to any fee or commission from Buyer upon consummation of the Contemplated Transactions.

SECTION 4.6 Disclosure. Neither this Agreement, the Schedules hereto, nor any other audited or unaudited financial statements, documents or certificates furnished or to be furnished to Seller by or on behalf of Buyer pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

SECTION 4.7 Customer Pricing. Buyer shall not increase or decrease any product pricing and/or terms offered to Customers, for any customers of Seller, after Closing until all unpaid invoices of Seller have been paid in full by the Customers, in the ordinary course and manner in which Seller was dealing with all such Customers. All payments made by Customers shall first be applied to unpaid invoices of Seller before any payments are accepted by Buyer relating to Buyer's invoicing to such Customers.

SECTION 4.8 Stockholder Personal Guaranties. The parties acknowledge and agree that Seller and Stockholder will not be required under this Agreement, or in breach of this Agreement, for failing to provide guaranties or personal guaranties to any third parties on behalf of the Business or Buyer after Closing. If any guaranties remain after Closing, Buyer shall use its best efforts to remove and release the Seller and Stockholders from all guaranties, including those held by vendors of Seller and Stockholder, upon transfer of all such vendor accounts from Seller and Stockholder to Buyer, no later than 90 days after Closing.

SECTION 4.9 Key Employees. Upon Closing, Buyer shall enter into at least 1-year contracts with certain key employees of Seller, who are referenced on Schedule 4.9, upon mutually agreed upon terms and conditions with all such employees.

## ARTICLE V

### COVENANTS AND AGREEMENTS

SECTION 5.1 Conduct of Business. (a) From the date hereof through the Closing Date, Seller agrees (and the Stockholders will cause Seller):



(i) To conduct its operations according to its ordinary and usual course of business consistent with past practice, to use reasonable efforts to preserve intact its present business operations and organization, to use reasonable efforts to keep available the services of its present officers and employees, and to use reasonable efforts to preserve its relationships with customers, suppliers, contractors and others having business dealings with it.

(ii) To maintain in the ordinary course of business consistent with past practice all their material structures, equipment and other property in its present repair, order and condition, except for ordinary wear and tear.

(iii) To keep in full force and effect insurance in reasonable and sufficient amounts and scope of coverage.

(iv) To perform all of its obligations under the Contracts.

(v) To maintain its books of account and records in the usual, regular and ordinary manner.

(vi) To comply in all material respects with all Laws applicable to it.

(vii) To use its best efforts, upon the request of Buyer, to assist Buyer in obtaining the continued services of certain employees of Seller.

(viii) To cause Seller to take all reasonable steps to keep all material Contracts in full force and effect.

(ix) To cause Seller to conduct its marketing, promotional, billing and collection practices consistent with past practices.

(x) To not cause, or permit the Seller to cause, any increase or decrease in rates charged for services or products, unless previously agreed to by Buyer in writing.

(b) From the date hereof through the Closing Date, except with the prior written consent of Buyer, Seller agrees (and the Stockholders will cause Seller to):

(i) except with respect to transactions with customers and suppliers in the ordinary course of business, not to incur any material Liability or to enter into any Contract with a value in excess of \$10,000.

(ii) Not to undertake (nor permit to be undertaken) any of the actions specified in Section 3.7 which are within the control of Seller.

(iii) With respect to all employees, except as provided or disclosed in Schedule 3.14, not to: (A) make, institute, agree to or change any bonus, profit sharing, pension, retirement, severance, termination, "parachute" or other similar arrangement or plan for employees and (B) otherwise than in accordance with past practices: (1) increase the compensation payable or to become payable to any employee and (2) accrue any bonus, percentage of compensation or other like benefit to or for the credit of any employee.

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(iv) Other than in the ordinary course of replacing assets subject to wear and tear, not to authorize or make any capital expenditures involving the payment or liability of \$10,000 or more in the aggregate.

(c) From the date hereof through the Closing Date, the Stockholders agree to use their best efforts to conduct the Stockholders' affairs (and to cause the affairs of Seller to be conducted) in such a manner so that the representations and warranties of the Stockholders and Seller contained herein shall continue to be true and correct on and as of the Closing Date as if made on and as of the Closing Date.

SECTION 5.2 Corporate Examinations and Investigations. Prior to the Closing Date, Seller and Stockholders agree that Buyer shall be entitled, during the Due Diligence Period, through its directors, officers, employees, attorneys, accountants, representatives, consultants and other agents (collectively, "Representatives"), to make such investigation of the properties, businesses and operations of Seller and Stockholders, and such examination of the books, records and financial condition of Seller and Stockholders, as Buyer reasonably deems necessary. Any such investigation and examination shall be conducted at Buyer's sole expense, and the reasonable times, under reasonable circumstances and upon reasonable notice, and the Stockholders shall, and shall cause Seller to, cooperate fully therewith. No investigation by Buyer shall diminish or obviate any of the representations, warranties, covenants or agreements of Seller or the Stockholders contained in this Agreement. In order that Buyer may have full opportunity to make such physical, business, accounting and legal review, examination or investigation as it may reasonably deem necessary of the affairs of Seller, Seller shall make available and the Stockholders shall cause Seller to make available to the Representatives of Buyer during such period, without however causing any unreasonable interruption in the operations of Seller, all such information and copies of such documents and records concerning the affairs of Seller as such Representatives may reasonably request, shall permit the Representatives of Buyer access to the properties of Seller and all parts thereof and to their respective customers, suppliers, contractors and others, and shall cause Seller and the Seller's Representatives to cooperate fully in connection with such review and examination. No later than upon expiration of the Due Diligence Period, Buyer or Seller may terminate this Agreement for any reason whatsoever. Upon such termination, Buyer shall shred or cause to be shredded all physical copies of all documents obtained from Seller relating to the operation of Seller's business and Buyer shall delete or cause to be deleted all electronic files containing information relating to the operation of Seller's business. If Buyer does not notify Seller in writing no later than one (1) business day after expiration of the Due Diligence Period for termination of this Agreement, Buyer shall be deemed to have waived any right to terminate this Agreement and the Parties shall undertake Closing within 20 days thereafter.

SECTION 5.3 Filings and Authorizations. (a) Concurrent with the execution of this Agreement, Seller (and Stockholders shall cause Seller to) file all required applications with all relevant Governmental Bodies and other parties in connection with the Required Consents and Seller and Stockholders shall thereafter prosecute such applications with all reasonable diligence in order to obtain the approval of such applications as expeditiously as practicable.

(b) The consummation of the Contemplated Transactions is expressly conditioned upon (i) the grant of Governmental Bodies' and other parties' consent in connection with the Required Consents, and (ii) the Governmental Bodies' and other parties' consents having become final orders or approvals, as the case may be, without any condition which would have a material adverse effect upon Buyer's ability to continue to operate the Business in the normal course, which grants and consents are no longer subject to administrative, judicial or other review.

(c) With respect to each Permit which may expire prior to the Closing Date, Seller

(and Stockholders shall cause Seller to) (i) timely file with the appropriate Governmental Bodies applications for renewal of each such Permit (the "Applications"), (ii) deliver to Buyer true and complete copies of such Applications, (iii) diligently prosecute such Applications to conclusion, and (iv) cooperate fully with all Governmental Bodies in the processing of such Applications.

**SECTION 5.4 Efforts to Consummate.** (a) Subject to the terms and conditions herein provided, each party hereto without payment or further consideration shall use its reasonable, good faith efforts to take or cause to be taken all action and to do or cause to be done all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective, as soon as reasonably practicable, the Contemplated Transactions, including, but not limited to, obtaining all consents, authorizations, orders and approvals of any third party, whether private or governmental, required in connection with such party's performance of such transactions and each party hereto shall cooperate with the other in all of the foregoing. Notwithstanding anything to the contrary contained in this Agreement, Buyer shall not be required to undertake any measures which in the reasonable opinion of Buyer are extraordinary to obtain any such approvals or consents, including, without limitation, under no circumstances shall Buyer be required to: (i) make any payments to any person or party from whom such consents or approvals are sought, as consideration therefor, (ii) except as Buyer may otherwise agree in writing (and Buyer shall have no obligation to so agree), accept any changes in the terms of the document or instrument for which a consent, approval or waiver is sought or (iii) alter or modify its capital or debt structure or any term or provision contained in any agreement relating thereto.

(b) Whenever this Agreement requires Seller to take any action (or to use any effort to take such action) or refrain from taking any action, such requirement shall be deemed to include an undertaking on the part of the Stockholders to cause Seller to take or refrain from taking such action.

**SECTION 5.5 Negotiations With Others.** From and after the date hereof, unless and until this Agreement shall have terminated in accordance with its terms, the Seller and Stockholders will not (and Stockholders will not permit any officer, director, employee or other Representative of Seller to, directly or indirectly: (a) solicit, engage in discussions or engage in negotiations with any person (other than Buyer or any of its Affiliates) with respect to an Acquisition Proposal, (b) provide information to any person (other than Buyer or any of its Affiliates) in connection with an Acquisition Proposal or (c) enter into any transaction with any person (other than Buyer or any of its Affiliates) with respect to an Acquisition Proposal. If the Stockholders, Seller or Representative of Seller receives any offer or proposal to enter into discussions or negotiations relating to any of the above, Seller or the Stockholders will immediately notify Buyer in writing as to the identity of the offeror or the party making any such proposal and the specific terms of such offer or proposal.

**SECTION 5.6 Notices of Certain Events.** Seller and Stockholders shall advise Buyer within ten (10) days of learning, after the date hereof, of any employee of Seller who intends to cancel or otherwise terminate his or her relationship with Seller and Stockholders. In addition, Seller and Buyer shall promptly notify the other of:

(a) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the Contemplated Transactions;

(b) any notice or other communication from any Governmental Body in connection with the Contemplated Transactions; and

(c) any event, condition or circumstance occurring from the date hereof through the Closing Date that would constitute a violation or breach of any representation or warranty, whether made

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as of the date hereof or as of the Closing Date, or that would constitute a violation or breach of any covenant of any party contained in this Agreement.

SECTION 5.7 Public Announcements. Neither Seller, Stockholders nor Buyer shall make or issue, or cause to be made or issued, any announcement or statement (whether written or oral) concerning this Agreement or the transactions contemplated hereby for dissemination to the general public without the prior written consent of the other party. This provision shall not apply, however, to any announcement or statement required in the reasonable opinion of Buyer, Stockholders or Seller, to be made by law or the regulations of any federal or state governmental agency or any stock exchange.

SECTION 5.8 Confidentiality. (a) Buyer, on the one hand, and the Stockholders and Seller, on the other hand, each shall hold in strict confidence, and shall use its best efforts to cause all of their respective Representatives to hold in strict confidence, unless compelled to disclose by judicial or administrative process, or by other requirements of law, all information concerning the Stockholders and Seller (in the case of Buyer) and Buyer (in the case of the Stockholders and Seller) which is created or obtained prior to, on or after the dates hereof in connection with the Contemplated Transactions, and Buyer and the Stockholders and Seller shall not use, directly or indirectly or disclose to others, or permit the use of or disclosure of, any such information created or obtained, and will not release or disclose such information to any other person, except its officers, directors, employees, Representatives, investors and lending institutions who need to know such information in connection with this Agreement. Buyer understands Buyer shall not disclose the existence of this Agreement, or the contents or transaction contemplated herein with any employee, vendor, customer, competitors, or independent contractors of Seller without the prior written authorization of Seller.

(b) If the Contemplated Transactions are not consummated, such confidence shall be maintained except: (i) as required by law or (ii) to the extent such information comes into the public domain through no fault of Buyer or Seller or the Stockholders, as the case may be, or any of their respective Representatives. If the Contemplated Transactions are not consummated and if requested by Seller or Buyer, as the case may be, Buyer shall return to Seller all tangible evidence of such information regarding Seller and Seller shall return to Buyer all tangible evidence of such information regarding Buyer.

SECTION 5.9 Bulk Sales and Transfer Taxes. Seller and Buyer each waives any requirement for compliance with the procedures of any applicable "bulk sales law or transfer tax law", including, without limitation, the bulk transfer provisions of any applicable Uniform Commercial Code or California Bulk Sales laws; provided, however, that Seller and the Stockholders shall jointly and severally indemnify Buyer from any liability arising therefrom.

SECTION 5.10 Certain Expenses.

(a) Any and all sales, use, transfer and documentary taxes and recording and filing fees applicable to the transfer of the Purchased Assets to Buyer shall be borne by Buyer.

(b) Except as otherwise specifically provided herein, Buyer and Seller shall bear their respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the Contemplated Transactions, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants.

SECTION 5.11 Tax Matters. (a) After the Closing, Buyer and Seller will provide each other such assistance as may be reasonably requested by either of them in connection with the preparation of any

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Return, any audit or other examination by any Taxing Authority, or any judicial or administrative proceedings relating to Liability for Taxes, and each will retain and provide the other with, at all reasonable times, any work papers, records or other information which may be relevant to such Return, audit or tax examination proceedings or determinations.

(b) Seller shall provide Buyer with a clearance certificate or similar document(s) that may be required by the taxing authority of any jurisdiction in order to relieve Buyer of any obligation to withhold any portion of the Purchase Price.

(c) Seller shall timely pay all Taxes (including payments of estimated Taxes) that are shown as due and payable on Returns that are due (taking into account any valid extensions of time to file) in connection with the period ended December 31, 2018. Buyer and Seller shall work with their tax preparers in order to prorate Taxes among the Seller and Buyer for the 2019 tax year as of the Closing Date, if applicable and if appropriate, as determined by the Buyer and Seller's tax preparers.

SECTION 5.12 Additional Agreements. At and after the Closing Date, the Seller and Stockholders will, without further consideration, execute and deliver such further instruments and documents and do such other acts and things as the Buyer may reasonably request in order to effect or confirm the transactions contemplated by this Agreement.

## ARTICLE VI

### CONDITIONS TO CLOSING

SECTION 6.1 Conditions to the Obligations of Seller and Buyer. The obligations of Buyer and Seller to consummate the Contemplated Transactions by this Agreement are subject to the satisfaction of the following conditions:

(a) No Injunction. No provision of any applicable Law and no judgment, injunction, order or decree of any Governmental Body shall prohibit the consummation of the Contemplated Transactions.

(b) No Proceeding or Litigation. No suit, action or proceeding before any Governmental Body instituted by any person shall have been commenced or be pending or threatened against Seller, Buyer or the Stockholders or any of their respective Affiliates, associates, officers or directors, which suit, action or proceeding shall have a reasonable likelihood of success and which suit, action or proceeding seeks to restrain, prevent, change or delay in any material respect the Contemplated Transactions or seeks to challenge any of the terms or provisions of this Agreement or seeks material damages in connection with any of such transactions or seeks to restrain or prevent the ownership and operations by Buyer after the Closing Date of the Purchased Assets.

(c) Consents. All Required Consents shall have been obtained in form and substance consistent with the provisions of this Agreement or as otherwise agreed to in writing by Buyer and shall have become effective, no longer subject to any statutory, administrative or judicial waiting, appeal, reconsideration or appeal periods, without any condition which is adverse to Buyer.

SECTION 6.2 Conditions to the Obligations of Seller. All obligations of Seller hereunder are subject, at the option of Seller, to the fulfillment prior to or at the Closing of each of the following further conditions:

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(a) Performance. Buyer shall have performed and complied in all material respects with all of its agreements, obligations and covenants hereunder required to be performed by it at or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement and in any certificate or other writing delivered by Buyer pursuant hereto shall be true in all material respects at and as of the Closing Date as if made at and as of such time.

(c) Documentation. There shall have been delivered to Seller the following:

(i) One or more duly executed originals of the Assumption Agreement signed by Buyer, and such other instruments of assumption as are reasonably necessary or desirable to effect the assumption by Buyer of the Assumed Liabilities.

(ii) A certificate, dated the Closing Date, of the President or a Vice-President of Buyer confirming the matters set forth in Section 6.2(a) and (b) hereof.

(iii) A certificate, dated the Closing Date, of the Secretary or Assistant Secretary of Buyer certifying, among other things, that attached or appended to such certificate (A) is a true and correct copy of its Certificate of Incorporation and all amendments if any thereto as of the date thereof, (B) is a true and correct copy of its By-laws, (C) is a true copy of all corporate resolutions of its board of directors authorizing the execution, delivery and performance of this Agreement, and each other document to be delivered by Buyer pursuant hereto, and (D) are the names and signatures of its duly elected or appointed officers who are authorized to execute and deliver this Agreement and any certificate, document or other instrument in connection herewith.

(iv) The Buyer shall have delivered to each of Seller and Stockholders executed copies of the Consulting and Covenant Not to Compete Agreement, substantially in the form annexed hereto as Schedule 6.2(c)(iv).

(vi) The Buyer shall have delivered to Seller the originally executed Lease Agreement.

SECTION 6.3 Conditions to the Obligations of Buyer. All obligations of Buyer hereunder are subject, at its option, to the fulfillment prior to or at the Closing of each of the following further conditions:

(a) Performance. Seller and the Stockholders shall have performed and complied in all material respects with all agreements, obligations and covenants required by this Agreement to be performed or complied with by them at or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of Seller and the Stockholders contained in this Agreement and in any certificate or other writing delivered by the Stockholders or Seller pursuant hereto shall be true in all material respects at and as of the Closing Date as if made at and as of such time.

(c) No Adverse Change. During the period from the date hereof to the Closing Date, there shall not have been: (i) any material adverse change in the Condition of the Business, (ii) any damage to the Purchased Assets by fire, flood, casualty, act of God or other cause, which has a material adverse effect on the Purchased Assets or the Business, or (iii) any lawsuits, claims or proceedings filed, or to the knowledge of Seller or the Stockholders threatened, against or affecting Seller which, if adversely

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determined, is reasonably likely to have a material adverse effect on the Condition of the Business.

(d) Documentation. There shall have been delivered to Buyer the following:

(i) one or more duly executed originals of the Bill of Sale, substantially in the form of the Bill of Sale annexed as Schedule 6.3(d)(i) hereto and such other instruments as are necessary or desirable to effect the transfers, conveyances and assignments to Buyer of the Purchased Assets, and to perform Seller's and Stockholders' obligations hereunder.

(ii) A certificate dated the Closing Date, of the President of Seller and Stockholders, confirming the matters set forth in Section 6.3(a) and (b) hereof.

(iii) A certificate, dated the Closing Date, of the Secretary or Assistant Secretary of Seller certifying, among other things, that attached or appended to such certificate: (A) is a true and correct copy of the Articles of Incorporation and By-laws (or comparable instruments) of Seller, and all amendments, if any, thereto as of the date thereof, (B) is a true copy of all corporate actions taken by it, including resolutions of its board of directors, authorizing the execution, delivery and performance of this Agreement, and each other document to be delivered by Seller pursuant hereto and (C) are the names and signatures of its duly elected or appointed officers who are authorized to execute and deliver this Agreement and any certificate, document or other instrument in connection herewith.

(iv) Releases of all Liens on the Purchased Assets, together with copies of UCC, tax and judgment searches with respect to Seller and the appropriate tax certificates evidencing the payment of all taxes owed by Seller, each dated as of a date within five (5) Business Days of the Closing Date.

(v) The Seller and the Stockholders shall have executed and delivered a Consulting and Covenant Not to Compete Agreement, substantially in the form annexed hereto as Schedule 6.2(c)(iv).

(vi) The Seller shall have delivered to Buyer the originally executed Lease Agreement.

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## ARTICLE VII

### INDEMNIFICATION

**SECTION 7.1 Survival of Representations and Warranties.** Notwithstanding any right of Buyer or Seller to fully investigate the affairs of Buyer or Seller, and notwithstanding any knowledge of facts determined or determinable by Buyer or Seller pursuant to such investigation or right of investigation, Buyer and Seller have the right to rely fully upon the representations, warranties, covenants and agreements of Seller and Buyer contained in this Agreement, listed or disclosed on any Schedule attached hereto or in any instrument delivered in connection with or pursuant to any of the foregoing. All representations and warranties made by Buyer, Seller or Stockholders hereunder and all indemnities, covenants and agreements of Buyer, Seller or Stockholders hereunder shall survive the Closing Date notwithstanding any investigation by the parties hereto for a period of five (5) years following the Closing Date and shall thereafter terminate except as to claims theretofore made. Notwithstanding anything contained herein, any obligation to indemnify pursuant to a claim given within the applicable period hereunder shall continue in effect until such indemnification obligation is satisfied and any covenant not to compete shall continue for the period set forth therein.

**SECTION 7.2 Obligation of Seller to Indemnify.** The Stockholders and Seller, jointly and severally, agree to indemnify, defend and hold harmless Buyer (and its directors, officers, employees, Affiliates, successors and assigns and Representatives) from and against all claims, losses, liabilities, damages, deficiencies, judgments, settlements, costs of investigation or other expenses (including interest, penalties and reasonable attorneys' fees and disbursements (collectively, the "Losses")) based upon, arising out of or otherwise in respect of:

- (a) any inaccuracy in or any breach of any representation, warranty, covenant or agreement of Seller or the Stockholders contained in this Agreement or in any Schedules or documents delivered pursuant to this Agreement;
- (b) any obligation or Liability arising in connection with the Business from or in respect of any event or circumstance occurring prior to the Closing Date;
- (c) any and all Losses resulting from any adjustment to any accounts receivable or prior billings of Seller, other than those contained in allowances for doubtful accounts as set forth in the books and records of Seller as of the date hereof; and
- (d) any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including without limitation, reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

**SECTION 7.3 Obligation of Buyer to Indemnify.** Buyer and Buyer's directors, officers, owners, members and assigns agree to indemnify, defend and hold harmless Seller and the Stockholders from and against any Losses based upon:

- (a) Buyer's failure to do so or arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement of Buyer contained in this Agreement or in any document delivered pursuant to this Agreement; or

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- (b) Any obligation or Liability arising in connection with the Business from or in respect of any event or circumstance occurring after the Closing Date;

SECTION 7.4 Notice and Opportunity to Defend Third Party Claims. (a) Promptly after receipt by any party hereto (the "Indemnitee") of notice of any demand, claim or circumstance which would or might give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that may result in a Loss, the Indemnitee shall give written notice thereof (the "Claims Notice") to the party obligated to provide indemnification pursuant to Sections 7.2 or 7.3 hereof (the "Indemnifying Party"). The Claims Notice shall describe the Asserted Liability in reasonable detail and shall indicate the amount (estimated, if necessary, and to the extent feasible) of the Loss that has been or may be suffered by the Indemnitee.

(b) The Indemnifying Party may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability. If the Indemnifying Party elects to compromise or defend such Asserted Liability, it shall within thirty (30) days (or sooner, if the nature of the Asserted Liability so requires) notify the Indemnitee in writing of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnitee of its election as herein provided or contests its obligation to indemnify under this Agreement, the Indemnitee may pay, compromise or defend such Asserted Liability. Notwithstanding the foregoing, neither the Indemnifying Party nor the Indemnitee may settle or compromise any claim over the objection of the other; provided, however, that consent to settlement or compromise shall not be unreasonably withheld or delayed. In any event, the Indemnitee and the Indemnifying Party may participate, at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any claim, the Indemnitee shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense.

#### ARTICLE VIII

#### TERMINATION

SECTION 8.1 Termination. This Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Closing:

- (a) By mutual written consent of Seller and the Stockholders, on the one hand, and Buyer on the other;
- (b) By Buyer during the Due Diligence Period, with written notice to Seller;
- (c) By Seller and the Stockholders, if: (i) there has been a material misrepresentation or breach of warranty on the part of Buyer in the representations and warranties contained herein and such material misrepresentation or breach of warranty, if curable, is not cured within 15 days of written notice thereof from Seller, (ii) Buyer has committed a material breach of any covenant imposed upon it hereunder and fails to cure such breach within 15 days of written notice thereof from Seller, or (iii) any condition to Seller's or the Stockholders' obligations hereunder becomes incapable of fulfillment through no fault of such parties and is not waived by such parties;
- (d) By Buyer, if (i) there has been a material misrepresentation or breach of warranty on the part of Seller or the Stockholders in the representations and warranties contained herein and such

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material misrepresentation or breach of warranty, if curable, is not cured within 15 days of written notice thereof from Buyer to Seller, (ii) Seller or the Stockholders have committed a material breach of any covenant imposed upon them hereunder and fails to cure such breach within 15 days of written notice thereof from Buyer to Seller, or (iii) any condition to Buyer's obligations hereunder becomes incapable of fulfillment through no fault of Buyer and is not waived by Buyer;

(e) By Seller and the Stockholders, or Buyer, if the Closing shall not have occurred on or before September 30, 2019; provided that no party may terminate this Agreement pursuant to this clause if such party's failure to fulfill any of its obligations under this Agreement shall have been the reason that the Closing shall not have occurred on or before said date.

SECTION 8.2 Effect of Termination; Right to Proceed. In the event that this Agreement shall be terminated pursuant to Section 8.1, all further obligations of the parties under the Agreement shall terminate without further liability of any party hereunder except: (i) to the extent that a party has made a material misrepresentation hereunder or committed a material breach of the covenants and agreements imposed upon it hereunder or (ii) to the extent that any condition to a party's obligations hereunder became incapable of fulfillment because of the breach by a party of its obligations hereunder. Notwithstanding the foregoing, the agreements contained in Sections 5.8 and 5.10 shall survive the termination hereof. In the event that a condition precedent to its obligation is not met, nothing contained herein shall be deemed to require any party to terminate this Agreement, rather than to waive such condition precedent and proceed with the Contemplated Transactions. Notwithstanding anything to the contrary contained herein, no party shall have any obligation to any other hereunder arising out of the occurrence of an event or circumstance not within the control of such party which event or circumstance resulted in a representation or warranty of such party ceasing to be true.

#### ARTICLE IX

#### MISCELLANEOUS

SECTION 9.1 Notices. (a) Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally by hand, telecopied or mailed (by overnight courier or registered or certified mail, postage prepaid) as follows:

(i) If to Buyer, one copy to:

Seaport Group Enterprises LLC  
117 West 9th Street, Suite 316  
Los Angeles, California 90015  
Attn: Shannon Masjedi, Managing Member  
Email:

(ii) If to Stockholders, one copy to:

Peter Camarda and Nancy Camarda  
11389 High Ranch Road  
Lakeside, CA 92040  
Email: NCamarda@cox.net

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(iii) If to Seller, one copy to:

PNC, INC.  
11389 High Ranch Road  
Lakeside, CA 92040

Attn: Nancy Camarda, President  
Email: NCamarda@cox.net

(b) Each such notice or other communication shall be effective (i) if given by email, when such email is transmitted to the email address specified in Section 9.1(a); or (ii) if given by any other means, when delivered at the address specified in Section 9.1(a). Any party by notice given in accordance with this Section 9.1 to the other party may designate another address (or telecopier number) or person for receipt of notices hereunder.

SECTION 9.2 Entire Agreement. This Agreement (including the Schedules attached hereto) and the collateral agreements executed in connection with the consummation of the Contemplated Transactions contain the entire agreement between the parties with respect to the subject matter hereof and related transactions and supersede all prior agreements, written or oral, with respect thereto.

SECTION 9.3 Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies. This Agreement may be amended, superseded, cancelled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof. Nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity. The rights and remedies of any party based upon, arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement contained in, this Agreement shall in no way be limited by the fact that the act, omission, occurrence or other state of facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant or agreement contained in this Agreement (or in any other agreement between the parties) as to which there is no inaccuracy or breach.

SECTION 9.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws rules thereof.

SECTION 9.5 Consent to Jurisdiction and Service of Process. The parties hereto irrevocably: (a) agree that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of the State of California or the courts of the United States located in San Diego County, California, (b) consent to the jurisdiction of each court in any such suit, action or proceeding, (c) waive any objection which they, or any of them, may have to the laying of venue of any such suit, action or proceeding in any of such courts, and (d) waive the right to a trial by jury in any such suit, action or other legal proceeding.

SECTION 9.6 Designated Buyer. It is understood and agreed between the parties that Buyer may cause one or more Affiliates, direct or indirect Subsidiaries or other entities designated by it (the

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"Designated Buyer") to carry out all or part of the Contemplated Transactions to be carried out by Buyer, in which case the Designated Buyer shall jointly and severally assume all obligations of the Buyer as though the Designated Buyer was the Buyer identified herein.

SECTION 9.7 Binding Effect; No Assignment. This Agreement and all of its provisions, rights and obligations shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and legal representatives. Except as otherwise provided in Section 9.6, this Agreement may not be assigned by a party without the express written consent of the others and any purported assignment, unless so consented to, shall be void and without effect. Nothing herein express or implied is intended or shall be construed to confer upon or to give anyone other than the parties hereto and their respective heirs, legal representatives and successors any rights or benefits under or by reason of this Agreement. Accordingly, no party that has not executed this Agreement shall have any right to enforce any of the provisions of this Agreement.

SECTION 9.8 Severability. If any provisions of this Agreement for any reason shall be held to be illegal, invalid or unenforceable, such illegality shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid or unenforceable provision had never been included herein.

SECTION 9.9 Counterparts. The Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.


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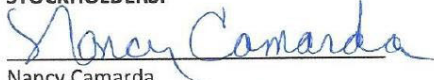
IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

**BUYER:**

**Seaport Group Enterprises LLC**

By:   
Shannon Masjedi  
Managing Member

**STOCKHOLDERS:**

  
Nancy Camarda

  
Peter Camarda

**SELLER:**

**PNC, INC.**

By:   
Nancy Camarda  
President

**Exhibit 10.2****EXCHANGE AGREEMENT**

This Exchange Agreement (this “Agreement”) is dated as of December \_\_, 2019, between Pacific Ventures Group, Inc., a Delaware corporation (the “Company”), and TCA Global Credit Master Fund, LP, a limited partnership organized and existing under the laws of the Cayman Islands (“TCA”).

WHEREAS, the Company and TCA entered into that certain Investment Banking Services Agreement, dated June 20, 2017 (as amended, restated or supplement from time to time, the “IB Agreement”), pursuant to which TCA agreed to provided certain investment banking services to the Company;

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Company desires to cause its wholly owned subsidiary, Seaport Group Enterprises LLC, a California limited liability company (“Seaport”), to issue certain securities to TCA in satisfaction of Two Million Four Hundred Fifty Thousand and No/100 United States Dollars (US\$2,450,000.00), the remaining amount owed to TCA under the IB Agreement (the “Remaining Obligations”), and TCA desires to receive such securities in satisfaction of such Remaining Obligations, as more fully described in this Agreement;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and TCA agree as follows:

**ARTICLE I.  
DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings set forth in this Section 1.1:

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the date hereof, or such other date as the parties may mutually agree.

“Commission” means the United States Securities and Exchange Commission.

“Liens” means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

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“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

**ARTICLE II.**  
**EXCHANGE**

2.1 Closing. On the Closing Date, the Company shall cause its wholly owned subsidiary, Seaport, to issue to TCA pursuant to that certain Amended and Restated Limited Liability Company Agreement of Seaport, dated as of the date hereof (the “LLC Agreement”), in full satisfaction of the Remaining Obligations, 9,990 Common Units (as defined in the LLC Agreement, the “Common Units”) and 10,000 Series A Preferred Units (as defined in the LLC Agreement, and together with the Common Units, the “Securities”). The Closing shall occur at the offices of TCA’s counsel or such other location as the parties shall mutually agree.

2.2 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

- (i) the accuracy in all material respects on the Closing Date of the representations and warranties of TCA contained herein (unless as of a specific date therein); and
- (ii) all obligations, covenants and agreements of TCA required to be performed at or prior to the Closing Date shall have been performed.

(b) The obligations of TCA hereunder in connection with the Closing are subject to the following conditions being met:

- (i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein); and
  - (ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed; and
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**ARTICLE III.**  
**REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to TCA:

(a) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company in connection therewith. This Agreement has been duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Investment Banking Fees. The Company hereby acknowledges, represents, warrants and confirms to TCA that the obligations of the Company to pay the Remaining Amounts under the IB Agreement are and were valid and binding obligations of the Company. The Company further acknowledges and confirms that the amount of the Remaining Obligations as set forth above and the amount of any prior fees paid under the IB Agreement are and were true and correct.

(c) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with this Agreement and the LLC Agreement, will be duly and validly issued, fully paid and non-assessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in this Agreement.

3.2 Representations and Warranties of TCA. TCA hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) Authority. TCA has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and thereunder. This Agreement has been duly executed by TCA, and when delivered by TCA in accordance with the terms hereof, will constitute the valid and legally binding obligation of TCA, enforceable against TCA in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

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(b) Investment Representations. TCA understands that the Securities being offered and sold in reliance upon certain exemptions from the registration provisions of the Securities Act, and non-public offering exemptions of the securities laws of the states in which the Securities may be offered or sold. TCA further represents and warrants as follows:

(i) Securities Not Registered; Indefinite Holding Period. TCA has been advised that TCA must be prepared to bear the economic risk of an investment in the Company for an indefinite period because:

- of the nature of the Company’s operations and the risks involved; and
- the Securities will not be registered under applicable securities laws and regulations.

(ii) Illiquidity. TCA understands that there is not and may not be a market for the Securities in the foreseeable future. The Company is not obligated to create or support a secondary market in its securities.

(iii) Purchase for Own Account. TCA represents that the Securities are being acquired solely for TCA’s own account for investment and not with a view toward, or for resale in connection with, any “distribution” (as that term is used in the Securities Act) of all or any portion thereof.

(iv) General Solicitation. TCA is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(v) Accredited Investor. TCA is an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act. TCA was not formed for the specific purpose of acquiring the Securities.

**ARTICLE IV.  
OTHER AGREEMENTS OF THE PARTIES**

**4.1 Transfer Restrictions.**

(a) The Securities shall be issued to TCA with a legend in substantially the following form:

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

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**ARTICLE V.  
MISCELLANEOUS**

5.1 Fees and Expenses. Each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all transfer agent fees and stamp taxes levied in connection with the delivery of the Securities to TCA.

5.2 Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (New York City time) on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, (c) the second (2<sup>nd</sup>) Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and TCA. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto.

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5.7 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Wyoming, without regard to the principles of conflicts of law thereof. Any dispute arising under or in connection herewith shall be subject to the exclusive jurisdiction and venue of the State and/or Federal courts located in Broward County, Florida.

5.8 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

5.9 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

*(Signature Pages Follow)*

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IN WITNESS WHEREOF, the parties hereto have caused this Securities Exchange Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**PACIFIC VENTURES GROUP, INC.**

Address for Notice:

As specified in the IB Agreement (with copy as specified in the IB Agreement)

By: \_\_\_\_\_  
Name:  
Title:

**TCA GLOBAL CREDIT MASTER FUND, LP**

Address for Notice:

**By: TCA Global Credit Master Fund GP, Ltd.**  
**Its: General Partner**

As specified in the IB Agreement (with copy as specified in the IB Agreement)

By: \_\_\_\_\_  
Name: Robert Press  
Title: Director

**ACKNOWLEDGED AND AGREED:**

**SEAPORT GROUP ENTERPRISES LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

\_\_\_\_\_

Exhibit 10.3

IRREVOCABLE PROXY

Upon the occurrence of an Event of Default which has not been cured or waived, the undersigned, the registered and beneficial owner of the below described membership interests of TCA Royalty Foods I, LLC, a Florida limited liability company (“**Pledged Company**”), hereby makes, constitutes and appoints, TCA Special Situations Credit Strategies ICAV, a Irish collective asset vehicle (the “**Pledgee**”), with full power to appoint a nominee or nominees to act hereunder from time to time, the true and lawful attorney and proxy of the undersigned to vote \_\_\_\_% of the membership interests of the Pledged Company, at all annual and special meetings of the Pledged Company or take any action by written consent with the same force and effect as the undersigned might or could do, hereby ratifying and confirming all that the said attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

The said membership interests have been pledged (the “**Pledge**”) to the Pledgee pursuant and subject to a Pledge and Escrow Agreement, dated and effective as of December \_\_\_\_, 2019, by and between the undersigned and the Pledgee.

This power and proxy is coupled with an interest and is irrevocable and shall remain irrevocable so long as the Pledge is outstanding and is in full force and effect.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be duly executed on December \_\_\_\_, 2019.

PACIFIC VENTURES GROUP, INC.

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

\_\_\_\_\_

## Exhibit 10.4

**SEAPORT GROUP ENTERPRISES, LLC  
PROMISSORY NOTE**

**\$850,000.00**

December 10, 2019  
Los Angeles, California

**FOR VALUE RECEIVED, SEAPORT GROUP ENTERPRISES, LLC**, a Delaware corporation ("**Maker**"), promises to pay to **PNC, INC., a California corporation or its assignee ("**Holder**")**, the principal sum of \$850,000.00 (the "**Principal Sum**"), or such lesser amount as shall then equal the outstanding principal amount hereof, together with simple interest from the date of this Note on the unpaid principal balance at a rate equal to seven percent (7%) per annum, computed on the basis of the actual number of days elapsed and a year of 365 days.

This Note is being issued pursuant to the terms of the Amendment to Asset Purchase Agreement (the "**Purchase Agreement**") by and among the Maker, the Holder, and Peter Camarda and Nancy Camarda, the shareholders of the Holder, dated the date hereof whereby the Holder sold, assigned and transferred to the Maker certain of the assets, properties and rights belonging to Holder that are used in or pertain to Seaport Meat Company (the "**Business**") and all necessary to operating the Business as it's currently being operated. All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase Agreement.

This Note is subject to that certain Subordination Agreement by and among the Maker, the Holder, TCA Special Situations Credit Strategies ICAV and TCA Global Credit Master Fund LP dated on or about the date hereof (the "**Subordination Agreement**").

**1. Interest Rate and Payments.**

**1.1** Interest shall accrue on the outstanding unpaid Principal Sum except as otherwise provided for herein, at the rate of Seven Percent (7%) per annum. In Holder's discretion, upon and after the occurrence of an Event of Default as defined below, interest shall accrue and be payable on the unpaid Principal Sum at an interest rate per annum that is Five Percent (5%) above the prime interest rate then in effect.

**1.2** Principal and interest payments under this Promissory Note shall be payable in three (3) installments as follows: subject to the Subordination Agreement, (i) on the date which is seven (7) months following the date of Closing, a payment consisting of principal and accrued interest in the amount of Three Hundred Seventy Four Thousand Seven Hundred Twenty One US Dollars and Ninety-Two Cents (\$374,721.92); (ii) on the first anniversary of the date of Closing, a payment consisting of principal and accrued interest in the amount of Two Hundred Sixty Nine Thousand Nine Hundred Sixty Four US Dollars and Sixty-Six Cents (\$269,964.66); and (iii) on the date which is eighteen (18) months following the date of Closing, a payment consisting of principal and accrued interest in the amount of Two Hundred Sixty Three Thousand Nine Hundred US Dollars and Fifty-Five Cents (\$263,900.55).

**1.3** All payments received by Holder hereunder shall be applied first to costs of collection, if any, then to the Principal Sum; and finally to accrued, unpaid interest.

**1.4** All payments under this Promissory Note shall be paid in lawful money of the

United States of America during regular business hours at the address of Holder set forth above or at such other place as Holder may from time to time designate in writing.

**1.5** Maker acknowledges and agrees that Holder may file a UCC-1 in appropriate jurisdictions to evidence its interest in the Business and the Purchased Assets under the Purchase Agreement to evidence its security interest in the Business going forward, to include the equipment, inventory, receivables and other assets until the Promissory Note and all other obligations under the Purchase Agreement have been paid in full, along with any interest, fees and costs which may arise as contemplated by this transaction. Thereafter, Holder will file a release and satisfaction of all filed UCC-1s.

**2. Prepayment.** This Promissory Note may be prepaid in full or in part at any time without premium or penalty.

**3. Certain Waivers.** Maker hereby waives demand, presentment for payment, protest, notice of dishonor and of protest and agrees that at any time and from time to time and with or without consideration, Holder may, without notice to or further consent of Maker and without in any manner releasing, lessening or affecting the obligations of Maker hereunder: (i) release, surrender, waive, add, substitute, settle, exchange, compromise, modify, extend or grant indulgences with respect to this Promissory Note and/or Maker; and (ii) grant any extension or other postponements of time of payment hereof.

**4. Event of Default and Acceleration.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Promissory Note:

**4.1** the failure of Maker to pay within ten (10) days after the date when due of any principal or interest on this Promissory Note;

**4.2** the Maker shall: (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its or any of its creditors, (iii) be dissolved or liquidated in full or in part, or (iv) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it;

**4.3** proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Maker or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Maker or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within sixty (60) days of commencement.

**4.4** the Maker's material default under any covenant or agreement with the Holder (including within the Purchase Agreement or of the Lease Agreement as defined and referenced in the original Purchase Agreement dated August 15, 2019, or the Purchase Agreement and any amendments or

extensions thereto) and such material default continues for a period of ten (10) days after written notice thereof to the Maker from the Holder.

**5. In The Event of Default by Borrower:** If there is an Event of Default under this Promissory Note, Holder shall send written notice of default ("Default Notice") to the Company and Pacific Venture Group, Inc. ("PACV"), the sole equity holder of the Company, via email: [shannon@pacvgroup.com](mailto:shannon@pacvgroup.com). If the Default Notice has not been cured within ten (10) days of delivery of such notice, PACV shall, at Holder's option, either: (A) pay the balance due pursuant to this Note to the Holder; or (B) issue to the Holder a stock certificate in the name of the Holder which represents that number of shares of Series H Preferred Stock of PACV (with the rights and preferences as set forth on the Certificate of Designation of the Series H Preferred Stock as attached hereto as Exhibit A, the "Designation") which shall equal the result of: (i) the balance of principal amount due pursuant to this Note; divided by (ii) ten (10) (the stated value of the Series H Preferred Stock). As set forth on the Designation, the Series H Preferred Stock shall be convertible into shares of common stock of PACV, at Holder's option.

**6. Collection Costs.** If this Promissory Note is placed in the hands of an attorney for collection after a Default Notice or after maturity (whether by acceleration, declaration, extension or otherwise), Maker shall pay on demand all costs and expenses of collection, including (without limitation) reasonable attorneys' fees. All such expenses shall be deemed an additional amount owed by Maker under this Promissory Note.

**7. Preservation of Holder's Rights.** Each right, power and remedy of any Holder hereunder or under applicable laws shall be cumulative and concurrent, and the exercise of any one or more of them shall not preclude the simultaneous or later exercise by Holder of any or all such other rights, powers or remedies. No failure or delay exercise by Holder to insist upon the strict performance of any one or more provisions of this Promissory Note or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof, or preclude Holder from exercising any such right, power or remedy. No modification, change, waiver or amendment of this Promissory Note shall be deemed to be made by Holder unless in writing signed by Holder, and each such waiver, if any, shall apply only with respect to the specific instance involved.

**8. Governing Law.** Maker hereby acknowledges, consents and agrees that the provisions of this Promissory Note and the rights of all parties mentioned herein shall be governed by the laws of the State of California and interpreted and construed in accordance with such laws (excluding California conflict of laws).

**9. Jurisdiction and Venue.** All claims, defenses, counterclaims and suits of any kind arising from or relating to this Promissory Note shall be brought in a court of competent jurisdiction in the State of California, County of San Diego (including the United States District Court for the Southern District of California). All objections to venue are waived. Maker and each Holder consent to the exclusive jurisdiction of the California courts.

**10. Successors.** This Promissory Note shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and personal representatives, as the case may be. The Holder may assign or transfer this Note in whole to any transferee only with the prior written consent of Maker, which may not be unreasonably withheld or delayed, provided



that the Holder may assign or transfer this Note in whole to any of such Holder's Affiliates without the consent of Maker. Holder's Affiliates include Nancy Camarda and Peter Camarda, including any trust established by them individually or jointly. The Holder shall notify Maker of any such assignment or transfer promptly.

**11. Captions.** Titles or captions of sections contained in this Promissory Note are inserted only as a matter of convenience and for reference, and in no way are intended to define, limit, extend or describe the scope of this Promissory Note or the intent of any provision hereof.

**12. Severability.** If any one or more of the provisions of this Promissory Note or the application thereof shall be declared invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof and any other application thereof shall in no way be affected or impaired.

**13. Notices.** Except as permitted under Section 5 above, any notice required or permitted under this Promissory Note shall be in writing and shall be deemed to have been given on the date of delivery, if personally delivered or delivered by courier, overnight express or other method of verified delivery or to the parties to the following addresses or such other address as may be designated by one party to the other in writing to the addresses listed in the original Purchase Agreement dated August 15, 2019, or the Purchase Agreement between the parties.

**14. Entire Agreement; Amendments.** This Promissory Note constitutes the entire agreement of the parties with regard to the subject matter hereof. Any term of this Promissory Note may be amended and the observance of any term of this Promissory Note may be waived (either general or in a particular instance and either retroactively or prospectively), only with the written consent of Maker and Holder. Any amendment or waiver effected in accordance with this section shall be binding upon Maker and Holder.

**15. Notification.** In the event Maker proposes to experience a change in control or otherwise effect any merger, consolidation or sale of substantially all of its assets (each, an "Event") prior to the payment in full of this Promissory Note, Maker shall cause notice thereof to be mailed to Holder at least 30 days prior to the earlier of the record date related to the Event or the date on which the Event is to occur, disclosing the material terms and conditions thereof.

**16. No Impairment.** Maker will not, by amendment of its charter or through reorganization, consolidation, merger, dissolution, sale of assets or any other voluntary action, avoid to seek to avoid the observance or performance of any of the terms of this Promissory Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of Holder of this Promissory Note against impairment.

**17. No Discharge of Note Debt:** This Promissory Note shall remain in full force and effect notwithstanding the appointment of a receiver to take possession of all or substantially all of any Maker's assets, or an assignment by any Maker for the benefit of creditors, or any action taken or suffered by any Maker under any insolvency, bankruptcy, reorganization, moratorium, or other debt relief act or statute, whether now existing or hereafter amended or enacted, or the disaffirmance of the Promissory Note in any such action or otherwise.

IN WITNESS WHEREOF, Maker has executed this Promissory Note on the day and year first above written.

**SEAPORT GROUP ENTERPRISES, LLC**

By:  Shannon Masjedi  
Managing Member

Solely with respect to obligation to issue the PACV Preferred Stock as set forth above in Section 5 of this Note.

**PACV:**

**PACIFIC VENTURES GROUP, INC.**

By:  Shannon Masjedi  
Chief Executive Officer

EXHIBIT A

Certificate of Designation of Series H Preferred Stock of Pacific Ventures Group, Inc.

**Exhibit 10.5****PLEDGE AND ESCROW AGREEMENT**

THIS PLEDGE AND ESCROW AGREEMENT (“**Agreement**”) is made and entered into as of December \_\_, 2019, but made effective as of December \_\_, 2019, by and between **PACIFIC VENTURES GROUP, INC.**, a corporation incorporated under the laws of the State of Delaware (the “**Pledgor**”), and **TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV**, an Irish collective asset vehicle (the “**Secured Party**”), with the joinder of **LUCOSKY BROOKMAN LLP** (“**Escrow Agent**”).

**RECITALS**

**WHEREAS**, the Secured Party has made certain financial accommodations for the benefit of the Pledgor pursuant to that certain Securities Purchase Agreement of even date herewith among the Pledgor, and Secured Party, among others (the “**Purchase Agreement**”); and

**WHEREAS**, in order to secure the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all of the Pledgor’s Obligations to the Secured Party, or any successor to the Secured Party, under the Purchase Agreement and all other Transaction Documents, Pledgor has agreed to irrevocably pledge to the Secured Party \_\_% of the membership interests (the “**Pledged Securities**”) of TCA Royalty Foods I, LLC, a limited liability company organized and existing under the laws of the State of Florida (the “**Company**”); and

**NOW, THEREFORE**, in consideration of the mutual covenants, agreements, warranties, and representations herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Recitals, Construction and Defined Terms.** The recitations set forth in the preamble of this Agreement are true and correct and incorporated herein by this reference. In this Agreement, unless the express context otherwise requires: (i) the words “herein,” “hereof” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement; (ii) references to the words “Section” or “Subsection” refer to the respective Sections and Subsections of this Agreement, and references to “Exhibit” or “Schedule” refer to the respective Exhibits and Schedules attached hereto; and (iii) wherever the word “include,” “includes,” “including” or words of similar import are used in this Agreement, such words will be deemed to be followed by the words “without limitation.” All capitalized terms used in this Agreement that are defined in the Purchase Agreement shall have the meanings assigned to them in the Purchase Agreement, unless the context of this Agreement requires otherwise (provided that if a capitalized term used herein is defined in the Purchase Agreement and separately defined in this Agreement, the meaning of such term as defined in this Agreement shall control for purposes of this Agreement).



2. Pledge. In order to secure the full and timely payment and performance of all of the Pledgor's Obligations to the Secured Party under the Transaction Documents, the Pledgor hereby transfers, pledges, assigns, sets over, delivers and grants to the Secured Party a continuing lien and security interest in and to all of the following property of Pledgor, both now owned and existing and hereafter created, acquired and arising (all being collectively hereinafter referred to as the "**Collateral**") and all right, title and interest of Pledgor in and to the Collateral, to-wit:

(a) the Pledged Securities owned by Pledgor;

(b) any certificates representing or evidencing the Pledged Securities, if any;

(c) any and all distributions thereon, and cash and non-cash proceeds and products thereof, including all dividends, cash, distributions, income, profits, instruments, securities, stock dividends, distributions of capital stock or other securities of the Company and all other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon conversion of the Pledged Securities, whether in connection with stock splits, recapitalizations, merger, conversions, combinations, reclassifications, exchanges of securities or otherwise; and

(d) any and all voting, management, and other rights, powers and privileges accruing or incidental to an owner of the Pledged Securities and the other property referred to in subsections 2(a) through 2(c) above.

3. Transfer of Pledged Securities. Simultaneously with the execution of this Agreement, Pledgor shall deliver to the Escrow Agent: (i) the Pledged Securities and all physical certificates, representing or evidencing the Pledged Securities, otherwise together with undated, irrevocable and duly executed assignments or proxies thereof in form and substance acceptable to Secured Party (together with medallion guaranteed signatures, if required by Secured Party), executed in blank by Pledgor; (ii) all other property, instruments, documents and papers comprising, representing or evidencing the Collateral, or any part thereof, together with proper instruments of assignment or endorsement, as Secured Party may request or require, duly executed by Pledgor (collectively, items (i) and (ii), the "**Transfer Documents**"); and (iii) an irrevocable proxies in favor of the Secured Party in respect of the Pledged Securities (the "**Irrevocable Proxies**") The Pledged Securities, the Irrevocable Proxies and other Transfer Documents (collectively, the "**Pledged Materials**") shall be held by the Escrow Agent pursuant to this Agreement until the full payment and performance of all of the Obligations, the termination or expiration of this Agreement, or delivery of the Pledged Materials in accordance with this Agreement. In addition, all non-cash dividends, dividends paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution of the Company, instruments, securities and any other distributions, whether paid or payable in cash or otherwise, made on or in respect of the Pledged Securities, whether resulting from a subdivision, combination, or reclassification of the outstanding capital stock or other securities of the Company, or received in exchange for the Pledged Securities or any part thereof, or in redemption thereof, as a result of any merger, consolidation, acquisition, or other exchange of assets to which the Company may be a party or otherwise, or any other property that constitutes part of the Collateral from time to time, including any additional certificates representing any portion of the Collateral hereafter acquired by the Pledgor, shall be immediately delivered or cause to be delivered by Pledgor to the Escrow Agent in the same form as so received, together with proper instruments of assignment or endorsement duly executed by Pledgor.

4. Security Interest Only. The security interests in the Collateral granted to Secured Party hereunder are granted as security only and shall not subject the Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the Pledgor with respect to any of the Collateral or any transaction in connection therewith.

5. Record Owner of Collateral. Until an “Event of Default” (as hereinafter defined) which has not been cured or waived by the Secured Party under this Agreement shall occur, the Pledged Securities shall remain registered in the name of the Pledgor. Pledgor will promptly give to the Secured Party copies of any notices or other communications received by it and with respect to Collateral registered in the name of Pledgor.

6. Rights Related to Pledged Securities. Subject to the terms of this Agreement:

(a) Unless and until an Event of Default under this Agreement which has not been cured or waived by the Secured Party shall occur, Pledgor shall be entitled to exercise any and all voting, management, and other rights, powers and privileges accruing to an owner of the Pledged Securities, or any part thereof, for any purpose consistent with the terms of this Agreement; provided, however, such action would not materially and adversely affect the rights inuring to Secured Party under any of the Transaction Documents, or adversely affect the remedies of the Secured Party under any of the Transaction Documents, or the ability of the Secured Party to exercise same.

(b) Upon the occurrence of an Event of Default which has not been cured or waived by the Secured Party, all rights of the Pledgor in and to the Pledged Securities and all other Collateral shall cease and all such rights shall immediately vest in Secured Party, as may be determined by Secured Party, although Secured Party shall not have any duty to exercise such rights or be required to sell or to otherwise realize upon the Collateral, as hereinafter authorized, or to preserve the same, and Secured Party shall not be responsible for any failure to do so or delay in doing so. To effectuate the foregoing, Pledgor hereby grants to Secured Party a proxy to vote the Pledged Securities for and on behalf of Pledgor, which proxy is irrevocable and coupled with an interest and which proxy shall be effective upon the occurrence of any Event of Default which has not been cured or waived by the Secured Party. Such proxy shall remain in effect so long as the Obligations remain outstanding. The Company hereby agrees that any vote by Pledgor in violation of this Section 6 shall be null, void and of no force or effect. Furthermore, all dividends or other distributions received by the Pledgor shall be subject to delivery to Escrow Agent in accordance with Section 3 above, and until such delivery, any of such dividends and other distributions shall be received in trust for the benefit of the Secured Party, shall be segregated from other property or funds of the Pledgor and shall be forthwith delivered to Escrow Agent in accordance with Section 3 above.

7. Release of Pledged Securities. Upon the timely payment in full of all of the Obligations in accordance with the terms thereof, Secured Party shall timely notify the Escrow Agent in writing to such effect. Upon receipt of such written notice, the Escrow Agent shall return all of the Pledged Materials in Escrow Agent’s possession to the Pledgor, whereupon any and all rights of Secured Party in and to the Pledged Materials and all other Collateral shall be terminated.

8. Representations, Warranties, and Covenants of the Pledgor and the Company. The Pledgor and the Company hereby covenant, warrant and represent, for the benefit of the Secured Party, as follows (the following representations and warranties shall be made as of the date of this Agreement and as of each date when Pledged Securities are delivered to Escrow Agent hereunder, as applicable):

(a) The Pledged Securities are free and clear of any and all Liens, other than as created by this Agreement.

(b) The Pledged Securities have been duly authorized and are validly issued, fully paid and non-assessable, and are subject to no options to purchase, or any similar rights or to any restrictions on transferability.

(c) Each certificate or document of title constituting the Pledged Securities is genuine in all respects and represents what it purports to be.

(d) By virtue of the execution and delivery of this Agreement and upon delivery to Escrow Agent of the Pledged Securities in accordance with this Agreement, Secured Party will have a valid and perfected, first priority security interest in the Collateral, subject to no prior or other Liens of any nature whatsoever.

(e) Pledgor covenants, that for so long as this Agreement is in effect, Pledgor will defend the Collateral and the priority of Secured Party's security interests therein, at its sole cost and expense, against the claims and demands of all Persons at anytime claiming the same or any interest therein.

(f) At its option, Secured Party may pay, for Pledgor's account, any taxes (including documentary stamp taxes), Liens, security interests, or other encumbrances at any time levied or placed on the Collateral. Pledgor agrees to reimburse Secured Party on demand for any payment made or expense incurred by Secured Party pursuant to the foregoing authorization. Any such amount, if not promptly paid upon demand therefor, shall accrue interest at the highest non-usurious rate permitted by applicable law from the date of outlay, until paid, and shall constitute an Obligation secured hereby.

(g) The Pledged Securities constitute all of the securities owned, legally or beneficially, by the Pledgor of the Company, and such securities represent \_\_\_% of the membership interests of the Company. At all times while this Agreement remains in effect, the Pledged Securities shall constitute and represent \_\_\_% of the membership interests of the Company.

(h) The Company and the Pledgor hereby authorize Secured Party to prepare and file such financing statements, amendments and other documents and do such acts as Secured Party deems necessary in order to establish and maintain valid, attached and perfected, first priority security interests in the Collateral in favor of Secured Party, for its own benefit and as agent for its Affiliates, free and clear of all Liens and claims and rights of third parties whatsoever. The Company and Pledgor hereby irrevocably authorize Secured Party at any time, and from time to time, to file in any jurisdiction any initial financing statements, amendments, continuations and other documents in furtherance of the foregoing.

9. Events of Default. The occurrence of any one or more of the following events shall constitute an “**Event of Default**” hereunder:

(a) Default. The occurrence of any breach, default or “Event of Default” (as such term may be defined in any Transaction Documents), after applicable notice and cure periods, under any of the Transaction Documents.

(b) Covenants and Agreements. The failure of Pledgor or any Company to perform, observe or comply with any and all of the covenants, promises and agreements of the Pledgor and the Company in this Agreement, which such failure is not cured by the Pledgor or the Company within ten (10) days after receipt of written notice thereof from Secured Party, except that there shall be no notice or cure period with respect to any failure to pay any sums due under or as part of the Obligations (provided that if the failure to perform or default in performance is not capable of being cured, in Secured Party’s sole discretion, then the cure period set forth herein shall not be applicable and the failure or default shall be an immediate Event of Default hereunder).

(c) Information, Representations and Warranties. If any representation or warranty made herein or in any other Transaction Documents, or if any information contained in any financial statement, application, schedule, report or any other document given by the Company to Secured Party in connection with the Obligations, with the Collateral, or with the Transaction Documents, is not in all material respects true, accurate and complete, or if the Pledgor or the Company omitted to state any material fact or any fact necessary to make such information not misleading.

10. Rights and Remedies. Subject at all times to the Uniform Commercial Code as then in effect in the State governing this Agreement, the Secured Party shall have the following rights and remedies upon the occurrence and continuation of an Event of Default:

(a) Upon and anytime after the occurrence and continuation of an Event of Default which has not been cured or waived by the Secured Party, the Secured Party shall have the right to acquire the Pledged Securities and all other Collateral in accordance with the following procedure: (i) the Secured Party shall provide written notice of such Event of Default (the “**Default Notice**”) to the Escrow Agent, with a copy to the Pledgor and the Company; (ii) as soon as practicable after receipt of a Default Notice, the Escrow Agent shall deliver the Pledged Securities and all other Collateral, along with the applicable Transfer Documents, to the Secured Party.

(b) Upon receipt of the Pledged Securities and other Collateral issued to the Secured Party, the Secured Party shall have the right to, without notice or demand to Pledgor or the Company: (i) sell the Collateral and to apply the proceeds of such sales, net of any selling commissions, to the Obligations owed to the Secured Party by the Company under the Transaction Documents, including outstanding principal, interest, legal fees, and any other amounts owed to the Secured Party; and (ii) exercise in any jurisdiction in which enforcement hereof is sought, any rights and remedies available to Secured Party under the provisions of any of the Transaction Documents, the rights and remedies of a secured party under the Uniform Commercial Code as then in effect in the State governing this Agreement, and all other rights and remedies available to the Secured Party, under equity or applicable law, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently. In furtherance of the foregoing rights and remedies:



(i) Secured Party may sell the Pledged Securities, or any part thereof, or any other portion of the Collateral, in one or more sales, at public or private sale, conducted by any agent of, or auctioneer or attorney for Secured Party, at Secured Party's place of business or elsewhere, or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices, all as Secured Party may deem appropriate. Secured Party may be a purchaser at any such sale of any or all of the Collateral so sold. In the event Secured Party is a purchaser at any such sale, Secured Party may apply to such purchase all or any portion of the sums then due and owing by the Company to Secured Party under any of the Transaction Documents or otherwise, and the Secured Party may, upon compliance with the terms of the sale, hold, retain and dispose of such property without further accountability to the Pledgor or the Company therefore. Secured Party is authorized, in its absolute discretion, to restrict the prospective bidders or purchasers of any of the Collateral at any public or private sale as to their number, nature of business and investment intention, including the restricting of bidders or purchasers to one or more persons who represent and agree, to the satisfaction of Secured Party, that they are purchasing the Collateral, or any part thereof, for their own account, for investment, and not with a view to the distribution or resale of any of such Collateral.

(ii) Upon any such sale, Secured Party shall have the right to deliver, assign and transfer to each purchaser thereof the Collateral so sold to such purchaser. Each purchaser (including Secured Party) at any such sale shall, to the full extent permitted by law, hold the Collateral so purchased absolutely free from any claim or right whatsoever, including, without limitation, any equity or right of redemption of the Pledgor, who, to the full extent that it may lawfully do so, hereby specifically waives all rights of redemption, stay, valuation or appraisal which she now has or may have under any rule of law or statute now existing or hereafter adopted.

(iii) At any such sale, the Collateral may be sold in one lot as an entirety, in separate blocks or individually as Secured Party may determine, in its sole and absolute discretion. Secured Party shall not be obligated to make any sale of any Collateral if it shall determine in its sole and absolute discretion, not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. Secured Party may, without notice or publication, adjourn any public or private sale from time to time by announcement at the time and place fixed for such sale, or any adjournment thereof, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication.

(iv) The Pledgor and the Company acknowledge that compliance with applicable federal and state securities laws (including, without limitation, the Securities Act of 1933, as amended, blue sky or other state securities laws or similar laws now or hereafter existing analogous in purpose or effect) might very strictly limit or restrict the course of conduct of Secured Party if Secured Party were to attempt to sell or otherwise dispose of all or any part of the Collateral, and might also limit or restrict the extent to which or the manner in which any subsequent transferee of any such securities could sell or dispose of the same. The Pledgor and the Company further acknowledge that under applicable laws, Secured Party may be held to have certain general duties and obligations to the Pledgor, as pledgors of the Collateral, or the Company, to make some effort toward obtaining a fair price for the Collateral even though the obligations of the Pledgor and the Company may be discharged or reduced by the proceeds of sale at a lesser price. The Pledgor and the Company understand and agree that, to the extent allowable under applicable law, Secured Party is not to have any such general duty or obligation to the Pledgor or the Company, and neither the Pledgor nor the Company will attempt to hold Secured Party responsible for selling all or any part of the Collateral at an inadequate price even if Secured Party shall accept the first offer received or does not approach more than one possible purchaser. Without limiting their generality, the foregoing provisions would apply if, for example, Secured Party were to place all or any part of such securities for private placement by an investment banking firm, or if such investment banking firm purchased all or any part of such securities for its own account, or if Secured Party placed all or any part of such securities privately with a purchaser or purchasers.

(c) To the extent that the net proceeds received by the Secured Party are insufficient to satisfy the Obligations in full, the Secured Party shall be entitled to a deficiency judgment against the Company and any other Person obligated for the Obligations for such deficiency amount. The Secured Party shall have the absolute right to sell or dispose of the Collateral, or any part thereof, in any manner it sees fit and shall have no liability to the Pledgor, the Company, or any other party for selling or disposing of such Collateral even if other methods of sales or dispositions would or allegedly would result in greater proceeds than the method actually used. The Company and any other Person obligated for the Obligations shall remain liable for all deficiencies and shortfalls, if any, that may exist after the Secured Party has exhausted all remedies hereunder.

(d) Each right, power and remedy of the Secured Party provided for in this Agreement or any other Transaction Document shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by the Secured Party of any one or more of the rights, powers or remedies provided for in this Agreement or any other Transaction Documents, or now or hereafter existing at law or in equity or by statute or otherwise, shall not preclude the simultaneous or later exercise by the Secured Party of all such other rights, powers or remedies, and no failure or delay on the part of the Secured Party to exercise any such right, power or remedy shall operate as a waiver thereof. No notice to or demand on the Pledgor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Secured Party to any other further action in any circumstances without demand or notice. The Secured Party shall have the full power to enforce or to assign or contract its rights under this Agreement to a third party.

(e) In addition to all other remedies available to the Secured Party, upon the issuance of the Pledged Securities to the Secured Party, Pledgor and the Company each agree to: (i) take such action and prepare, distribute and/or file such documents and papers, as are required or advisable in the opinion of Secured Party and/or its counsel, to permit the sale of the Pledged Securities, whether at public sale, private sale or otherwise, including, without limitation, issuing, or causing its counsel to issue, any opinion of counsel for Pledgor or the Company required to allow the Secured Party to sell the Pledged Securities or any other Collateral under Rule 144; (ii) to bear all costs and expenses of carrying out its obligations under this Section 8(e), which shall be a part of the Obligations secured hereby; and (iv) that there is no adequate remedy at law for the failure by the Pledgor and the Company to comply with the provisions of this Section 8(e) and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements contained in this subsection may be specifically enforced.

11. Concerning the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. Escrow Agent agrees to release any property held by it hereunder (the “**Escrowed Property**”) in accordance with the terms and conditions set forth in this Agreement.

(b) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner, and execution, or validity of any instrument deposited in this escrow, nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the safekeeping of the Escrowed Property, and for the disposition of the same in accordance with this Agreement. Escrow Agent shall not be deemed to have knowledge of any matter or thing unless and until Escrow Agent has actually received written notice of such matter or thing and Escrow Agent shall not be charged with any constructive notice whatsoever.

(c) Escrow Agent shall hold in escrow, pursuant to this Agreement, the Escrowed Property actually delivered and received by Escrow Agent hereunder, but Escrow Agent shall not be obligated to ascertain the existence of (or initiate recovery of) any other property that may be part or portion of the Collateral, or to become or remain informed with respect to the possibility or probability of additional Collateral being realized upon or collected at any time in the future, or to inform any parties to this Agreement or any third party with respect to the nature and extent of any Collateral realized and received by Escrow Agent (except upon the written request of such party), or to monitor current market values of the Collateral. Further, Escrow Agent shall not be obligated to proceed with any action or inaction based on information with respect to market values of the Collateral which Escrow Agent may in any manner learn, nor shall Escrow Agent be obligated to inform the parties hereto or any third party with respect to market values of any of the Collateral at any time, Escrow Agent having no duties with respect to investment management or information, all parties hereto understanding and intending that Escrow Agent’s responsibilities are purely ministerial in nature. Any reduction in the market value or other value of the Collateral while deposited with Escrow Agent shall be at the sole risk of Pledgor and Secured Party. If all or any portion of the Escrowed Property is in the form of a check or in any other form other than cash, Escrow Agent shall deposit same as required but shall not be liable for the nonpayment thereof, nor responsible to enforce collection thereof.

(d) In the event instructions from Secured Party, Pledgor, or any other Person would require Escrow Agent to expend any monies or to incur any cost, Escrow Agent shall be entitled to refrain from taking any action until it receives payment for such costs. It is agreed that the duties of Escrow Agent are purely ministerial in nature and shall be expressly limited to the safekeeping of the Escrowed Property and for the disposition of same in accordance with this Agreement. Secured Party, Pledgor and the Company, jointly and severally, each hereby indemnifies Escrow Agent and holds it harmless from and against any and all claims, liabilities, damages, costs, penalties, losses, actions, suits or proceedings at law or in equity, or any other expenses, fees or charges of any character or nature (collectively, the “Claims”), which it may incur or with which it may be threatened, directly or indirectly, arising from or in any way connected with this Agreement or which may result from Escrow Agent’s following of instructions from Secured Party, Pledgor or the Company, and in connection therewith, indemnifies Escrow Agent against any and all expenses, including attorneys’ fees and the cost of defending any action, suit, or proceeding or resisting any Claim, whether or not litigation is instituted, unless any such Claims arise as a result of Escrow Agent’s gross negligence or willful misconduct. Escrow Agent shall be vested with a lien on all Escrowed Property under the terms of this Agreement, for indemnification, attorneys’ fees, court costs and all other costs and expenses arising from any suit, interpleader or otherwise, or other expenses, fees or charges of any character or nature, which may be incurred by Escrow Agent by reason of disputes arising between Pledgor, the Company, Secured Party, or any third party as to the correct interpretation of this Agreement, and instructions given to Escrow Agent hereunder, or otherwise, with the right of Escrow Agent, regardless of the instruments aforesaid and without the necessity of instituting any action, suit or proceeding, to hold any property hereunder until and unless said additional expenses, fees and charges shall be fully paid. Any fees and costs charged by the Escrow Agent for serving hereunder shall be paid by the Pledgor and the Company, jointly and severally.

(e) In the event Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from Secured Party, the Company, Pledgor or from third persons with respect to the Escrowed Property, which, in Escrow Agent’s sole opinion, are in conflict with each other or with any provision of this Agreement, Escrow Agent shall be entitled to refrain from taking any action until it shall be directed otherwise in writing by Pledgor, the Company and Secured Party and said third persons, if any, or by a final order or judgment of a court of competent jurisdiction. If any of the parties shall be in disagreement about the interpretation of this Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, at its sole discretion, deposit the Escrowed Property with a court having jurisdiction over this Agreement, and, upon notifying all parties concerned of such action, all liability on the part of the Escrow Agent shall fully cease and terminate. The Escrow Agent shall be indemnified by the Pledgor, the Company and Secured Party for all costs, including reasonable attorneys’ fees, in connection with the aforesaid proceeding, and shall be fully protected in suspending all or a part of its activities under this Agreement until a final decision or other settlement in the proceeding is received. In the event Escrow Agent is joined as a party to a lawsuit by virtue of the fact that it is holding the Escrowed Property, Escrow Agent shall, at its sole option, either: (i) tender the Collateral in its possession to the registry of the appropriate court; or (ii) disburse the Collateral in its possession in accordance with the court’s ultimate disposition of the case, and Secured Party, the Company and Pledgor hereby, jointly and severally, indemnify and hold Escrow Agent harmless from and against any damages or losses in connection therewith including, but not limited to, reasonable attorneys’ fees and court costs at all trial and appellate levels.



(f) The Escrow Agent may consult with counsel of its own choice (and the costs of such counsel shall be paid by the Pledgor, the Company and Secured Party, jointly and severally) and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent shall not be liable for any mistakes of fact or error of judgment, or for any actions or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(g) The Escrow Agent may resign upon ten (10) days' written notice to the parties in this Agreement. If a successor Escrow Agent is not appointed by Secured Party and Pledgor within this ten (10) day period, the Escrow Agent may petition a court of competent jurisdiction to name a successor.

(h) Conflict Waiver. The Pledgor and the Company hereby acknowledge that the Escrow Agent is counsel to the Secured Party in connection with the transactions contemplated and referred herein. The Pledgor and the Company agree that in the event of any dispute arising in connection with this Agreement or otherwise in connection with any transaction or agreement contemplated and referred herein, the Escrow Agent shall be permitted to continue to represent the Secured Party and neither the Pledgor, nor the Company, will seek to disqualify such counsel and each of them waives any objection Pledgor or the Company might have with respect to the Escrow Agent acting as the Escrow Agent pursuant to this Agreement. Pledgor, the Company and Secured Party acknowledge and agree that nothing in this Agreement shall prohibit Escrow Agent from: (i) serving in a similar capacity on behalf of others; or (ii) acting in the capacity of attorneys for one or more of the parties hereto in connection with any matter.

12. Increase in Obligations. It is the intent of the parties to secure payment of the Obligations, as the amount of such Obligations may increase from time to time in accordance with the terms and provisions of the Transaction Documents, and all of the Obligations, as so increased from time to time, shall be and are secured hereby. Upon the execution hereof, Pledgor and the Company shall pay any and all documentary stamp taxes and/or other charges required to be paid in connection with the execution and enforcement of the Transaction Documents, and if, as and to the extent the Obligations are increased from time to time in accordance with the terms and provisions of the Transaction Documents, then Pledgor and the Company shall immediately pay any additional documentary stamp taxes or other charges in connection therewith.

13. Irrevocable Authorization and Instruction. If applicable, Pledgor and the Company hereby authorize and instruct the transfer agent for such Company (or transfer agents if there is more than one) to comply with any instruction received by it from Secured Party in writing that: (i) states that an Event of Default hereunder exists or has occurred; and (b) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from Pledgor or the Company, and Pledgor and such Company agree that such transfer agents shall be fully protected in so complying with any such instruction from Secured Party.

14. Appointment as Attorney-in-Fact. The Company and Pledgor hereby irrevocably constitutes and appoints Secured Party and any officer or agent of Secured Party, with full power of substitution, as its true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of Pledgor or such Company, as applicable, and in the name of Pledgor, such Company, or in the name of Secured Party, as applicable, from time to time in the discretion of Secured Party, so long as an Event of Default hereunder exists, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, including any financing statements, endorsements, assignments or other instruments of transfer. Pledgor and the Company each hereby ratify all that said attorneys shall lawfully do or cause to be done pursuant to the power of attorney granted in this Section 14. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until the Obligations are paid and performed in full.

15. Continuing Obligation of Pledgor and the Company. The obligations, covenants, agreements and duties of the Pledgor and the Company under this Agreement shall in no way be affected or impaired by: (i) the modification or amendment (whether material or otherwise) of any of the obligations of the Pledgor or the Company or any other Person, as applicable; (ii) the voluntary or involuntary bankruptcy, assignment for the benefit of creditors, reorganization, or other similar proceedings affecting the Company, Pledgor or any other Person, as applicable; (iii) the release of the Company, Pledgor or any other Person from the performance or observance of any of the agreements, covenants, terms or conditions contained in any Transaction Documents, by the operation of law or otherwise, including the release of the Company's or Pledgor's obligation to pay interest or attorney's fees.

Pledgor and the Company further agree that Secured Party may take other guaranties or collateral or security to further secure the Obligations, and consent that any of the terms, covenants and conditions contained in any of the Transaction Documents may be renewed, altered, extended, changed or modified by Secured Party or may be released by Secured Party, without in any manner affecting this Agreement or releasing Pledgor herefrom, and Pledgor shall continue to be liable hereunder to pay and perform pursuant hereto, notwithstanding any such release or the taking of such other guaranties, collateral or security. This Agreement is additional and supplemental to any and all other guarantees, security agreements or collateral heretofore and hereafter executed by Pledgor and the Company for the benefit of Secured Party, whether relating to the indebtedness evidenced by any of the Transaction Documents or not, and shall not supersede or be superseded by any other document or guaranty executed by Pledgor, the Company or any other Person for any purpose. Pledgor and the Company hereby agree that Pledgor, the Company, and any additional parties who may become liable for repayment of the sums due under the Transaction Documents, may hereafter be released from their liability hereunder and thereunder; and Secured Party may take, or delay in taking or refuse to take, any and all action with reference to any of the Transaction Documents (regardless of whether same might vary the risk or alter the rights, remedies or recourses of Pledgor), including specifically the settlement or compromise of any amount allegedly due thereunder, all without notice to, consideration to or the consent of the Pledgor, and without in any way releasing, diminishing or affecting in any way the absolute nature of Pledgor's obligations and liabilities hereunder.

No delay on the part of the Secured Party in exercising any rights hereunder or failure to exercise the same shall operate as a waiver of such rights. Pledgor and the Company hereby waive any and all legal requirements, statutory or otherwise, that Secured Party shall institute any action or proceeding at law or in equity or exhaust its rights, remedies and recourses against Pledgor, the Company or anyone else with respect to the Transaction Documents, as a condition precedent to bringing an action against Pledgor or the Company upon this Agreement or as a condition precedent to Secured Party's rights to sell the Pledged Securities or any other Collateral. Pledgor and the Company agree that Secured Party may simultaneously maintain an action upon this Agreement and an action or proceeding upon the Transaction Documents. All remedies afforded by reason of this Agreement are separate and cumulative remedies and may be exercised serially, simultaneously and in any order, and the exercise of any of such remedies shall not be deemed an exclusion of the other remedies and shall in no way limit or prejudice any other contractual, legal, equitable or statutory remedies which Secured Party may have in the Pledged Securities, any other Collateral, or under the Transaction Documents. Until the Obligations, and all extensions, renewals and modifications thereof, are paid in full, and until each and all of the terms, covenants and conditions of this Agreement are fully performed, Pledgor shall not be released by any act or thing which might, but for this provision of this Agreement, be deemed a legal or equitable discharge of a surety, or by reason of any waiver, extension, modification, forbearance or delay of Secured Party or any obligation or agreement between the Company or their successors or assigns, and the then holder of the Transaction Documents, relating to the payment of any sums evidenced or secured thereby or to any of the other terms, covenants and conditions contained therein, and Pledgor hereby expressly waive and surrender any defense to liability hereunder based upon any of the foregoing acts, things, agreements or waivers, or any of them. Pledgor and the Company also waive any defense arising by virtue of any disability, insolvency, bankruptcy, lack of authority or power or dissolution of Pledgor or the Company, even though rendering the Transaction Documents void, unenforceable or otherwise uncollectible, it being agreed that Pledgor and the Company shall remain liable hereunder, regardless of any claim which Pledgor or the Company might otherwise have against Secured Party by virtue of Secured Party's invocation of any right, remedy or recourse given to it hereunder or under the Transaction Documents. In addition, Pledgor waives and renounces any right of subrogation, reimbursement or indemnity whatsoever, and any right of recourse to security for the Obligations of the Company to Secured Party, unless and until all of said Obligations have been paid in full to Secured Party.

Pledgor agrees and understands that Secured Party's right to exercise its rights hereunder, in the Event of a Default, is a non-judicial remedy. Accordingly, Pledgor waives and release any and all claims or defenses that they may have or come to have in connection with Secured Party's enforcement of such rights other than as to proof of repayment. Pledgor further stipulates that as a condition precedent to its filing or taking any action that would delay or impair the recognition or enforcement of Secured Party's rights pursuant to its enforcement of its rights hereunder, Pledgor shall be required to post a bond in the amount of 20% of the remaining principal and interest due to Secured Party under the Purchase Agreement at the time of Secured Party's enforcement of its rights hereunder.

16. Miscellaneous.

(a) Performance for Pledgor or the Company. The Pledgor and the Company agree and hereby acknowledge that Secured Party may, in Secured Party's sole discretion, but Secured Party shall not be obligated to, whether or not an Event of Default shall have occurred, advance funds on behalf of the Company or Pledgor, without prior notice to the Pledgor or the Company, in order to insure the Company's and Pledgor's compliance with any covenant, warranty, representation or agreement of the Pledgor or the Company made in or pursuant to this Agreement or the other Transaction Documents, to continue or complete, or cause to be continued or completed, performance of the Pledgor's and the Company's obligations under any contracts of the Pledgor or the Company, or to preserve or protect any right or interest of Secured Party in the Collateral or under or pursuant to this Agreement or the other Transaction Documents; provided, however, that the making of any such advance by Secured Party shall not constitute a waiver by Secured Party of any Event of Default with respect to which such advance is made, nor relieve the Pledgor or the Company of any such Event of Default. The Pledgor and the Company, respectively and as applicable, shall pay to Secured Party upon demand all such advances made by Secured Party with interest thereon at the highest rate permitted by applicable law. All such advances shall be deemed to be included in the Obligations and secured by the security interest granted Secured Party hereunder; provided, however, that the provisions of this Subsection shall survive the termination of this Agreement and Secured Party's security interest hereunder and the payment of all other Obligations.

(b) Applications of Payments and Collateral. Except as may be otherwise specifically provided in this Agreement or the other Transaction Documents, all Collateral and proceeds of Collateral coming into Secured Party's possession may be applied by Secured Party (after payment of any costs, fees and other amounts incurred by Secured Party in connection therewith) to any of the Obligations, whether matured or unmatured, as Secured Party shall determine in its sole discretion. Any surplus held by the Secured Party and remaining after the indefeasible payment in full in cash of all of the Obligations shall be paid over to whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct. In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which the Secured Party is legally entitled, the Company shall be liable for the deficiency, together with interest thereon at the highest rate permitted by applicable law, together with the costs of collection and the reasonable fees, costs, expenses and other client charges of any attorneys employed by the Secured Party to collect such deficiency.

(c) Waivers by Pledgor and the Company. The Company and the Pledgor hereby waive, to the extent the same may be waived under applicable law: (i) notice of acceptance of this Agreement; (ii) all claims and rights of the Pledgor and the Company against Secured Party on account of actions taken or not taken by Secured Party in the exercise of Secured Party's rights or remedies hereunder, under any other Transaction Documents or under applicable law; (iii) all claims of the Pledgor and the Company for failure of Secured Party to comply with any requirement of applicable law relating to enforcement of Secured Party's rights or remedies hereunder, under the other Transaction Documents or under applicable law; (iv) all rights of redemption of the Pledgor with respect to the Collateral; (v) in the event Secured Party seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (vi) presentment, demand for payment, protest and notice of non-payment and all exemptions applicable to any of the Collateral or the Pledgor or the Company; (vii) any and all other notices or demands which by applicable law must be given to or made upon the Pledgor or the Company by Secured Party; (viii) settlement, compromise or release of the obligations of any person or entity primarily or secondarily liable upon any of the Obligations; (ix) all rights of the Pledgor or the Company to demand that Secured Party release account debtors or other persons or entities liable on any of the Collateral from further obligation to Secured Party; and (x) substitution, impairment, exchange or release of any Collateral for any of the Obligations. The Pledgor and the Company agree that Secured Party may exercise any or all of its rights and/or remedies hereunder and under any other Transaction Documents and under applicable law without resorting to and without regard to any Collateral or sources of liability with respect to any of the Obligations.

(d) Waivers by Secured Party. No failure or any delay on the part of Secured Party in exercising any right, power or remedy hereunder or under any other Transaction Documents or under applicable law, shall operate as a waiver thereof.

(e) Secured Party's Setoff. Secured Party shall have the right, in addition to all other rights and remedies available to it, following an Event of Default, to set off against any Obligations due Secured Party, any debt owing to the Pledgor or the Company by Secured Party.

(f) Modifications, Waivers and Consents. No modifications or waiver of any provision of this Agreement or any other Transaction Documents, and no consent by Secured Party to any departure by the Pledgor or the Company therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given, and any single or partial written waiver by Secured Party of any term, provision or right of Secured Party hereunder shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver of any other right, power or remedy. No notice to or demand upon the Pledgor or the Company in any case shall entitle Pledgor or the Company to any other or further notice or demand in the same, similar or other circumstances.

(g) Notices. All notices of request, demand and other communications hereunder shall be addressed, sent and deemed delivered in accordance with the Purchase Agreement, including delivery of any such notices or communications to the Pledgor on behalf of the Company, which the Company hereby agrees and acknowledges shall be valid and effective notice to the Company hereunder.



(h) APPLICABLE LAW AND CONSENT TO JURISDICTION. THE PLEDGOR, THE COMPANY AND THE SECURED PARTY EACH IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS AGREEMENT (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, SECURED PARTY MAY, AT SECURED PARTY'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. THE PLEDGOR, THE COMPANY AND SECURED PARTY EACH HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING ITS SITUS IN SAID COUNTY (OR TO ANY OTHER JURISDICTION OR VENUE, IF SECURED PARTY SO ELECTS), AND EACH WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS. THE PLEDGOR AND THE COMPANY EACH HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENT THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE PLEDGOR OR THE COMPANY, AS APPLICABLE, AS SET FORTH HEREIN AND IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE. EXCEPT FOR THE FOREGOING MANDATORY FORUM SELECTION CLAUSE, THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WYOMING, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

(i) Survival: Successors and Assigns. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery hereof, and shall continue in full force and effect until all Obligations have been paid in full, there exists no commitment by Secured Party which could give rise to any Obligations. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. In the event that Secured Party assigns this Agreement and/or its security interest in the Collateral, such assignment shall be binding upon and recognized by the Pledgor. All covenants, agreements, representations and warranties by or on behalf of the Pledgor or the Company which are contained in this Agreement shall inure to the benefit of Secured Party, its successors and assigns. Neither the Pledgor, nor the Company, may assign this Agreement or delegate any of their respective rights or obligations hereunder, without the prior written consent of Secured Party, which consent may be withheld in Secured Party's sole and absolute discretion.

(j) Severability. If any term, provision or condition, or any part thereof, of this Agreement shall for any reason be found or held invalid or unenforceable by any court or governmental authority of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

(k) Merger, Integration and Non-Reliance. This Agreement and the other Transaction Documents contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement or promise made by any party hereto, or by any employee, officer, agent or attorney of any party hereto, which is not contained herein shall be valid or binding. Further, Pledgor understands and acknowledges that the agents and representatives of the Secured Party do not have authority to make any statements, promises or representations in conflict with or in addition to the information contained in this Agreement or any other loan document, and Secured Party hereby specifically disclaims any responsibility for any such statements, promises or representations. by execution of this Agreement, Pledgor acknowledges that he has not relied upon such statements, promises or representations, if any, and waives any rights, defenses, or claims arising from any such statements, promises or representations.

(l) WAIVER OF JURY TRIAL. THE PLEDGOR AND THE COMPANY EACH HEREBY: (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY; AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE PLEDGOR, THE COMPANY AND SECURED PARTY MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS AGREEMENT, AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO DEBTOR-CREDITOR RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS AGREEMENT. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE PLEDGOR AND THE COMPANY AND THE PLEDGOR AND THE COMPANY HEREBY AGREE THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. SECURED PARTY IS HEREBY AUTHORIZED TO SUBMIT THIS AGREEMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PLEDGOR, THE COMPANY AND SECURED PARTY, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY. THE PLEDGOR AND THE COMPANY REPRESENT AND WARRANT THAT EACH OF THEM HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND/OR THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

(m) Execution. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed and considered one and the same Agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format file or other similar format file, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

(n) Headings. The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and shall not be used or deemed to limit or diminish any of the provisions hereof.

(o) Gender and Use of Singular and Plural. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the party or parties or their personal representatives, successors and assigns may require.

(p) Further Assurances. The parties hereto will execute and deliver such further instruments and do such further acts and things as may be reasonably required to carry out the intent and purposes of this Agreement, including the execution and filing of UCC-1 Financing Statements in any jurisdiction as Secured Party may require.

(q) Time is of the Essence. The parties hereby agree that time is of the essence with respect to performance of each of the parties' obligations under this Agreement. The parties agree that in the event that any date on which performance is to occur falls on a Saturday, Sunday or state or national holiday, then the time for such performance shall be extended until the next business day thereafter occurring.

(r) Joint Preparation. The preparation of this Agreement has been a joint effort of the parties and the resulting documents shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

(s) Prevailing Party. If any legal action or other proceeding is brought for the enforcement of this Agreement or any other Transaction Documents, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement or any other Transaction Documents, the successful or prevailing party or parties shall be entitled to recover from the non-prevailing party, reasonable attorneys' fees, court costs and all expenses, even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

(t) Costs and Expenses. The Pledgor and the Company, jointly and severally, agree to pay to the Secured Party, upon demand, the amount of any and all costs and expenses, including the reasonable fees, costs, expenses and disbursements of counsel for the Secured Party and of any experts and agents, which the Secured Party may incur in connection with: (i) the preparation, negotiation, execution, delivery, recordation, administration, amendment, waiver or other modification or termination of this Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Collateral; (iii) the exercise, enforcement or defense of any of the rights of the Secured Party hereunder, including at all levels of litigation; or (iv) the failure by the Pledgor or the Company to perform or observe any of the provisions hereof. Included in the foregoing shall be the amount of all expenses paid or incurred by Secured Party in consulting with counsel concerning any of its rights hereunder, under any Transaction Documents or under applicable law, as well as such portion of Secured Party's overhead as Secured Party shall allocate to collection and enforcement of the Obligations in Secured Party's sole but reasonable discretion. All such costs and expenses shall bear interest from the date of outlay until paid, at the highest rate allowed by law. The provisions of this Subsection shall survive the termination of this Agreement and Secured Party's security interest hereunder and the payment of all Obligations.

(u) Joint and Several Liability. The liability of Pledgor shall be joint and several with the liability of the Company and any other Person liable for the Obligations.

**[Signatures on the following page]**

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

**PLEDGOR:**

**PACIFIC VENTURES GROUP, INC.**

\_\_\_\_\_  
Name:Shannon Masjedi  
Title: Chief Executive Officer

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, Chief Executive Officer of Pacific Ventures Group, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

\_\_\_\_\_

[Signature Page – Pacific - TCA Pledge and Escrow Agreement]

\_\_\_\_\_

**COMPANY:**

**TCA ROYALTY FOODS I, LLC**

Name: Shannon Masjedi  
Title: Manager

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, Manager of TCA Royalty Foods I, LLC, a Florida limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

[Signature Page – Pacific - TCA Pledge and Escrow Agreement]

\_\_\_\_\_



**SECURED PARTY:**

**TCA SPECIAL SITUATIONS CREDIT STRATEGIES  
ICAV**

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page – Pacific - TCA Pledge and Escrow Agreement]

\_\_\_\_\_

**Exhibit 10.6****PLEDGE AND ESCROW AGREEMENT**

THIS PLEDGE AND ESCROW AGREEMENT (“**Agreement**”) is made and entered into as of December \_\_, 2019, but made effective as of December \_\_, 2019, by and between **PACIFIC VENTURES GROUP, INC.**, a corporation incorporated under the laws of the State of Delaware (the “**Pledgor**”), and **TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV**, an Irish collective asset vehicle (the “**Secured Party**”), with the joinder of **LUCOSKY BROOKMAN LLP** (“**Escrow Agent**”).

**RECITALS**

**WHEREAS**, the Secured Party has made certain financial accommodations for the benefit of the Pledgor pursuant to that certain Securities Purchase Agreement of even date herewith among the Pledgor, and Secured Party, among others (the “**Purchase Agreement**”); and

**WHEREAS**, in order to secure the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all of the Pledgor’s Obligations to the Secured Party, or any successor to the Secured Party, under the Purchase Agreement and all other Transaction Documents, Pledgor has agreed to irrevocably pledge to the Secured Party 90,010 of the common units (the “**Pledged Securities**”) of Seaport Group Enterprises, LLC, a limited liability company organized and existing under the laws of the State of California (the “**Company**”); and

**NOW, THEREFORE**, in consideration of the mutual covenants, agreements, warranties, and representations herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Recitals, Construction and Defined Terms.** The recitations set forth in the preamble of this Agreement are true and correct and incorporated herein by this reference. In this Agreement, unless the express context otherwise requires: (i) the words “herein,” “hereof” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement; (ii) references to the words “Section” or “Subsection” refer to the respective Sections and Subsections of this Agreement, and references to “Exhibit” or “Schedule” refer to the respective Exhibits and Schedules attached hereto; and (iii) wherever the word “include,” “includes,” “including” or words of similar import are used in this Agreement, such words will be deemed to be followed by the words “without limitation.” All capitalized terms used in this Agreement that are defined in the Purchase Agreement shall have the meanings assigned to them in the Purchase Agreement, unless the context of this Agreement requires otherwise (provided that if a capitalized term used herein is defined in the Purchase Agreement and separately defined in this Agreement, the meaning of such term as defined in this Agreement shall control for purposes of this Agreement).

2. Pledge. In order to secure the full and timely payment and performance of all of the Pledgor's Obligations to the Secured Party under the Transaction Documents, the Pledgor hereby transfers, pledges, assigns, sets over, delivers and grants to the Secured Party a continuing lien and security interest in and to all of the following property of Pledgor, both now owned and existing and hereafter created, acquired and arising (all being collectively hereinafter referred to as the "**Collateral**") and all right, title and interest of Pledgor in and to the Collateral, to-wit:

(a) the Pledged Securities owned by Pledgor;

(b) any certificates representing or evidencing the Pledged Securities, if any;

(c) any and all distributions thereon, and cash and non-cash proceeds and products thereof, including all dividends, cash, distributions, income, profits, instruments, securities, stock dividends, distributions of capital stock or other securities of the Company and all other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon conversion of the Pledged Securities, whether in connection with stock splits, recapitalizations, merger, conversions, combinations, reclassifications, exchanges of securities or otherwise; and

(d) any and all voting, management, and other rights, powers and privileges accruing or incidental to an owner of the Pledged Securities and the other property referred to in subsections 2(a) through 2(c) above.

3. Transfer of Pledged Securities. Simultaneously with the execution of this Agreement, Pledgor shall deliver to the Escrow Agent: (i) the Pledged Securities and all physical certificates, representing or evidencing the Pledged Securities, otherwise together with undated, irrevocable and duly executed assignments or proxies thereof in form and substance acceptable to Secured Party (together with medallion guaranteed signatures, if required by Secured Party), executed in blank by Pledgor; (ii) all other property, instruments, documents and papers comprising, representing or evidencing the Collateral, or any part thereof, together with proper instruments of assignment or endorsement, as Secured Party may request or require, duly executed by Pledgor (collectively, items (i) and (ii), the "**Transfer Documents**"); and (iii) an irrevocable proxies in favor of the Secured Party in respect of the Pledged Securities (the "**Irrevocable Proxies**") The Pledged Securities, the Irrevocable Proxies and other Transfer Documents (collectively, the "**Pledged Materials**") shall be held by the Escrow Agent pursuant to this Agreement until the full payment and performance of all of the Obligations, the termination or expiration of this Agreement, or delivery of the Pledged Materials in accordance with this Agreement. In addition, all non-cash dividends, dividends paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution of the Company, instruments, securities and any other distributions, whether paid or payable in cash or otherwise, made on or in respect of the Pledged Securities, whether resulting from a subdivision, combination, or reclassification of the outstanding capital stock or other securities of the Company, or received in exchange for the Pledged Securities or any part thereof, or in redemption thereof, as a result of any merger, consolidation, acquisition, or other exchange of assets to which the Company may be a party or otherwise, or any other property that constitutes part of the Collateral from time to time, including any additional certificates representing any portion of the Collateral hereafter acquired by the Pledgor, shall be immediately delivered or cause to be delivered by Pledgor to the Escrow Agent in the same form as so received, together with proper instruments of assignment or endorsement duly executed by Pledgor.

4. Security Interest Only. The security interests in the Collateral granted to Secured Party hereunder are granted as security only and shall not subject the Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the Pledgor with respect to any of the Collateral or any transaction in connection therewith.

5. Record Owner of Collateral. Until an “Event of Default” (as hereinafter defined) under this Agreement which has not been cured or waived by the Secured Party shall occur, the Pledged Securities shall remain registered in the name of the Pledgor. Pledgor will promptly give to the Secured Party copies of any notices or other communications received by it and with respect to Collateral registered in the name of Pledgor.

6. Rights Related to Pledged Securities. Subject to the terms of this Agreement:

(a) Unless and until an Event of Default under this Agreement which has not been cured or waived by the Secured Party shall occur, Pledgor shall be entitled to exercise any and all voting, management, and other rights, powers and privileges accruing to an owner of the Pledged Securities, or any part thereof, for any purpose consistent with the terms of this Agreement; provided, however, such action would not materially and adversely affect the rights inuring to Secured Party under any of the Transaction Documents, or adversely affect the remedies of the Secured Party under any of the Transaction Documents, or the ability of the Secured Party to exercise same.

(b) Upon the occurrence of an Event of Default which has not been cured or waived by the Secured Party, all rights of the Pledgor in and to the Pledged Securities and all other Collateral shall cease and all such rights shall immediately vest in Secured Party, as may be determined by Secured Party, although Secured Party shall not have any duty to exercise such rights or be required to sell or to otherwise realize upon the Collateral, as hereinafter authorized, or to preserve the same, and Secured Party shall not be responsible for any failure to do so or delay in doing so. To effectuate the foregoing, Pledgor hereby grants to Secured Party a proxy to vote the Pledged Securities for and on behalf of Pledgor, which proxy is irrevocable and coupled with an interest and which proxy shall be effective upon the occurrence of any Event of Default which has not been cured or waived by the Secured Party. Such proxy shall remain in effect so long as the Obligations remain outstanding. The Company hereby agrees that any vote by Pledgor in violation of this Section 6 shall be null, void and of no force or effect. Furthermore, all dividends or other distributions received by the Pledgor shall be subject to delivery to Escrow Agent in accordance with Section 3 above, and until such delivery, any of such dividends and other distributions shall be received in trust for the benefit of the Secured Party, shall be segregated from other property or funds of the Pledgor and shall be forthwith delivered to Escrow Agent in accordance with Section 3 above.

7. Release of Pledged Securities. Upon the timely payment in full of all of the Obligations in accordance with the terms thereof, Secured Party shall timely notify the Escrow Agent in writing to such effect. Upon receipt of such written notice, the Escrow Agent shall return all of the Pledged Materials in Escrow Agent’s possession to the Pledgor, whereupon any and all rights of Secured Party in and to the Pledged Materials and all other Collateral shall be terminated.

8. Representations, Warranties, and Covenants of the Pledgor and the Company. The Pledgor and the Company hereby covenant, warrant and represent, for the benefit of the Secured Party, as follows (the following representations and warranties shall be made as of the date of this Agreement and as of each date when Pledged Securities are delivered to Escrow Agent hereunder, as applicable):

(a) The Pledged Securities are free and clear of any and all Liens, other than as created by this Agreement.

(b) The Pledged Securities have been duly authorized and are validly issued, fully paid and non-assessable, and are subject to no options to purchase, or any similar rights or to any restrictions on transferability.

(c) Each certificate or document of title constituting the Pledged Securities is genuine in all respects and represents what it purports to be.

(d) By virtue of the execution and delivery of this Agreement and upon delivery to Escrow Agent of the Pledged Securities in accordance with this Agreement, Secured Party will have a valid and perfected, first priority security interest in the Collateral, subject to no prior or other Liens of any nature whatsoever.

(e) Pledgor covenants, that for so long as this Agreement is in effect, Pledgor will defend the Collateral and the priority of Secured Party's security interests therein, at its sole cost and expense, against the claims and demands of all Persons at anytime claiming the same or any interest therein.

(f) At its option, Secured Party may pay, for Pledgor's account, any taxes (including documentary stamp taxes), Liens, security interests, or other encumbrances at any time levied or placed on the Collateral. Pledgor agrees to reimburse Secured Party on demand for any payment made or expense incurred by Secured Party pursuant to the foregoing authorization. Any such amount, if not promptly paid upon demand therefor, shall accrue interest at the highest non-usurious rate permitted by applicable law from the date of outlay, until paid, and shall constitute an Obligation secured hereby.

(g) The Pledged Securities constitute all of the securities owned, legally or beneficially, by the Pledgor of the Company, and such securities represent 90.01% of the membership interests, of the Company. At all times while this Agreement remains in effect, the Pledged Securities shall constitute and represent 90.01% of the membership interests, of the Company.

(h) The Company and the Pledgor hereby authorize Secured Party to prepare and file such financing statements, amendments and other documents and do such acts as Secured Party deems necessary in order to establish and maintain valid, attached and perfected, first priority security interests in the Collateral in favor of Secured Party, for its own benefit and as agent for its Affiliates, free and clear of all Liens and claims and rights of third parties whatsoever. The Company and Pledgor hereby irrevocably authorize Secured Party at any time, and from time to time, to file in any jurisdiction any initial financing statements, amendments, continuations and other documents in furtherance of the foregoing.



9. Events of Default. The occurrence of any one or more of the following events shall constitute an “**Event of Default**” hereunder:

(a) Default. The occurrence of any breach, default or “Event of Default” (as such term may be defined in any Transaction Documents), after applicable notice and cure periods, under any of the Transaction Documents.

(b) Covenants and Agreements. The failure of Pledgor or the Company to perform, observe or comply with any and all of the covenants, promises and agreements of the Pledgor and the Company in this Agreement, which such failure is not cured by the Pledgor or the Company within ten (10) days after receipt of written notice thereof from Secured Party, except that there shall be no notice or cure period with respect to any failure to pay any sums due under or as part of the Obligations (provided that if the failure to perform or default in performance is not capable of being cured, in Secured Party’s sole discretion, then the cure period set forth herein shall not be applicable and the failure or default shall be an immediate Event of Default hereunder).

(c) Information, Representations and Warranties. If any representation or warranty made herein or in any other Transaction Documents, or if any information contained in any financial statement, application, schedule, report or any other document given by the Company to Secured Party in connection with the Obligations, with the Collateral, or with the Transaction Documents, is not in all material respects true, accurate and complete, or if the Pledgor or the Company omitted to state any material fact or any fact necessary to make such information not misleading.

10. Rights and Remedies. Subject at all times to the Uniform Commercial Code as then in effect in the State governing this Agreement, the Secured Party shall have the following rights and remedies upon the occurrence and continuation of an Event of Default:

(a) Upon and anytime after the occurrence and continuation of an Event of Default which has not been cured or waived by the Secured Party, the Secured Party shall have the right to acquire the Pledged Securities and all other Collateral in accordance with the following procedure: (i) the Secured Party shall provide written notice of such Event of Default (the “**Default Notice**”) to the Escrow Agent, with a copy to the Pledgor and the Company; (ii) as soon as practicable after receipt of a Default Notice, the Escrow Agent shall deliver the Pledged Securities and all other Collateral, along with the applicable Transfer Documents, to the Secured Party.

(b) Upon receipt of the Pledged Securities and other Collateral issued to the Secured Party, the Secured Party shall have the right to, without notice or demand to Pledgor or the Company: (i) sell the Collateral and to apply the proceeds of such sales, net of any selling commissions, to the Obligations owed to the Secured Party by the Company under the Transaction Documents, including outstanding principal, interest, legal fees, and any other amounts owed to the Secured Party; and (ii) exercise in any jurisdiction in which enforcement hereof is sought, any rights and remedies available to Secured Party under the provisions of any of the Transaction Documents, the rights and remedies of a secured party under the Uniform Commercial Code as then in effect in the State governing this Agreement, and all other rights and remedies available to the Secured Party, under equity or applicable law, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently. In furtherance of the foregoing rights and remedies:

(i) Secured Party may sell the Pledged Securities, or any part thereof, or any other portion of the Collateral, in one or more sales, at public or private sale, conducted by any agent of, or auctioneer or attorney for Secured Party, at Secured Party's place of business or elsewhere, or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices, all as Secured Party may deem appropriate. Secured Party may be a purchaser at any such sale of any or all of the Collateral so sold. In the event Secured Party is a purchaser at any such sale, Secured Party may apply to such purchase all or any portion of the sums then due and owing by the Company to Secured Party under any of the Transaction Documents or otherwise, and the Secured Party may, upon compliance with the terms of the sale, hold, retain and dispose of such property without further accountability to the Pledgor or the Company therefore. Secured Party is authorized, in its absolute discretion, to restrict the prospective bidders or purchasers of any of the Collateral at any public or private sale as to their number, nature of business and investment intention, including the restricting of bidders or purchasers to one or more persons who represent and agree, to the satisfaction of Secured Party, that they are purchasing the Collateral, or any part thereof, for their own account, for investment, and not with a view to the distribution or resale of any of such Collateral.

(ii) Upon any such sale, Secured Party shall have the right to deliver, assign and transfer to each purchaser thereof the Collateral so sold to such purchaser. Each purchaser (including Secured Party) at any such sale shall, to the full extent permitted by law, hold the Collateral so purchased absolutely free from any claim or right whatsoever, including, without limitation, any equity or right of redemption of the Pledgor, who, to the full extent that it may lawfully do so, hereby specifically waives all rights of redemption, stay, valuation or appraisal which she now has or may have under any rule of law or statute now existing or hereafter adopted.

(iii) At any such sale, the Collateral may be sold in one lot as an entirety, in separate blocks or individually as Secured Party may determine, in its sole and absolute discretion. Secured Party shall not be obligated to make any sale of any Collateral if it shall determine in its sole and absolute discretion, not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. Secured Party may, without notice or publication, adjourn any public or private sale from time to time by announcement at the time and place fixed for such sale, or any adjournment thereof, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication.

(iv) The Pledgor and the Company acknowledge that compliance with applicable federal and state securities laws (including, without limitation, the Securities Act of 1933, as amended, blue sky or other state securities laws or similar laws now or hereafter existing analogous in purpose or effect) might very strictly limit or restrict the course of conduct of Secured Party if Secured Party were to attempt to sell or otherwise dispose of all or any part of the Collateral, and might also limit or restrict the extent to which or the manner in which any subsequent transferee of any such securities could sell or dispose of the same. The Pledgor and the Company further acknowledge that under applicable laws, Secured Party may be held to have certain general duties and obligations to the Pledgor, as pledgors of the Collateral, or the Company, to make some effort toward obtaining a fair price for the Collateral even though the obligations of the Pledgor and the Company may be discharged or reduced by the proceeds of sale at a lesser price. The Pledgor and the Company understand and agree that, to the extent allowable under applicable law, Secured Party is not to have any such general duty or obligation to the Pledgor or the Company, and neither the Pledgor nor the Company will attempt to hold Secured Party responsible for selling all or any part of the Collateral at an inadequate price even if Secured Party shall accept the first offer received or does not approach more than one possible purchaser. Without limiting their generality, the foregoing provisions would apply if, for example, Secured Party were to place all or any part of such securities for private placement by an investment banking firm, or if such investment banking firm purchased all or any part of such securities for its own account, or if Secured Party placed all or any part of such securities privately with a purchaser or purchasers.

(c) To the extent that the net proceeds received by the Secured Party are insufficient to satisfy the Obligations in full, the Secured Party shall be entitled to a deficiency judgment against the Company and any other Person obligated for the Obligations for such deficiency amount. The Secured Party shall have the absolute right to sell or dispose of the Collateral, or any part thereof, in any manner it sees fit and shall have no liability to the Pledgor, the Company, or any other party for selling or disposing of such Collateral even if other methods of sales or dispositions would or allegedly would result in greater proceeds than the method actually used. The Company and any other Person obligated for the Obligations shall remain liable for all deficiencies and shortfalls, if any, that may exist after the Secured Party has exhausted all remedies hereunder.

(d) Each right, power and remedy of the Secured Party provided for in this Agreement or any other Transaction Document shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by the Secured Party of any one or more of the rights, powers or remedies provided for in this Agreement or any other Transaction Documents, or now or hereafter existing at law or in equity or by statute or otherwise, shall not preclude the simultaneous or later exercise by the Secured Party of all such other rights, powers or remedies, and no failure or delay on the part of the Secured Party to exercise any such right, power or remedy shall operate as a waiver thereof. No notice to or demand on the Pledgor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Secured Party to any other further action in any circumstances without demand or notice. The Secured Party shall have the full power to enforce or to assign or contract its rights under this Agreement to a third party.

(e) In addition to all other remedies available to the Secured Party, upon the issuance of the Pledged Securities to the Secured Party hereunder, Pledgor and the Company each agree to: (i) take such action and prepare, distribute and/or file such documents and papers, as are required or advisable in the opinion of Secured Party and/or its counsel, to permit the sale of the Pledged Securities, whether at public sale, private sale or otherwise, including, without limitation, issuing, or causing its counsel to issue, any opinion of counsel for Pledgor or the Company required to allow the Secured Party to sell the Pledged Securities or any other Collateral under Rule 144; (ii) to bear all costs and expenses of carrying out its obligations under this Section 8(e), which shall be a part of the Obligations secured hereby; and (iv) that there is no adequate remedy at law for the failure by the Pledgor and the Company to comply with the provisions of this Section 8(e) and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements contained in this subsection may be specifically enforced.

11. Concerning the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. Escrow Agent agrees to release any property held by it hereunder (the “**Escrowed Property**”) in accordance with the terms and conditions set forth in this Agreement.

(b) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner, and execution, or validity of any instrument deposited in this escrow, nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the safekeeping of the Escrowed Property, and for the disposition of the same in accordance with this Agreement. Escrow Agent shall not be deemed to have knowledge of any matter or thing unless and until Escrow Agent has actually received written notice of such matter or thing and Escrow Agent shall not be charged with any constructive notice whatsoever.

(c) Escrow Agent shall hold in escrow, pursuant to this Agreement, the Escrowed Property actually delivered and received by Escrow Agent hereunder, but Escrow Agent shall not be obligated to ascertain the existence of (or initiate recovery of) any other property that may be part or portion of the Collateral, or to become or remain informed with respect to the possibility or probability of additional Collateral being realized upon or collected at any time in the future, or to inform any parties to this Agreement or any third party with respect to the nature and extent of any Collateral realized and received by Escrow Agent (except upon the written request of such party), or to monitor current market values of the Collateral. Further, Escrow Agent shall not be obligated to proceed with any action or inaction based on information with respect to market values of the Collateral which Escrow Agent may in any manner learn, nor shall Escrow Agent be obligated to inform the parties hereto or any third party with respect to market values of any of the Collateral at any time, Escrow Agent having no duties with respect to investment management or information, all parties hereto understanding and intending that Escrow Agent’s responsibilities are purely ministerial in nature. Any reduction in the market value or other value of the Collateral while deposited with Escrow Agent shall be at the sole risk of Pledgor and Secured Party. If all or any portion of the Escrowed Property is in the form of a check or in any other form other than cash, Escrow Agent shall deposit same as required but shall not be liable for the nonpayment thereof, nor responsible to enforce collection thereof.

(d) In the event instructions from Secured Party, Pledgor, or any other Person would require Escrow Agent to expend any monies or to incur any cost, Escrow Agent shall be entitled to refrain from taking any action until it receives payment for such costs. It is agreed that the duties of Escrow Agent are purely ministerial in nature and shall be expressly limited to the safekeeping of the Escrowed Property and for the disposition of same in accordance with this Agreement. Secured Party, Pledgor and the Company, jointly and severally, each hereby indemnifies Escrow Agent and holds it harmless from and against any and all claims, liabilities, damages, costs, penalties, losses, actions, suits or proceedings at law or in equity, or any other expenses, fees or charges of any character or nature (collectively, the “Claims”), which it may incur or with which it may be threatened, directly or indirectly, arising from or in any way connected with this Agreement or which may result from Escrow Agent’s following of instructions from Secured Party, Pledgor or the Company, and in connection therewith, indemnifies Escrow Agent against any and all expenses, including attorneys’ fees and the cost of defending any action, suit, or proceeding or resisting any Claim, whether or not litigation is instituted, unless any such Claims arise as a result of Escrow Agent’s gross negligence or willful misconduct. Escrow Agent shall be vested with a lien on all Escrowed Property under the terms of this Agreement, for indemnification, attorneys’ fees, court costs and all other costs and expenses arising from any suit, interpleader or otherwise, or other expenses, fees or charges of any character or nature, which may be incurred by Escrow Agent by reason of disputes arising between Pledgor, the Company, Secured Party, or any third party as to the correct interpretation of this Agreement, and instructions given to Escrow Agent hereunder, or otherwise, with the right of Escrow Agent, regardless of the instruments aforesaid and without the necessity of instituting any action, suit or proceeding, to hold any property hereunder until and unless said additional expenses, fees and charges shall be fully paid. Any fees and costs charged by the Escrow Agent for serving hereunder shall be paid by the Pledgor and the Company, jointly and severally.

(e) In the event Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from Secured Party, the Company, Pledgor or from third persons with respect to the Escrowed Property, which, in Escrow Agent’s sole opinion, are in conflict with each other or with any provision of this Agreement, Escrow Agent shall be entitled to refrain from taking any action until it shall be directed otherwise in writing by Pledgor, the Company and Secured Party and said third persons, if any, or by a final order or judgment of a court of competent jurisdiction. If any of the parties shall be in disagreement about the interpretation of this Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, at its sole discretion, deposit the Escrowed Property with a court having jurisdiction over this Agreement, and, upon notifying all parties concerned of such action, all liability on the part of the Escrow Agent shall fully cease and terminate. The Escrow Agent shall be indemnified by the Pledgor, the Company and Secured Party for all costs, including reasonable attorneys’ fees, in connection with the aforesaid proceeding, and shall be fully protected in suspending all or a part of its activities under this Agreement until a final decision or other settlement in the proceeding is received. In the event Escrow Agent is joined as a party to a lawsuit by virtue of the fact that it is holding the Escrowed Property, Escrow Agent shall, at its sole option, either: (i) tender the Collateral in its possession to the registry of the appropriate court; or (ii) disburse the Collateral in its possession in accordance with the court’s ultimate disposition of the case, and Secured Party, the Company and Pledgor hereby, jointly and severally, indemnify and hold Escrow Agent harmless from and against any damages or losses in connection therewith including, but not limited to, reasonable attorneys’ fees and court costs at all trial and appellate levels.

(f) The Escrow Agent may consult with counsel of its own choice (and the costs of such counsel shall be paid by the Pledgor, the Company and Secured Party, jointly and severally) and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent shall not be liable for any mistakes of fact or error of judgment, or for any actions or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(g) The Escrow Agent may resign upon ten (10) days' written notice to the parties in this Agreement. If a successor Escrow Agent is not appointed by Secured Party and Pledgor within this ten (10) day period, the Escrow Agent may petition a court of competent jurisdiction to name a successor.

(h) Conflict Waiver. The Pledgor and the Company hereby acknowledge that the Escrow Agent is counsel to the Secured Party in connection with the transactions contemplated and referred herein. The Pledgor and the Company agree that in the event of any dispute arising in connection with this Agreement or otherwise in connection with any transaction or agreement contemplated and referred herein, the Escrow Agent shall be permitted to continue to represent the Secured Party and neither the Pledgor, nor the Company, will seek to disqualify such counsel and each of them waives any objection Pledgor or the Company might have with respect to the Escrow Agent acting as the Escrow Agent pursuant to this Agreement. Pledgor, the Company and Secured Party acknowledge and agree that nothing in this Agreement shall prohibit Escrow Agent from: (i) serving in a similar capacity on behalf of others; or (ii) acting in the capacity of attorneys for one or more of the parties hereto in connection with any matter.

12. Increase in Obligations. It is the intent of the parties to secure payment of the Obligations, as the amount of such Obligations may increase from time to time in accordance with the terms and provisions of the Transaction Documents, and all of the Obligations, as so increased from time to time, shall be and are secured hereby. Upon the execution hereof, Pledgor and the Company shall pay any and all documentary stamp taxes and/or other charges required to be paid in connection with the execution and enforcement of the Transaction Documents, and if, as and to the extent the Obligations are increased from time to time in accordance with the terms and provisions of the Transaction Documents, then Pledgor and the Company shall immediately pay any additional documentary stamp taxes or other charges in connection therewith.

13. Irrevocable Authorization and Instruction. If applicable, Pledgor and the Company hereby authorize and instruct the transfer agent for such Company (or transfer agents if there is more than one) to comply with any instruction received by it from Secured Party in writing that: (i) states that an Event of Default hereunder exists or has occurred; and (b) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from Pledgor or the Company, and Pledgor and such Company agree that such transfer agents shall be fully protected in so complying with any such instruction from Secured Party.



14. Appointment as Attorney-in-Fact. The Company and Pledgor hereby irrevocably constitutes and appoints Secured Party and any officer or agent of Secured Party, with full power of substitution, as its true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of Pledgor or such Company, as applicable, and in the name of Pledgor, such Company, or in the name of Secured Party, as applicable, from time to time in the discretion of Secured Party, so long as an Event of Default hereunder exists, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, including any financing statements, endorsements, assignments or other instruments of transfer. Pledgor and the Company each hereby ratify all that said attorneys shall lawfully do or cause to be done pursuant to the power of attorney granted in this Section 14. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until the Obligations are paid and performed in full.

15. Continuing Obligation of Pledgor and the Company. The obligations, covenants, agreements and duties of the Pledgor and the Company under this Agreement shall in no way be affected or impaired by: (i) the modification or amendment (whether material or otherwise) of any of the obligations of the Pledgor or the Company or any other Person, as applicable; (ii) the voluntary or involuntary bankruptcy, assignment for the benefit of creditors, reorganization, or other similar proceedings affecting the Company, Pledgor or any other Person, as applicable; (iii) the release of the Company, Pledgor or any other Person from the performance or observance of any of the agreements, covenants, terms or conditions contained in any Transaction Documents, by the operation of law or otherwise, including the release of the Company's or Pledgor's obligation to pay interest or attorney's fees.

Pledgor and the Company further agree that Secured Party may take other guaranties or collateral or security to further secure the Obligations, and consent that any of the terms, covenants and conditions contained in any of the Transaction Documents may be renewed, altered, extended, changed or modified by Secured Party or may be released by Secured Party, without in any manner affecting this Agreement or releasing Pledgor herefrom, and Pledgor shall continue to be liable hereunder to pay and perform pursuant hereto, notwithstanding any such release or the taking of such other guaranties, collateral or security. This Agreement is additional and supplemental to any and all other guarantees, security agreements or collateral heretofore and hereafter executed by Pledgor and the Company for the benefit of Secured Party, whether relating to the indebtedness evidenced by any of the Transaction Documents or not, and shall not supersede or be superseded by any other document or guaranty executed by Pledgor, the Company or any other Person for any purpose. Pledgor and the Company hereby agree that Pledgor, the Company, and any additional parties who may become liable for repayment of the sums due under the Transaction Documents, may hereafter be released from their liability hereunder and thereunder; and Secured Party may take, or delay in taking or refuse to take, any and all action with reference to any of the Transaction Documents (regardless of whether same might vary the risk or alter the rights, remedies or recourses of Pledgor), including specifically the settlement or compromise of any amount allegedly due thereunder, all without notice to, consideration to or the consent of the Pledgor, and without in any way releasing, diminishing or affecting in any way the absolute nature of Pledgor's obligations and liabilities hereunder.

No delay on the part of the Secured Party in exercising any rights hereunder or failure to exercise the same shall operate as a waiver of such rights. Pledgor and the Company hereby waive any and all legal requirements, statutory or otherwise, that Secured Party shall institute any action or proceeding at law or in equity or exhaust its rights, remedies and recourses against Pledgor, the Company or anyone else with respect to the Transaction Documents, as a condition precedent to bringing an action against Pledgor or the Company upon this Agreement or as a condition precedent to Secured Party's rights to sell the Pledged Securities or any other Collateral. Pledgor and the Company agree that Secured Party may simultaneously maintain an action upon this Agreement and an action or proceeding upon the Transaction Documents. All remedies afforded by reason of this Agreement are separate and cumulative remedies and may be exercised serially, simultaneously and in any order, and the exercise of any of such remedies shall not be deemed an exclusion of the other remedies and shall in no way limit or prejudice any other contractual, legal, equitable or statutory remedies which Secured Party may have in the Pledged Securities, any other Collateral, or under the Transaction Documents. Until the Obligations, and all extensions, renewals and modifications thereof, are paid in full, and until each and all of the terms, covenants and conditions of this Agreement are fully performed, Pledgor shall not be released by any act or thing which might, but for this provision of this Agreement, be deemed a legal or equitable discharge of a surety, or by reason of any waiver, extension, modification, forbearance or delay of Secured Party or any obligation or agreement between the Company or their successors or assigns, and the then holder of the Transaction Documents, relating to the payment of any sums evidenced or secured thereby or to any of the other terms, covenants and conditions contained therein, and Pledgor hereby expressly waive and surrender any defense to liability hereunder based upon any of the foregoing acts, things, agreements or waivers, or any of them. Pledgor and the Company also waive any defense arising by virtue of any disability, insolvency, bankruptcy, lack of authority or power or dissolution of Pledgor or the Company, even though rendering the Transaction Documents void, unenforceable or otherwise uncollectible, it being agreed that Pledgor and the Company shall remain liable hereunder, regardless of any claim which Pledgor or the Company might otherwise have against Secured Party by virtue of Secured Party's invocation of any right, remedy or recourse given to it hereunder or under the Transaction Documents. In addition, Pledgor waives and renounces any right of subrogation, reimbursement or indemnity whatsoever, and any right of recourse to security for the Obligations of the Company to Secured Party, unless and until all of said Obligations have been paid in full to Secured Party.

Pledgor agrees and understands that Secured Party's right to exercise its rights hereunder, in the Event of a Default, is a non-judicial remedy. Accordingly, Pledgor waives and release any and all claims or defenses that they may have or come to have in connection with Secured Party's enforcement of such rights other than as to proof of repayment. Pledgor further stipulates that as a condition precedent to its filing or taking any action that would delay or impair the recognition or enforcement of Secured Party's rights pursuant to its enforcement of its rights hereunder, Pledgor shall be required to post a bond in the amount of 20% of the remaining principal and interest due to Secured Party under the Purchase Agreement at the time of Secured Party's enforcement of its rights hereunder.

16. Miscellaneous.

(a) Performance for Pledgor or the Company. The Pledgor and the Company agree and hereby acknowledge that Secured Party may, in Secured Party's sole discretion, but Secured Party shall not be obligated to, whether or not an Event of Default shall have occurred, advance funds on behalf of the Company or Pledgor, without prior notice to the Pledgor or the Company, in order to insure the Company's and Pledgor's compliance with any covenant, warranty, representation or agreement of the Pledgor or the Company made in or pursuant to this Agreement or the other Transaction Documents, to continue or complete, or cause to be continued or completed, performance of the Pledgor's and the Company's obligations under any contracts of the Pledgor or the Company, or to preserve or protect any right or interest of Secured Party in the Collateral or under or pursuant to this Agreement or the other Transaction Documents; provided, however, that the making of any such advance by Secured Party shall not constitute a waiver by Secured Party of any Event of Default with respect to which such advance is made, nor relieve the Pledgor or the Company of any such Event of Default. The Pledgor and the Company, respectively and as applicable, shall pay to Secured Party upon demand all such advances made by Secured Party with interest thereon at the highest rate permitted by applicable law. All such advances shall be deemed to be included in the Obligations and secured by the security interest granted Secured Party hereunder; provided, however, that the provisions of this Subsection shall survive the termination of this Agreement and Secured Party's security interest hereunder and the payment of all other Obligations.

(b) Applications of Payments and Collateral. Except as may be otherwise specifically provided in this Agreement or the other Transaction Documents, all Collateral and proceeds of Collateral coming into Secured Party's possession may be applied by Secured Party (after payment of any costs, fees and other amounts incurred by Secured Party in connection therewith) to any of the Obligations, whether matured or unmatured, as Secured Party shall determine in its sole discretion. Any surplus held by the Secured Party and remaining after the indefeasible payment in full in cash of all of the Obligations shall be paid over to whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct. In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which the Secured Party is legally entitled, the Company shall be liable for the deficiency, together with interest thereon at the highest rate permitted by applicable law, together with the costs of collection and the reasonable fees, costs, expenses and other client charges of any attorneys employed by the Secured Party to collect such deficiency.

(c) Waivers by Pledgor and the Company. The Company and the Pledgor hereby waive, to the extent the same may be waived under applicable law: (i) notice of acceptance of this Agreement; (ii) all claims and rights of the Pledgor and the Company against Secured Party on account of actions taken or not taken by Secured Party in the exercise of Secured Party's rights or remedies hereunder, under any other Transaction Documents or under applicable law; (iii) all claims of the Pledgor and the Company for failure of Secured Party to comply with any requirement of applicable law relating to enforcement of Secured Party's rights or remedies hereunder, under the other Transaction Documents or under applicable law; (iv) all rights of redemption of the Pledgor with respect to the Collateral; (v) in the event Secured Party seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (vi) presentment, demand for payment, protest and notice of non-payment and all exemptions applicable to any of the Collateral or the Pledgor or the Company; (vii) any and all other notices or demands which by applicable law must be given to or made upon the Pledgor or the Company by Secured Party; (viii) settlement, compromise or release of the obligations of any person or entity primarily or secondarily liable upon any of the Obligations; (ix) all rights of the Pledgor or the Company to demand that Secured Party release account debtors or other persons or entities liable on any of the Collateral from further obligation to Secured Party; and (x) substitution, impairment, exchange or release of any Collateral for any of the Obligations. The Pledgor and the Company agree that Secured Party may exercise any or all of its rights and/or remedies hereunder and under any other Transaction Documents and under applicable law without resorting to and without regard to any Collateral or sources of liability with respect to any of the Obligations.

(d) Waivers by Secured Party. No failure or any delay on the part of Secured Party in exercising any right, power or remedy hereunder or under any other Transaction Documents or under applicable law, shall operate as a waiver thereof.

(e) Secured Party's Setoff. Secured Party shall have the right, in addition to all other rights and remedies available to it, following an Event of Default, to set off against any Obligations due Secured Party, any debt owing to the Pledgor or the Company by Secured Party.

(f) Modifications, Waivers and Consents. No modifications or waiver of any provision of this Agreement or any other Transaction Documents, and no consent by Secured Party to any departure by the Pledgor or the Company therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given, and any single or partial written waiver by Secured Party of any term, provision or right of Secured Party hereunder shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver of any other right, power or remedy. No notice to or demand upon the Pledgor or the Company in any case shall entitle Pledgor or the Company to any other or further notice or demand in the same, similar or other circumstances.

(g) Notices. All notices of request, demand and other communications hereunder shall be addressed, sent and deemed delivered in accordance with the Purchase Agreement, including delivery of any such notices or communications to the Pledgor on behalf of the Company, which the Company hereby agrees and acknowledges shall be valid and effective notice to the Company hereunder.

(h) APPLICABLE LAW AND CONSENT TO JURISDICTION. THE PLEDGOR, THE COMPANY AND THE SECURED PARTY EACH IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS AGREEMENT (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, SECURED PARTY MAY, AT SECURED PARTY'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. THE PLEDGOR, THE COMPANY AND SECURED PARTY EACH HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING ITS SITUS IN SAID COUNTY (OR TO ANY OTHER JURISDICTION OR VENUE, IF SECURED PARTY SO ELECTS), AND EACH WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS. THE PLEDGOR AND THE COMPANY EACH HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENT THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE PLEDGOR OR THE COMPANY, AS APPLICABLE, AS SET FORTH HEREIN AND IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE. EXCEPT FOR THE FOREGOING MANDATORY FORUM SELECTION CLAUSE, THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WYOMING, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

(i) Survival: Successors and Assigns. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery hereof, and shall continue in full force and effect until all Obligations have been paid in full, there exists no commitment by Secured Party which could give rise to any Obligations. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. In the event that Secured Party assigns this Agreement and/or its security interest in the Collateral, such assignment shall be binding upon and recognized by the Pledgor. All covenants, agreements, representations and warranties by or on behalf of the Pledgor or the Company which are contained in this Agreement shall inure to the benefit of Secured Party, its successors and assigns. Neither the Pledgor, nor the Company, may assign this Agreement or delegate any of their respective rights or obligations hereunder, without the prior written consent of Secured Party, which consent may be withheld in Secured Party's sole and absolute discretion.

(j) Severability. If any term, provision or condition, or any part thereof, of this Agreement shall for any reason be found or held invalid or unenforceable by any court or governmental authority of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

(k) Merger, Integration and Non-Reliance. This Agreement and the other Transaction Documents contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement or promise made by any party hereto, or by any employee, officer, agent or attorney of any party hereto, which is not contained herein shall be valid or binding. Further, Pledgor understands and acknowledges that the agents and representatives of the Secured Party do not have authority to make any statements, promises or representations in conflict with or in addition to the information contained in this Agreement or any other loan document, and Secured Party hereby specifically disclaims any responsibility for any such statements, promises or representations. by execution of this Agreement, Pledgor acknowledges that he has not relied upon such statements, promises or representations, if any, and waives any rights, defenses, or claims arising from any such statements, promises or representations.

(l) WAIVER OF JURY TRIAL. THE PLEDGOR AND THE COMPANY EACH HEREBY: (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY; AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE PLEDGOR, THE COMPANY AND SECURED PARTY MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS AGREEMENT, AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO DEBTOR-CREDITOR RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS AGREEMENT. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE PLEDGOR AND THE COMPANY AND THE PLEDGOR AND THE COMPANY HEREBY AGREE THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. SECURED PARTY IS HEREBY AUTHORIZED TO SUBMIT THIS AGREEMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PLEDGOR, THE COMPANY AND SECURED PARTY, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY. THE PLEDGOR AND THE COMPANY REPRESENT AND WARRANT THAT EACH OF THEM HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND/OR THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

(m) Execution. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed and considered one and the same Agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format file or other similar format file, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

(n) Headings. The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and shall not be used or deemed to limit or diminish any of the provisions hereof.

(o) Gender and Use of Singular and Plural. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the party or parties or their personal representatives, successors and assigns may require.



(p) Further Assurances. The parties hereto will execute and deliver such further instruments and do such further acts and things as may be reasonably required to carry out the intent and purposes of this Agreement, including the execution and filing of UCC-1 Financing Statements in any jurisdiction as Secured Party may require.

(q) Time is of the Essence. The parties hereby agree that time is of the essence with respect to performance of each of the parties' obligations under this Agreement. The parties agree that in the event that any date on which performance is to occur falls on a Saturday, Sunday or state or national holiday, then the time for such performance shall be extended until the next business day thereafter occurring.

(r) Joint Preparation. The preparation of this Agreement has been a joint effort of the parties and the resulting documents shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

(s) Prevailing Party. If any legal action or other proceeding is brought for the enforcement of this Agreement or any other Transaction Documents, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement or any other Transaction Documents, the successful or prevailing party or parties shall be entitled to recover from the non-prevailing party, reasonable attorneys' fees, court costs and all expenses, even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

(t) Costs and Expenses. The Pledgor and the Company, jointly and severally, agree to pay to the Secured Party, upon demand, the amount of any and all costs and expenses, including the reasonable fees, costs, expenses and disbursements of counsel for the Secured Party and of any experts and agents, which the Secured Party may incur in connection with: (i) the preparation, negotiation, execution, delivery, recordation, administration, amendment, waiver or other modification or termination of this Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Collateral; (iii) the exercise, enforcement or defense of any of the rights of the Secured Party hereunder, including at all levels of litigation; or (iv) the failure by the Pledgor or the Company to perform or observe any of the provisions hereof. Included in the foregoing shall be the amount of all expenses paid or incurred by Secured Party in consulting with counsel concerning any of its rights hereunder, under any Transaction Documents or under applicable law, as well as such portion of Secured Party's overhead as Secured Party shall allocate to collection and enforcement of the Obligations in Secured Party's sole but reasonable discretion. All such costs and expenses shall bear interest from the date of outlay until paid, at the highest rate allowed by law. The provisions of this Subsection shall survive the termination of this Agreement and Secured Party's security interest hereunder and the payment of all Obligations.

(u) Joint and Several Liability. The liability of Pledgor shall be joint and several with the liability of the Company and any other Person liable for the Obligations.

**[Signatures on the following page]**

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

**PLEDGOR:**

**PACIFIC VENTURES GROUP, INC.**

\_\_\_\_\_  
Name:Shannon Masjedi  
Title: Chief Executive Officer

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, Chief Executive Officer of Pacific Ventures Group, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

[Signature Page – Pacific - Seaport Pledge and Escrow Agreement]

\_\_\_\_\_

**COMPANY:**

**SEAPORT GROUP ENTERPRISES, LLC**

Name: \_\_\_\_\_  
Title: Manager

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, Manager of Seaport Group Enterprises, LLC, a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_

**SECURED PARTY:**

**TCA SPECIAL SITUATIONS CREDIT STRATEGIES  
ICAV**

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page – Pacific - Seaport Pledge and Escrow Agreement]

\_\_\_\_\_

## Exhibit 10.7

## SECURITY AGREEMENT

This **SECURITY AGREEMENT** (the “**Security Agreement**”) dated and made effective as of December \_\_\_\_, 2019, is executed by **Pacific Ventures Group, Inc.**, a Delaware corporation (the “**Debtor**”), with its chief executive offices located at 117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015 and **TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV** (the “**Secured Party**”).

RECITALS:

WHEREAS, pursuant to a Securities Purchase Agreement dated as of December \_\_, 2019 and effective as of December \_\_, 2019 by and between Debtor and the Secured Party (the “**Purchase Agreement**”) and acknowledged and agreed by certain other credit parties, the Debtor has agreed to issue to the Secured Party and the Secured Party has agreed to purchase from Debtor certain secured redeemable debentures (the “**Debentures**”), as more specifically set forth in the Purchase Agreement; and

WHEREAS, in order to induce the Secured Party to purchase the Debentures, the Debtor has agreed to execute and deliver to the Secured Party this Agreement for the benefit of the Secured Party and to grant to Secured Party an unconditional and continuing, first priority security interest in all of the assets and property of the Debtor to secure the prompt payment, performance and discharge in full of all of Debtor’s obligations under the Debentures, the Purchase Agreement and the other Transaction Documents.

AGREEMENTS:**1 DEFINITIONS.**

1.1 Defined Terms. Capitalized terms used but not otherwise defined in this Security Agreement (including the Recitals) shall have the meanings ascribed to them in the Purchase Agreement. For the purposes of this Security Agreement, the following capitalized words and phrases shall have the meanings set forth below.

(a) “**Capital Securities**” shall mean, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s capital, whether now outstanding or issued or acquired after the date hereof, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent of such ownership interest.

(b) “**Collateral**” shall have the meaning set forth in Section 2.1 hereof.

(c) “**Obligor**” shall mean Debtor, or any other party liable with respect to the Obligations.

(d) “**Organizational Identification Number**” means, with respect to Debtor, the organizational identification number assigned to Debtor by the applicable governmental unit or agency of the jurisdiction of organization of Debtor, if any.

(e) “**Taxes**” shall mean any and all present and future taxes, duties, levies, imposts, deductions, assessments, charges or withholdings, and any and all liabilities (including interest and penalties and other additions to taxes) with respect to the foregoing.

(f) “**Unmatured Event of Default**” shall mean any event which, with the giving of notice, the passage of time or both, would constitute an Event of Default.

1.2 Other Terms Defined in UCC. All other capitalized words and phrases used herein and not otherwise specifically defined herein or in the Purchase Agreement shall have the respective meanings assigned to such terms in the UCC, to the extent the same are used or defined therein.

1.3 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. Whenever the context so requires, the neutral gender includes the masculine and feminine, the single number includes the plural, and vice versa, and in particular the word “Debtor” shall be so construed.

(b) Section and Schedule references are to this Security Agreement unless otherwise specified. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Security Agreement shall refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement

(c) The term “including” (or words of similar import) is not limiting, and means “including, without limitation”.

(d) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including”.

(e) Unless otherwise expressly provided herein: (i) references to agreements (including this Security Agreement and the other Transaction Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, supplements and other modifications thereto, but only to the extent such amendments, restatements, supplements and other modifications are not prohibited by the terms of any Transaction Document; and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation.

(f) To the extent any of the provisions of the other Transaction Documents are inconsistent with the terms of this Security Agreement, the provisions of this Security Agreement shall govern.



(g) This Security Agreement and the other Transaction Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and each shall be performed in accordance with its terms.

## 2 SECURITY FOR THE OBLIGATIONS.

2.1 Security for Obligations. As security for the payment and performance of the Obligations, Debtor does hereby pledge, assign, transfer, deliver and grant to Secured Party, for its own benefit and as agent for its Affiliates, a continuing and unconditional first priority security interest in and to any and all property of Debtor, of any kind or description, tangible or intangible, wheresoever located and whether now existing or hereafter arising or acquired, including the following (all of which property for Debtor, along with the products and proceeds therefrom, are individually and collectively referred to as the “Collateral”):

(a) all property of, or for the account of, Debtor now or hereafter coming into the possession, control or custody of, or in transit to, Secured Party or any agent or bailee for Secured Party or any parent, affiliate or subsidiary of Secured Party or any participant with Secured Party in the Obligations (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise), including all cash, earnings, dividends, interest, or other rights in connection therewith and the products and proceeds therefrom, including the proceeds of insurance thereon; and

(b) the additional property of Debtor, whether now existing or hereafter arising or acquired, and wherever now or hereafter located, together with all additions and accessions thereto, substitutions, betterments and replacements therefor, products and Proceeds therefrom, and all of Debtor’s books and records and recorded data relating thereto (regardless of the medium of recording or storage), together with all of Debtor’s right, title and interest in and to all computer software required to utilize, create, maintain and process any such records or data on electronic media, identified and set forth as follows:

(i) All Accounts and all goods whose sale, lease or other disposition by Debtor has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, Debtor, or rejected or refused by any of its customers;

(ii) All Inventory, including raw materials, work-in-process and finished goods;

(iii) All goods (other than Inventory), including embedded software, Equipment, vehicles, furniture and Fixtures;

(iv) All Software and computer programs;

(v) All Securities, Investment Property, financial assets and Deposit Accounts, and all funds at any time deposited therewith, and all funds and amounts reserved or held back by any of the Debtor’s payment processing service providers;

(vi) All As-Extracted Collateral, Commodity Accounts, Commodity Contracts, and Farm Products;

(vii) All Chattel Paper, Electronic Chattel Paper, Instruments, Documents, Letter of Credit Rights, all proceeds of letters of credit, Health-Care-Insurance Receivables, Supporting Obligations, notes secured by real estate, Commercial Tort Claims and General Intangibles, including Payment Intangibles; and

(viii) All real estate property owned by Debtor and the interest of Debtor in fixtures related to such real property;

(ix) All Proceeds (whether Cash Proceeds or Non-cash Proceeds) of the foregoing property, including all insurance policies and proceeds of insurance payable by reason of loss or damage to the foregoing property, including unearned premiums, and of eminent domain or condemnation awards.

**2.2 Possession and Transfer of Collateral.** Until an Event of Default which has not been cured or waived by the Secured Party has occurred, Debtor shall be entitled to possession and use of the Collateral (other than Instruments or Documents (including Tangible Chattel Paper and Investment Property consisting of certificated securities) and other Collateral required to be delivered to Secured Party pursuant to this Section 2). The cancellation or surrender of any promissory note evidencing an Obligation, upon payment or otherwise, shall not affect the right of Secured Party to retain the Collateral for any other of the Obligations, except upon payment in full of the Obligations. Debtor shall not sell, assign (by operation of law or otherwise), license, lease or otherwise dispose of, or grant any option with respect to any of the Collateral, except as permitted pursuant to the Purchase Agreement.

**2.3 Financing Statements.** Debtor authorizes Secured Party to prepare and file such financing statements, amendments and other documents and do such acts as Secured Party deems necessary in order to establish and maintain valid, attached and perfected, first priority security interests in the Collateral in favor of Secured Party, for its own benefit and as agent for its Affiliates, free and clear of all Liens and claims and rights of third parties whatsoever, except Permitted Liens. Debtor hereby irrevocably authorizes Secured Party at any time, and from time to time, to file in any jurisdiction any initial financing statements and amendments thereto that: (a) indicate the Collateral: (i) is comprised of all assets of Debtor (or words of similar effect), regardless of whether any particular asset comprising a part of the Collateral falls within the scope of Article 9 of the UCC of the jurisdiction wherein such financing statement or amendment is filed; or (ii) as being of an equal or lesser scope or within greater detail as the grant of the security interest set forth herein; and (b) contain any other information required by Section 5 of Article 9 of the UCC of the jurisdiction wherein such financing statement or amendment is filed regarding the sufficiency or filing office acceptance of any financing statement or amendment, including: (A) whether Debtor is an organization, the type of organization and any Organizational Identification Number issued to Debtor; and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of the real property to which the Collateral relates. Debtor agrees to furnish any such information to Secured Party promptly upon request. In addition, Debtor shall make appropriate entries on its books and records disclosing the security interests of Secured Party, for its own benefit and as agent for its Affiliates, in the Collateral. Debtor hereby agrees that a photogenic or other reproduction of this Security Agreement is sufficient for filing as a financing statement and Debtor authorizes Secured Party to file this Security Agreement as a financing statement in any jurisdiction.

2.4 Preservation of the Collateral. Secured Party may, but is not required to, take such actions from time to time as Secured Party reasonably deems appropriate to maintain or protect the Collateral. Secured Party shall have exercised reasonable care in the custody and preservation of the Collateral if Secured Party takes such action as Debtor shall reasonably request in writing which is not inconsistent with Secured Party's status as a secured party, but the failure of Secured Party to comply with any such request shall not be deemed a failure to exercise reasonable care; provided, however, Secured Party's responsibility for the safekeeping of the Collateral shall: (i) be deemed reasonable if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property; and (ii) not extend to matters beyond the control of Secured Party, including acts of God, war, insurrection, riot or governmental actions. In addition, any failure of Secured Party to preserve or protect any rights with respect to the Collateral against prior or third parties, or to do any act with respect to preservation of the Collateral, not so requested by Debtor, shall not be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Debtor shall have the sole responsibility for taking such action as may be necessary, from time to time, to preserve all rights of Debtor and Secured Party in the applicable Collateral against prior or third parties. Without limiting the generality of the foregoing, where Collateral consists, in whole or in part, of Capital Securities, Debtor represents to, and covenants with, Secured Party that Debtor has made arrangements for keeping informed of changes or potential changes affecting the Capital Securities (including rights to convert or subscribe, payment of dividends, reorganization or other exchanges, tender offers and voting rights), and Debtor agrees that Secured Party shall have no responsibility or liability for informing Debtor of any such or other changes or potential changes or for taking any action or omitting to take any action with respect thereto.

2.5 Other Actions as to any and all Collateral. Debtor further agrees to take any other action reasonably requested by Secured Party to ensure the attachment, perfection and first priority of, and the ability of Secured Party to enforce, the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in any and all of the Collateral, including: (i) causing Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the bank to enforce, the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in such Collateral; (ii) complying with any provision of any statute, regulation or treaty of the United States as to any material portion of the Collateral as soon as possible but not more than forty-five (45) days after such request if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in such Collateral; (iii) obtaining governmental and other third party consents and approvals, including, without limitation, any consent of any licensor, lessor or other Person with authority or control over or an interest in any material portion of the Collateral as soon as possible but not more than forty-five (45) days after such request; (iv) obtaining waivers from mortgagees and landlords in form and substance reasonably satisfactory to Secured Party which affect any material portion of the Collateral as soon as possible but not more than forty-five (45) days after such request; and (v) taking all actions required by the UCC in effect from time to time or by other law, as applicable in any relevant UCC jurisdiction, or by other law as applicable in any foreign jurisdiction. Debtor further agrees to indemnify and hold Secured Party harmless against claims of any Persons not a party to this Security Agreement concerning disputes arising over the Collateral, except to the extent resulting from the gross negligence or willful misconduct of Secured Party or its Affiliates.

2.6 Collateral in the Possession of a Warehouseman or Bailee. If any material portion of the Collateral at any time is in the possession of a warehouseman or bailee, Debtor shall promptly notify Secured Party thereof, and, as soon as possible, but not more than forty-five (45) days later, shall obtain a collateral access agreement in form and substance reasonably satisfactory to Secured Party from such warehouseman or bailee.

2.7 Letter-of-Credit Rights. If Debtor at any time is a beneficiary under a letter of credit now or hereafter issued in favor of Debtor, Debtor shall promptly notify Secured Party thereof and, at the request and option of Secured Party, Debtor shall, pursuant to an agreement in form and substance reasonably satisfactory to Secured Party, either: (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Secured Party, for its own benefit and as agent for its Affiliates, of the proceeds of any drawing under the letter of credit; or (ii) arrange for Secured Party, for its own benefit and as agent for its Affiliates, to become the transferee beneficiary of the letter of credit, with Secured Party agreeing, in each case, that the proceeds of any drawing under the letter to credit are to be applied as provided in the Purchase Agreement and the Debentures.

2.8 Commercial Tort Claims. If Debtor shall at any time hold or acquire a Commercial Tort Claim, Debtor shall promptly notify Secured Party in writing signed by Debtor of the details thereof and grant to Secured Party, for its own benefit and as agent for its Affiliates, in such written notice or other written instrument, a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, in each case in form and substance reasonably satisfactory to Secured Party, and shall execute any amendments hereto deemed reasonably necessary by Secured Party to perfect the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in such Commercial Tort Claim.

2.9 Electronic Chattel Paper and Transferable Records. If Debtor at any time holds or acquires an interest in any electronic chattel paper or any “transferable record”, as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, Debtor shall promptly notify Secured Party thereof and, at the request of Secured Party, shall take such action as Secured Party may reasonably request to vest in Secured Party control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Secured Party agrees with Debtor that Secured Party will arrange, pursuant to procedures reasonably satisfactory to Secured Party and so long as such procedures will not result in Secured Party’s loss of control, for Debtor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act, for a party in control to make without loss of control.

2.10 Additional Requirements on Collateral. Debtor shall fully cooperate with Secured Party to obtain and keep in effect one or more control agreements in Deposit Accounts, Electronic Chattel Paper, Investment Property and Letter-of-Credit Rights Collateral. Such control agreements shall only be required if, in the reasonable discretion of the Secured Party, the nature of the Collateral requires any such control agreements in order for the Secured Party to perfect its security interests in any Collateral as granted hereunder, and in such event, Debtor shall promptly provide any such control agreements upon request from the Secured Party. In addition, Debtor, at the Debtor's expense, shall promptly: (A) execute all notices of security interest for each relevant type of Software and other General Intangibles in forms suitable for filing with any United States or foreign office handling the registration or filing of patents, trademarks, copyrights and other intellectual property and any successor office or agency thereto; and (B) take all commercially reasonable steps in any hearing, suit, action, or other proceeding before any such office or any similar office or agency in any other country or any political subdivision thereof, to diligently prosecute or maintain, as applicable, each application and registration of any Software, General Intangibles or any other intellectual property rights and assets that are part of the Collateral, including filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.

### **3 REPRESENTATIONS AND WARRANTIES.**

Debtor makes the following representations and warranties to Secured Party:

3.1 Debtor Organization and Name. Debtor is a corporation, duly organized, existing and in good standing under the laws of its State of organization, with full and adequate power to carry on and conduct its business as presently conducted. Debtor is duly licensed or qualified in all foreign jurisdictions wherein the nature of its activities requires such qualification or licensing. Debtor's Organizational Identification Number, if applicable, is set forth in the Purchase Agreement. The exact legal name of Debtor is as set forth in the first paragraph of this Security Agreement, and Debtor currently does not conduct, nor has it during the last five (5) years conducted, business under any other name or trade name.

3.2 Authorization. Debtor has full right, power and authority to enter into this Security Agreement and to perform all of its duties and obligations under this Security Agreement. The execution and delivery of this Security Agreement and the other Transaction Documents will not, nor will the observance or performance of any of the matters and things herein or therein set forth, violate or contravene any provision of law or of the articles of incorporation, bylaws, operating agreement, or other governing documents of Debtor. All necessary and appropriate action has been taken on the part of Debtor to authorize the execution and delivery of this Security Agreement.

3.3 Validity and Binding Nature. This Security Agreement is the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

3.4 Consent; Absence of Breach. The execution, delivery and performance of this Security Agreement and any other documents or instruments to be executed and delivered by Debtor in connection herewith, do not and will not to the knowledge of Debtor: (a) require any consent, approval, authorization, or filings with, notice to or other act by or in respect of, any governmental authority or any other Person (other than filings or notices pursuant to federal or state securities laws or other than any consent or approval which has been obtained and is in full force and effect); (b) conflict with: (i) any provision of law or any applicable regulation, order, writ, injunction or decree of any court or governmental authority; (ii) the articles of incorporation, bylaws, or other organic or governance document of Debtor; or (iii) any agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding upon Debtor or any of its properties or assets; or (c) require, or result in, the creation or imposition of any Lien on any asset of Debtor, other than Liens in favor of Secured Party created pursuant to this Security Agreement and Permitted Liens.

3.5 Ownership of Collateral; Liens. Debtor is the sole owner of all the Collateral, free and clear of all Liens, charges and claims (including infringement claims with respect to patents, trademarks, service marks, copyrights and other intellectual property rights), other than Permitted Liens.

3.6 Adverse Circumstances. No condition, circumstance, event, agreement, document, instrument, restriction, litigation or proceeding (or threatened litigation or proceeding or basis therefor) exists which to the knowledge of Debtor: (i) would have a Material Adverse Effect upon Debtor; or (ii) would constitute an Event of Default or an Unmatured Event of Default.

3.7 Security Interest. This Security Agreement creates a valid security interest in favor of Secured Party in the Collateral and, when properly perfected by filing in the appropriate jurisdictions, or by possession or control of such Collateral by Secured Party or delivery of such Collateral to Secured Party, shall constitute a valid, perfected, first-priority security interest in such Collateral.

3.8 Place of Business. The principal place of business and books and records of Debtor is set forth in the preamble to this Security Agreement, and the location of all Collateral, if other than at such principal place of business, is as set forth on **Schedule 3.8** attached hereto and made a part hereof, and Debtor shall promptly notify Secured Party of any change in such locations. Debtor will not remove or permit the Collateral to be removed from such locations without the prior written consent of Secured Party, except as permitted pursuant to the Purchase Agreement.



3.9 Complete Information. This Security Agreement and all financial statements, schedules, certificates, confirmations, agreements, contracts, and other materials and information heretofore or contemporaneously herewith furnished in writing by Debtor to Secured Party for purposes of, or in connection with, this Security Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of Debtor to Secured Party pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in light of the circumstances under which made (it being recognized by Secured Party that any projections and forecasts provided by Debtor are based on good faith estimates and assumptions believed by Debtor to be reasonable as of the date of the applicable projections or assumptions and that actual results during the period or periods covered by any such projections and forecasts may differ from projected or forecasted results).

#### **4 REMEDIES.**

Upon the occurrence of any default in the payment or performance of any of the covenants, conditions and agreements contained in this Security Agreement or any other Event of Default, Secured Party shall have all rights, powers and remedies set forth in this Security Agreement or the other Transaction Documents or in any other written agreement or instrument relating to any of the Obligations or any security therefor, as a secured party under the UCC or as otherwise provided at law or in equity. Without limiting the generality of the foregoing, Secured Party may, at its option upon the occurrence of an Event of Default, declare its commitments to Debtor to be terminated and all Obligations to be immediately due and payable, or, if provided in the Transaction Documents, all commitments of Secured Party to Debtor shall immediately terminate and all Obligations shall be automatically due and payable, all without demand, notice or further action of any kind required on the part of Secured Party. Debtor hereby waives any and all presentment, demand, notice of dishonor, protest, and all other notices and demands in connection with the enforcement of Secured Party's rights under the Transaction Documents, and hereby consents to, and waives notice of release, with or without consideration, of any Collateral, notwithstanding anything contained herein or in the Transaction Documents to the contrary. In addition to the foregoing:

4.1 Possession and Assembly of Collateral. Secured Party may, without notice, demand or the initiation of legal process of any kind, take possession of any or all of the Collateral (in addition to Collateral of which Secured Party already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may at any time enter into any of Debtor's premises where any of the Collateral may be or is supposed to be, and search for, take possession of, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of and Secured Party shall have the right to store and conduct a sale of the same in any of Debtor's premises without cost to Secured Party. At Secured Party's request, Debtor will, at Debtor's sole expense, assemble the Collateral and make it available to Secured Party at a place or places to be designated by Secured Party which is reasonably convenient to Secured Party and Debtor.

4.2 Sale of Collateral. Secured Party may sell any or all of the Collateral at public or private sale, upon such terms and conditions as Secured Party may deem proper, and Secured Party may purchase any or all of the Collateral at any such sale. Debtor acknowledges that Secured Party may be unable to effect a public sale of all or any portion of the Collateral because of certain legal and/or practical restrictions and provisions which may be applicable to the Collateral and, therefore, may be compelled to resort to one or more private sales to a restricted group of offerees and purchasers. Debtor consents to any such private sale so made even though at places and upon terms less favorable than if the Collateral were sold at public sale. Secured Party shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Secured Party may apply the net proceeds, after deducting all costs, expenses, attorneys' and paralegals' fees incurred or paid at any time in the collection, protection and sale of the Collateral and the Obligations, to the payment of the Obligations, returning the excess proceeds, if any, to Debtor. Debtor shall remain liable for any amount remaining unpaid after such application, with interest at the default rate under the Debentures. Any notification of intended disposition of the Collateral required by law shall be conclusively deemed reasonably and properly given if given by Secured Party at least ten (10) calendar days before the date of such disposition. Debtor hereby confirms, approves and ratifies all acts and deeds of Secured Party relating to the foregoing, and each part thereof, and expressly waives any and all claims of any nature, kind or description which it has or may hereafter have against Secured Party or its representatives, by reason of taking, selling or collecting any portion of the Collateral. Debtor consents to releases of the Collateral at any time (including prior to default) and to sales of the Collateral in groups, parcels or portions, or as an entirety, as Secured Party shall deem appropriate. Debtor expressly absolves Secured Party from any loss or decline in market value of any Collateral by reason of delay in the enforcement or assertion or non-enforcement of any rights or remedies under this Security Agreement.

4.3 Standards for Exercising Remedies. To the extent that applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner, Debtor acknowledges and agrees that it is not commercially unreasonable for Secured Party: (i) to incur reasonable expenses deemed necessary by Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work-in-process into finished goods or other finished products for disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to exercise collection remedies against any of its customer or other Persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral; (iv) to exercise collection remedies against any of its customers and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists; (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (vi) to contact other Persons, whether or not in the same business as Debtor, for expressions of interest in acquiring all or any portion of the Collateral; (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature; (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; (ix) to dispose of assets in wholesale rather than retail markets; (x) to disclaim disposition warranties, including any warranties of title; (xi) to purchase insurance or credit enhancements to insure Secured Party against risks of loss, collection or disposition of Collateral or to provide to Secured Party a guaranteed return from the collection or disposition of Collateral; or (xii) to the extent deemed appropriate by Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of any of the Collateral. Debtor acknowledges that the purpose of this section is to provide non-exhaustive indications of what actions or omissions by Secured Party would not be commercially unreasonable in Secured Party's exercise of remedies against the Collateral and that other actions or omissions by Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to Debtor or to impose any duties on Secured Party that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section.

4.4 UCC and Offset Rights. Secured Party may exercise, from time to time, any and all rights and remedies available to it under the UCC or under any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Security Agreement or in any other agreements between any Obligor and Secured Party, and may, without demand or notice of any kind, appropriate and apply toward the payment of such of the Obligations, whether matured or unmatured, including costs of collection and attorneys' and paralegals' fees and costs, and in such order of application as Secured Party may, from time to time, elect, any indebtedness of Secured Party to any Obligor, however created or arising, including balances, credits, deposits, accounts or moneys of such Obligor in the possession, control or custody of, or in transit to Secured Party. Debtor, on behalf of itself and any Obligor, hereby waives the benefit of any law that would otherwise restrict or limit Secured Party in the exercise of its right, which is hereby acknowledged, to appropriate at any time hereafter any such indebtedness owing from Secured Party to any Obligor.

4.5 Additional Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the right and power to:

(a) instruct Debtor, at its own expense, to notify any parties obligated on any of the Collateral, including any of its customers and of Debtor's payment processing service providers, to make payment directly to Secured Party of any amounts due or to become due thereunder, or Secured Party may directly notify such obligors of the security interest of Secured Party, and/or of the assignment to Secured Party of the Collateral and direct such obligors to make payment to Secured Party of any amounts due or to become due with respect thereto, and thereafter, collect any such amounts due on the Collateral directly from such Persons obligated thereon;

(b) enforce collection of any of the Collateral, including any Accounts, by suit or otherwise, or make any compromise or settlement with respect to any of the Collateral, or surrender, release or exchange all or any part thereof, or compromise, extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder;

(c) take possession or control of any proceeds and products of any of the Collateral, including the proceeds of insurance thereon;

(d) extend, renew or modify for one or more periods (whether or not longer than the original period) the Obligations or any obligation of any nature of any other obligor with respect to the Obligations;

(e) grant releases, compromises or indulgences with respect to the Obligations, any extension or renewal of any of the Obligations, any security therefor, or to any other obligor with respect to the Obligations;

(f) transfer the whole or any part of Capital Securities which may constitute Collateral into the name of Secured Party or Secured Party's nominee without disclosing, if Secured Party so desires, that such Capital Securities so transferred are subject to the security interest of Secured Party, and any corporation, association, or any of the managers or trustees of any trust issuing any of such Capital Securities, or any transfer agent, shall not be bound to inquire, in the event that Secured Party or such nominee makes any further transfer of such Capital Securities, or any portion thereof, as to whether Secured Party or such nominee has the right to make such further transfer, and shall not be liable for transferring the same;

(g) vote the Collateral;

(h) make an election with respect to the Collateral under Section 1111 of the Bankruptcy Code or take action under Section 364 or any other section of Bankruptcy Code; provided, however, that any such action of Secured Party as set forth herein shall not, in any manner whatsoever, impair or affect the liability of Debtor hereunder, nor prejudice, waive, nor be construed to impair, affect, prejudice or waive Secured Party's rights and remedies at law, in equity or by statute, nor release, discharge, nor be construed to release or discharge, Debtor, any guarantor or other Person liable to Secured Party for the Obligations; and

(i) at any time, and from time to time, accept additions to, releases, reductions, exchanges or substitution of the Collateral, without in any way altering, impairing, diminishing or affecting the provisions of this Security Agreement, the Transaction Documents, or any of the other Obligations, or Secured Party's rights hereunder, under the Obligations.

Debtor hereby ratifies and confirms whatever Secured Party may do with respect to the Collateral and agrees that Secured Party shall not be liable for any error of judgment or mistakes of fact or law with respect to actions taken in connection with the Collateral.

**4.6 Attorney-in-Fact.** Debtor hereby irrevocably makes, constitutes and appoints Secured Party (and any officer of Secured Party or any Person designated by Secured Party for that purpose) as Debtor's true and lawful proxy and attorney-in-fact (and agent-in-fact) in Debtor's name, place and stead, with full power of substitution, to: (i) take such actions as are permitted in this Security Agreement; (ii) execute such financing statements and other documents and to do such other acts as Secured Party may require to perfect and preserve Secured Party's security interest in, and to enforce such interests in the Collateral; and (iii) upon the occurrence of an Event of Default, carry out any remedy provided for in this Security Agreement, the Debentures, the Purchase Agreement, or otherwise at law or in equity, including endorsing Debtor's name to checks, drafts, instruments and other items of payment, and proceeds of the Collateral, executing change of address forms with the postmaster of the United States Post Office serving the address of Debtor, changing the address of Debtor to that of Secured Party, opening all envelopes addressed to Debtor and applying any payments contained therein to the Obligations, and changing any merchant accounts or instructions to Debtor's payment processing service providers regarding any credit/debit card payments from any of its customers. Debtor hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable. Debtor hereby ratifies and confirms all that such attorney-in-fact may do or cause to be done by virtue of any provision of this Security Agreement.

4.7 No Marshaling. Secured Party shall not be required to marshal any present or future collateral security (including this Security Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order. To the extent that it lawfully may, Debtor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Secured Party's rights under this Security Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, Debtor hereby irrevocably waives the benefits of all such laws.

4.8 No Waiver. No Event of Default shall be waived by Secured Party except in writing. No failure or delay on the part of Secured Party in exercising any right, power or remedy hereunder shall operate as a waiver of the exercise of the same or any other right at any other time; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. There shall be no obligation on the part of Secured Party to exercise any remedy available to Secured Party in any order. The remedies provided for herein are cumulative and not exclusive of any remedies provided at law or in equity. Debtor agrees that in the event that Debtor fails to perform, observe or discharge any of its Obligations or liabilities under this Security Agreement or any other agreements with Secured Party, no remedy of law will provide adequate relief to Secured Party, and further agrees that Secured Party shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

4.9 Application of Proceeds. Secured Party will, within three (3) Business Days after receipt of cash or solvent credits from collection of items of payment, proceeds of Collateral or any other source, apply the whole or any part thereof against the Obligations secured hereby. Secured Party shall further have the exclusive right to determine how, when and what application of such payments and such credits shall be made on the Obligations, and such determination shall be conclusive upon Debtor. Any proceeds of any disposition by Secured Party of all or any part of the Collateral may be first applied by Secured Party to the payment of expenses incurred by Secured Party in connection with the Collateral, including reasonable attorneys' fees and legal expenses and costs as provided for in Section 5.14 hereof.

## 5 MISCELLANEOUS.

5.1 Entire Agreement. This Security Agreement and the other Transaction Documents: (i) are valid, binding and enforceable against Debtor and Secured Party in accordance with their respective provisions and no conditions exist as to their legal effectiveness; (ii) constitute the entire agreement between the parties with respect to the subject matter hereof and thereof; and (iii) are the final expression of the intentions of Debtor and Secured Party. No promises, either expressed or implied, exist between Debtor and Secured Party, unless contained herein or therein. This Security Agreement, together with the other Transaction Documents, supersedes all negotiations, representations, warranties, commitments, term sheets, discussions, negotiations, offers or contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof with respect to any matter, directly or indirectly related to the terms of this Security Agreement and the other Transaction Documents. This Security Agreement and the other Transaction Documents are the result of negotiations between Secured Party and Debtor and have been reviewed (or have had the opportunity to be reviewed) by counsel to all such parties, and are the products of all parties. Accordingly, this Security Agreement and the other Transaction Documents shall not be construed more strictly against Secured Party merely because of Secured Party's involvement in their preparation. **DEBTOR ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, THAT ARE NOT CONTAINED WITHIN THIS SECURITY AGREEMENT OR IN ANY OTHER THE TRANSACTION DOCUMENT AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

5.2 Amendments; Waivers. No delay on the part of Secured Party in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Security Agreement or the other Transaction Documents shall in any event be effective unless the same shall be in writing and acknowledged by Secured Party, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**5.3 WAIVER OF CLAIMS AND DEFENSES.** THE DEBTOR WAIVES EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SETOFF WHICH THE DEBTOR MAY NOW HAVE AS OF THE DATE HEREOF, OR AS IT MAY IN THE FUTURE COME TO HAVE, TO ANY ACTION BY SECURED PARTY IN ENFORCING THIS SECURITY AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS — OTHER THAN FOR SET OFF TO ESTABLISH THE AMOUNTS DUE AND PAID IN RESPECT OF THE DEBENTURES. THE DEBTOR UNDERSTANDS AND AGREES THAT IT IS WAIVING DEFENSES AND CLAIMS WHICH MAY NOT YET HAVE ACCRUED OR OF WHICH IT MAY NOT YET BE AWARE AS MATERIAL INDUCEMENT FOR SECURED PARTY ENTERING THIS SECURITY AGREEMENT AND GRANTING ANY FINANCIAL ACCOMMODATION TO THE DEBTOR. THIS PROVISION IS INTENDED TO BE CONSTRUED AS BROADLY AS PERMISSIBLE UNDER APPLICABLE LAW. FURTHER, THE DEBTOR UNDERSTANDS AND ACKNOWLEDGES THAT THE AGENTS AND REPRESENTATIVES OF THE SECURED PARTY DO NOT HAVE AUTHORITY TO MAKE ANY STATEMENTS, PROMISES OR REPRESENTATIONS IN CONFLICT WITH OR IN ADDITION TO THE INFORMATION CONTAINED IN THIS SECURITY AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND SECURED PARTY HEREBY SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS. BY EXECUTION OF THIS AGREEMENT, THE DEBTOR ACKNOWLEDGES THAT IT HAS NOT RELIED UPON SUCH STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.

**5.4 MANDATORY FORUM SELECTION.** TO INDUCE SECURED PARTY TO MAKE CERTAIN FINANCIAL ACCOMODATIONS TO DEBTOR, DEBTOR IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS SECURITY AGREEMENT OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS SECURITY AGREEMENT ANY OTHER TRANSACTION DOCUMENT, OR THE COLLATERAL (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL, EXCEPT AS HEREINAFTER PROVIDED, BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, SECURED PARTY MAY, AT SECURED PARTY'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. DEBTOR HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING IT SITUS IN SUCH COUNTY (OR TO ANY JURISDICTION OR VENUE, IF SECURED PARTY SO ELECTS), AND DEBTOR HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

**5.5 WAIVER OF PERSONAL SERVICE.** DEBTOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY FEDERAL EXPRESS, DIRECTED TO THE DEBTOR, AS SET FORTH AND ACCORDING TO THE TERMS IN THE NOTICE PROVISIONS HEREIN. DEBTOR AGREES THAT NO ACKNOWLEDGMENT OF ACTUAL RECEIPT OF PROCESS IS REQUIRED AND SERVICE WILL BE DEEMED EFFECTIVE PURSUANT TO TERMS OF NOTICE PROVISIONS CONTAINED HEREIN. SERVICE MAY ALSO BE MADE IN ANY MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.



**5.6 WAIVER OF JURY TRIAL. DEBTOR AND SECURED PARTY, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE IRREVOCABLY, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS SECURITY AGREEMENT, ANY NOTE, ANY OTHER TRANSACTION DOCUMENT, ANY OF THE OTHER OBLIGATIONS, THE COLLATERAL, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH SECURED PARTY AND DEBTOR ARE ADVERSE PARTIES, AND EACH AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY GRANTING ANY FINANCIAL ACCOMMODATION TO DEBTOR.**

5.7 Assignability. Secured Party, without consent from or notice to anyone, may at any time assign Secured Party's rights in this Security Agreement, the other Transaction Documents, the Obligations, or any part thereof and transfer Secured Party's rights in any or all of the Collateral, and Secured Party thereafter shall be relieved from all liability with respect to such Collateral. This Security Agreement shall be binding upon Secured Party and Debtor and its respective legal representatives and successors. All references herein to Debtor shall be deemed to include any successors, whether immediate or remote. In the case of a joint venture or partnership, the term "Debtor" shall be deemed to include all joint venturers or partners thereof, who shall be jointly and severally liable hereunder.

5.8 Binding Effect. This Security Agreement shall become effective upon execution by Debtor and Secured Party, and shall bind the Debtor and Secured Party, and their respective successors and permitted assigns.

5.9 Governing Law. Except in the case of the Mandatory Forum Selection Clause in Section 5.4 above, which clause shall be governed and interpreted in accordance with Florida law, this Security Agreement shall be delivered and accepted in and shall be deemed to be a contract made under and governed by the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of such State, without giving effect to the choice of law provisions of such State.

5.10 Enforceability. Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by, unenforceable or invalid under any jurisdiction, such provision shall as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

5.11 Time of Essence. Time is of the essence in making payments of all amounts due Secured Party under the Transaction Documents and in the performance and observance by Debtor of each covenant, agreement, provision and term of this Security Agreement and the other Transaction Documents.

5.12 Counterparts; Facsimile Signatures. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Security Agreement. Receipt of an executed signature page to this Security Agreement by facsimile or other electronic transmission shall constitute effective delivery thereof. Electronic records of executed Transaction Documents maintained by Secured Party shall be deemed to be originals thereof.

5.13 Notices. Except as otherwise provided herein, Debtor waives all notices and demands in connection with the enforcement of Secured Party's rights hereunder. All notices, requests, demands and other communications provided for hereunder shall be made in accordance with the terms of the Purchase Agreement.

5.14 Costs, Fees and Expenses. Debtor shall pay or reimburse Secured Party for all reasonable costs, fees and expenses incurred by Secured Party or for which Secured Party becomes obligated in connection with the enforcement or defense of this Security Agreement, including search fees, costs and expenses and attorneys' fees, costs and time charges of counsel to Secured Party and all taxes payable in connection with this Security Agreement. In furtherance of the foregoing, Debtor shall pay any and all stamp and other taxes, UCC search fees, filing fees and other costs and expenses in connection with the execution and delivery of this Security Agreement and the other Transaction Documents to be delivered hereunder, and agrees to save and hold Secured Party harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such costs and expenses. That portion of the Obligations consisting of costs, expenses or advances to be reimbursed by Debtor to Secured Party pursuant to this Security Agreement or the other Transaction Documents which are not paid on or prior to the date hereof shall be payable by Debtor to Secured Party on demand. If at any time or times hereafter Secured Party: (a) employs counsel for advice or other representation: (i) with respect to this Security Agreement or the other Transaction Documents; (ii) to represent Secured Party in any litigation, contest, dispute, suit or proceeding or to commence, defend, or intervene or to take any other action in or with respect to any litigation, contest, dispute, suit, or proceeding (whether instituted by Secured Party, Debtor, or any other Person) in any way or respect relating to this Security Agreement; or (iii) to enforce any rights of Secured Party against Debtor or any other Person under of this Security Agreement; (b) takes any action to protect, collect, sell, liquidate, or otherwise dispose of any of the Collateral; and/or (c) attempts to or enforces any of Secured Party's rights or remedies under this Security Agreement, the costs and expenses incurred by Secured Party in any manner or way with respect to the foregoing, shall be part of the Obligations, payable by Debtor to Secured Party on demand.

5.15 Termination. This Security Agreement and the Liens and security interests granted hereunder shall not terminate until the termination of the Purchase Agreement and the commitments to make Loans thereunder and the full and complete performance and satisfaction and payment in full of all the Obligations (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted). Upon termination of this Security Agreement, Secured Party shall also timely deliver to Debtor (at the sole expense of Debtor) such UCC termination statements, certificates for terminating the liens on the Motor Vehicles (if any) and such other documentation, without recourse, warranty or representation whatsoever, as shall be reasonably requested by Debtor to effect the termination and release of the Liens and security interests in favor of Secured Party affecting the Collateral; provided, however, to the extent any such terminations or releases require Secured Party to expend any sums in terminating or releasing any such Liens, Secured Party may refrain from terminating or releasing such Liens unless and until Debtor pays to Secured Party the estimated cost, as reasonably and promptly determined by Secured Party, of effectuating such terminations or releases.

5.16 Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Debtor for liquidation or reorganization, should Debtor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Debtor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

5.17 Increase in Obligations. It is the intent of the parties to secure payment of the Obligations, as the amount of such Obligations may increase from time to time in accordance with the terms and provisions of the Transaction Documents, and all of the Obligations, as so increased from time to time, shall be and are secured hereby. Upon the execution hereof, Debtor shall pay any and all documentary stamp taxes and/or other charges required to be paid in connection with the execution and enforcement of the Transaction Documents, and if, as and to the extent the Obligations are increased from time to time in accordance with the terms and provisions of the Transaction Documents, then Debtor shall immediately pay any additional documentary stamp taxes or other charges in connection therewith.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**PACIFIC VENTURES GROUP, INC.**

By: \_\_\_\_\_

Name: Shannon Masjedi

Title: Chief Executive Officer

[illegible]

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Pacific Ventures Group, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Notary Public

My Commission Expires:

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IN WITNESS WHEREOF, Debtor and Secured Party have executed this Security Agreement as of the date first above written.

Agreed and accepted:

**Secured Party:**

**TCA SPECIAL SITUATIONS CREDIT STRATEGIES  
ICAV**

By: \_\_\_\_\_  
Name:  
Trust:

[Signature Page – Security Agreement (Issuer)]

\_\_\_\_\_

**Schedule 3.8**

**Collateral Locations/Places of Business**

117 West 9<sup>th</sup> Street, Suite 316

Los Angeles, CA 90015

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**Exhibit 10.8****SECURITY AGREEMENT**

This **SECURITY AGREEMENT** (the “**Security Agreement**”) dated and made effective as of December \_\_, 2019, is executed by **Seaport Group Enterprises, LLC**, a limited liability company organized and existing under the laws of the State of California, with its chief executive offices located at 117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015 (“**Seaport**” and a “**Debtor**”), and **TCA Royalty Foods I, LLC**, a limited liability company organized and existing under the laws of the State of Florida, with its chief executive offices located at 117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015 (“**TCA Royalty**”, and a “**Debtor**”), **Snobar Holdings, Inc.**, a corporation incorporated under the laws of the State of Delaware, with its chief executive offices located at 117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015 (“**Snobar Holdings**”, and a “**Debtor**”), **Snobar Trust**, with its chief executive offices located at [Address] (“**Snobar Trust**”, and a “**Debtor**”), **International Production Impex Corp.**, a corporation incorporated under the laws of the State of California, with its chief executive offices located at 117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015 (“**Impex**”, and a “**Debtor**”), and **MAS Global Distributors, Inc.**, a corporation incorporated under the laws of the State of California, with its chief executive offices located at 117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015 (“**MAS Global**”, a “**Debtor**”, together with Seaport, TCA Royalty, Snobar Holdings, Snobar Trust and Impex, together, jointly and severally with Seaport, the “**Debtors**”), and **TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV**, an Irish collective asset vehicle (the “**Secured Party**”).

**RECITALS:**

WHEREAS, pursuant to a Securities Purchase Agreement dated as of December \_\_, 2019 and effective as of December \_\_, 2019 by and between Pacific Ventures Group, Inc., a corporation incorporated under the laws of the State of Delaware (the “**Company**”) and the Secured Party (the “**Purchase Agreement**”) and acknowledged and agreed by the Debtors, the Company has agreed to issue to the Secured Party and the Secured Party has agreed to purchase from Company certain secured redeemable debentures (the “**Debentures**”), as more specifically set forth in the Purchase Agreement; and

WHEREAS, the Debtors have guaranteed all of Debtor’s Obligations under the Debentures, the Purchase Agreement and the other Transaction Documents pursuant to the terms of a guaranty agreement, dated as of the date hereof;

WHEREAS, the Debtors are subsidiaries, affiliates or related persons, as applicable, of the Company and/or will substantially benefit from Secured Party’s purchase of the Debentures from the Company.

WHEREAS, in order to induce the Secured Party to purchase the Debentures, the Debtors has agreed to execute and deliver to the Secured Party this Agreement for the benefit of the Secured Party and to grant to Secured Party an unconditional and continuing, first priority security interest in all of the assets and property of the Debtor to secure the prompt payment, performance and discharge in full of all of Debtor’s Obligations under the Debentures, the Purchase Agreement and the other Transaction Documents.



## AGREEMENTS:

### **1 DEFINITIONS.**

1.1 Defined Terms. Capitalized terms used but not otherwise defined in this Security Agreement (including the Recitals) shall have the meanings ascribed to them in the Purchase Agreement. For the purposes of this Security Agreement, the following capitalized words and phrases shall have the meanings set forth below.

(a) “**Capital Securities**” shall mean, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s capital, whether now outstanding or issued or acquired after the date hereof, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent of such ownership interest.

(b) “**Collateral**” shall have the meaning set forth in Section 2.1 hereof.

(c) “**Obligor(s)**” shall mean each Debtor, or any other party liable with respect to the Obligations.

(d) “**Organizational Identification Number**” means, with respect to each Debtor, the organizational identification number assigned to such Debtor by the applicable governmental unit or agency of the jurisdiction of organization of such Debtor, if any.

(e) “**Taxes**” shall mean any and all present and future taxes, duties, levies, imposts, deductions, assessments, charges or withholdings, and any and all liabilities (including interest and penalties and other additions to taxes) with respect to the foregoing.

(f) “**Unmatured Event of Default**” shall mean any event which, with the giving of notice, the passage of time or both, would constitute an Event of Default.

1.2 Other Terms Defined in UCC. All other capitalized words and phrases used herein and not otherwise specifically defined herein or in the Purchase Agreement shall have the respective meanings assigned to such terms in the UCC, to the extent the same are used or defined therein.

#### 1.3 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. Whenever the context so requires, the neutral gender includes the masculine and feminine, the single number includes the plural, and vice versa, and in particular the word “Debtor” shall be so construed.

(b) Section and Schedule references are to this Security Agreement unless otherwise specified. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Security Agreement shall refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement

(c) The term “including” (or words of similar import) is not limiting, and means “including, without limitation”.

(d) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including”.

(e) Unless otherwise expressly provided herein: (i) references to agreements (including this Security Agreement and the other Transaction Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, supplements and other modifications thereto, but only to the extent such amendments, restatements, supplements and other modifications are not prohibited by the terms of any Transaction Document; and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation.

(f) To the extent any of the provisions of the other Transaction Documents are inconsistent with the terms of this Security Agreement, the provisions of this Security Agreement shall govern.

(g) This Security Agreement and the other Transaction Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and each shall be performed in accordance with its terms.

## **2 SECURITY FOR THE OBLIGATIONS.**

2.1 Security for Obligations. As security for the payment and performance of the Obligations, each Debtor does hereby pledge, assign, transfer, deliver and grant to Secured Party, for its own benefit and as agent for its Affiliates, a continuing and unconditional first priority security interest in and to any and all property of such Debtor, of any kind or description, tangible or intangible, wheresoever located and whether now existing or hereafter arising or acquired, including the following (all of which property for such Debtor, along with the products and proceeds therefrom, are individually and collectively referred to as the “Collateral”):

(a) all property of, or for the account of, such Debtor now or hereafter coming into the possession, control or custody of, or in transit to, Secured Party or any agent or bailee for Secured Party or any parent, affiliate or subsidiary of Secured Party or any participant with Secured Party in the Obligations (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise), including all cash, earnings, dividends, interest, or other rights in connection therewith and the products and proceeds therefrom, including the proceeds of insurance thereon; and

(b) the additional property of such Debtor, whether now existing or hereafter arising or acquired, and wherever now or hereafter located, together with all additions and accessions thereto, substitutions, betterments and replacements therefor, products and Proceeds therefrom, and all of such Debtor's books and records and recorded data relating thereto (regardless of the medium of recording or storage), together with all of such Debtor's right, title and interest in and to all computer software required to utilize, create, maintain and process any such records or data on electronic media, identified and set forth as follows:

(i) All Accounts and all goods whose sale, lease or other disposition by such Debtor has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, such Debtor, or rejected or refused by any of its customers;

(ii) All Inventory, including raw materials, work-in-process and finished goods;

(iii) All goods (other than Inventory), including embedded software, Equipment, vehicles, furniture and Fixtures;

(iv) All Software and computer programs;

(v) All Securities, Investment Property, financial assets and Deposit Accounts, and all funds at any time deposited therewith, and all funds and amounts reserved or held back by any of such Debtor's payment processing service providers;

(vi) All As-Extracted Collateral, Commodity Accounts, Commodity Contracts, and Farm Products;

(vii) All Chattel Paper, Electronic Chattel Paper, Instruments, Documents, Letter of Credit Rights, all proceeds of letters of credit, Health-Care-Insurance Receivables, Supporting Obligations, notes secured by real estate, Commercial Tort Claims and General Intangibles, including Payment Intangibles; and

(viii) All real estate property owned by such Debtor and the interest of such Debtor in fixtures related to such real property;

(ix) All Proceeds (whether Cash Proceeds or Non-cash Proceeds) of the foregoing property, including all insurance policies and proceeds of insurance payable by reason of loss or damage to the foregoing property, including unearned premiums, and of eminent domain or condemnation awards.

**2.2 Possession and Transfer of Collateral.** Until an Event of Default, which has not been cured or waived by the Secured Party, has occurred, each Debtor shall be entitled to possession and use of the Collateral (other than Instruments or Documents (including Tangible Chattel Paper and Investment Property consisting of certificated securities) and other Collateral required to be delivered to Secured Party pursuant to this Section 2). The cancellation or surrender of any promissory note evidencing an Obligation, upon payment or otherwise, shall not affect the right of Secured Party to retain the Collateral for any other of the Obligations, except upon payment in full of the Obligations. Debtors shall not sell, assign (by operation of law or otherwise), license, lease or otherwise dispose of, or grant any option with respect to any of the Collateral, except as permitted pursuant to the Purchase Agreement.

2.3 Financing Statements. Each Debtor authorizes Secured Party to prepare and file such financing statements, amendments and other documents and do such acts as Secured Party deems necessary in order to establish and maintain valid, attached and perfected, first priority security interests in the Collateral in favor of Secured Party, for its own benefit and as agent for its Affiliates, free and clear of all Liens and claims and rights of third parties whatsoever, except Permitted Liens. Each Debtor hereby irrevocably authorizes Secured Party at any time, and from time to time, to file in any jurisdiction any initial financing statements and amendments thereto that: (a) indicate the Collateral: (i) is comprised of all assets of such Debtor (or words of similar effect), regardless of whether any particular asset comprising a part of the Collateral falls within the scope of Article 9 of the UCC of the jurisdiction wherein such financing statement or amendment is filed; or (ii) as being of an equal or lesser scope or within greater detail as the grant of the security interest set forth herein; and (b) contain any other information required by Section 5 of Article 9 of the UCC of the jurisdiction wherein such financing statement or amendment is filed regarding the sufficiency or filing office acceptance of any financing statement or amendment, including: (A) whether such Debtor is an organization, the type of organization and any Organizational Identification Number issued to such Debtor; and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of the real property to which the Collateral relates. Each Debtor agrees to furnish any such information to Secured Party promptly upon request. In addition, each Debtor shall make appropriate entries on its books and records disclosing the security interests of Secured Party, for its own benefit and as agent for its Affiliates, in the Collateral. Each Debtor hereby agrees that a photogenic or other reproduction of this Security Agreement is sufficient for filing as a financing statement and Debtor authorizes Secured Party to file this Security Agreement as a financing statement in any jurisdiction.

2.4 Preservation of the Collateral. Secured Party may, but is not required to, take such actions from time to time as Secured Party reasonably deems appropriate to maintain or protect the Collateral. Secured Party shall have exercised reasonable care in the custody and preservation of the Collateral if Secured Party takes such action as a Debtor shall reasonably request in writing which is not inconsistent with Secured Party's status as a secured party, but the failure of Secured Party to comply with any such request shall not be deemed a failure to exercise reasonable care; provided, however, Secured Party's responsibility for the safekeeping of the Collateral shall: (i) be deemed reasonable if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property; and (ii) not extend to matters beyond the control of Secured Party, including acts of God, war, insurrection, riot or governmental actions. In addition, any failure of Secured Party to preserve or protect any rights with respect to the Collateral against prior or third parties, or to do any act with respect to preservation of the Collateral, not so requested by a Debtor, shall not be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Each Debtor shall have the sole responsibility for taking such action as may be necessary, from time to time, to preserve all rights of such Debtor and Secured Party in the applicable Collateral against prior or third parties. Without limiting the generality of the foregoing, where Collateral consists, in whole or in part, of Capital Securities, each Debtor represents to, and covenants with, Secured Party that such Debtor has made arrangements for keeping informed of changes or potential changes affecting the Capital Securities (including rights to convert or subscribe, payment of dividends, reorganization or other exchanges, tender offers and voting rights), and each Debtor agrees that Secured Party shall have no responsibility or liability for informing such Debtor of any such or other changes or potential changes or for taking any action or omitting to take any action with respect thereto.

2.5 Other Actions as to any and all Collateral. Each Debtor further agrees to take any other action reasonably requested by Secured Party to ensure the attachment, perfection and first priority of, and the ability of Secured Party to enforce, the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in any and all of the Collateral, including: (i) causing Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the bank to enforce, the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in such Collateral; (ii) complying with any provision of any statute, regulation or treaty of the United States as to any material portion of the Collateral as soon as possible but not more than forty-five (45) days after such request if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in such Collateral; (iii) obtaining governmental and other third party consents and approvals, including, without limitation, any consent of any licensor, lessor or other Person with authority or control over or an interest in any material portion of the Collateral as soon as possible but not more than forty-five (45) days after such request; (iv) obtaining waivers from mortgagees and landlords in form and substance reasonably satisfactory to Secured Party which affect any material portion of the Collateral as soon as possible but not more than forty-five (45) days after such request; and (v) taking all actions required by the UCC in effect from time to time or by other law, as applicable in any relevant UCC jurisdiction, or by other law as applicable in any foreign jurisdiction. Each Debtor further agrees to indemnify and hold Secured Party harmless against claims of any Persons not a party to this Security Agreement concerning disputes arising over the Collateral, except to the extent resulting from the gross negligence or willful misconduct of Secured Party or its Affiliates.

2.6 Collateral in the Possession of a Warehouseman or Bailee. If any material portion of the Collateral at any time is in the possession of a warehouseman or bailee, the Debtors shall promptly notify Secured Party thereof, and, as soon as possible, but not more than forty-five (45) days later, shall obtain a collateral access agreement in form and substance reasonably satisfactory to Secured Party from such warehouseman or bailee.

2.7 Letter-of-Credit Rights. If a Debtor at any time is a beneficiary under a letter of credit now or hereafter issued in favor of such Debtor, such Debtor shall promptly notify Secured Party thereof and, at the request and option of Secured Party, such Debtor shall, pursuant to an agreement in form and substance reasonably satisfactory to Secured Party, either: (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Secured Party, for its own benefit and as agent for its Affiliates, of the proceeds of any drawing under the letter of credit; or (ii) arrange for Secured Party, for its own benefit and as agent for its Affiliates, to become the transferee beneficiary of the letter of credit, with Secured Party agreeing, in each case, that the proceeds of any drawing under the letter to credit are to be applied as provided in the Purchase Agreement and the Debentures.

2.8 Commercial Tort Claims. If a Debtor shall at any time hold or acquire a Commercial Tort Claim, such Debtor shall promptly notify Secured Party in writing signed by such Debtor of the details thereof and grant to Secured Party, for its own benefit and as agent for its Affiliates, in such written notice or other written instrument, a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, in each case in form and substance reasonably satisfactory to Secured Party, and shall execute any amendments hereto deemed reasonably necessary by Secured Party to perfect the security interest of Secured Party, for its own benefit and as agent for its Affiliates, in such Commercial Tort Claim.

2.9 Electronic Chattel Paper and Transferable Records. If a Debtor at any time holds or acquires an interest in any electronic chattel paper or any “transferable record”, as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, such Debtor shall promptly notify Secured Party thereof and, at the request of Secured Party, shall take such action as Secured Party may reasonably request to vest in Secured Party control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Secured Party agrees with such Debtor that Secured Party will arrange, pursuant to procedures reasonably satisfactory to Secured Party and so long as such procedures will not result in Secured Party’s loss of control, for such Debtor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act, for a party in control to make without loss of control.

2.10 Additional Requirements on Collateral. Each Debtor shall fully cooperate with Secured Party to obtain and keep in effect one or more control agreements in Deposit Accounts, Electronic Chattel Paper, Investment Property and Letter-of-Credit Rights Collateral. Such control agreements shall only be required if, in the reasonable discretion of the Secured Party, the nature of the Collateral requires any such control agreements in order for the Secured Party to perfect its security interests in any Collateral as granted hereunder, and in such event, each Debtor shall promptly provide any such control agreements upon request from the Secured Party. In addition, each Debtor, at such Debtor’s expense, shall promptly: (A) execute all notices of security interest for each relevant type of Software and other General Intangibles in forms suitable for filing with any United States or foreign office handling the registration or filing of patents, trademarks, copyrights and other intellectual property and any successor office or agency thereto; and (B) take all commercially reasonable steps in any hearing, suit, action, or other proceeding before any such office or any similar office or agency in any other country or any political subdivision thereof, to diligently prosecute or maintain, as applicable, each application and registration of any Software, General Intangibles or any other intellectual property rights and assets that are part of the Collateral, including filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.

### 3 REPRESENTATIONS AND WARRANTIES.

Each Debtor makes the following representations and warranties to Secured Party:

3.1 Debtor Organization and Name. Such Debtor, except for any Debtor which is a natural person, is a limited liability company, duly organized, existing and in good standing under the laws of its State of organization, with full and adequate power to carry on and conduct its business as presently conducted. Such Debtor is duly licensed or qualified in all foreign jurisdictions wherein the nature of its activities requires such qualification or licensing. Such Debtor's Organizational Identification Number, if applicable, is set forth in the Purchase Agreement. The exact legal name of such Debtor is as set forth in the first paragraph of this Security Agreement, and such Debtor currently does not conduct, nor has it during the last five (5) years conducted, business under any other name or trade name.

3.2 Authorization. Each Debtor has full right, power and authority to enter into this Security Agreement and to perform all of its duties and obligations under this Security Agreement. The execution and delivery of this Security Agreement and the other Transaction Documents will not, nor will the observance or performance of any of the matters and things herein or therein set forth, violate or contravene the articles of incorporation, bylaws, operating agreement, or other governing documents of each Debtor if it is not a natural person. All necessary and appropriate action has been taken on the part of Debtor to authorize the execution and delivery of this Security Agreement.

3.3 Validity and Binding Nature. This Security Agreement is the legal, valid and binding obligation of such Debtor, enforceable against such Debtor in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

3.4 Consent; Absence of Breach. The execution, delivery and performance of this Security Agreement and any other documents or instruments to be executed and delivered by such Debtor in connection herewith, do not and will not to the knowledge of Debtors: (a) require any consent, approval, authorization, or filings with, notice to or other act by or in respect of, any governmental authority or any other Person (other than filings or notices pursuant to federal or state securities laws or other than any consent or approval which has been obtained and is in full force and effect); (b) conflict with: (i) any provision of law or any applicable regulation, order, writ, injunction or decree of any court or governmental authority; (ii) the articles of incorporation, bylaws, or other organic or governance document of such Debtor if it is not a natural person; or (iii) any agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding upon such Debtor or any of its properties or assets; or (c) require, or result in, the creation or imposition of any Lien on any asset of such Debtor, other than Liens in favor of Secured Party created pursuant to this Security Agreement and Permitted Liens.

3.5 Ownership of Collateral; Liens. Such Debtor is the sole owner of all of its Collateral, free and clear of all Liens, charges and claims (including infringement claims with respect to patents, trademarks, service marks, copyrights and other intellectual property rights), other than Permitted Liens.



3.6 Adverse Circumstances. No condition, circumstance, event, agreement, document, instrument, restriction, litigation or proceeding (or threatened litigation or proceeding or basis therefor) exists which is not otherwise known to the Secured Party: (i) would have a Material Adverse Effect upon any Debtor; or (ii) would constitute an Event of Default or an Unmatured Event of Default.

3.7 Security Interest. This Security Agreement creates a valid security interest in favor of Secured Party in the Collateral and, when properly perfected by filing in the appropriate jurisdictions, or by possession or control of such Collateral by Secured Party or delivery of such Collateral to Secured Party, shall constitute a valid, perfected, first-priority security interest in such Collateral.

3.8 Place of Business. The principal place of business and books and records of such Debtor is set forth in the preamble to this Security Agreement, and the location of all Collateral, if other than at such principal place of business, is as set forth on **Schedule 3.8** attached hereto and made a part hereof, and such Debtor shall promptly notify Secured Party of any change in such locations. Such Debtor will not remove or permit the Collateral to be removed from such locations without the prior written consent of Secured Party, except as permitted pursuant to the Purchase Agreement.

3.9 Complete Information. This Security Agreement and all financial statements, schedules, certificates, confirmations, agreements, contracts, and other materials and information heretofore or contemporaneously herewith furnished in writing by such Debtor to Secured Party for purposes of, or in connection with, this Security Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of such Debtor to Secured Party pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in light of the circumstances under which made (it being recognized by Secured Party that any projections and forecasts provided by such Debtor are based on good faith estimates and assumptions believed by such Debtor to be reasonable as of the date of the applicable projections or assumptions and that actual results during the period or periods covered by any such projections and forecasts may differ from projected or forecasted results).

#### **4 REMEDIES.**

Upon the occurrence of any default in the payment or performance of any of the covenants, conditions and agreements contained in this Security Agreement or any other Event of Default, Secured Party shall have all rights, powers and remedies set forth in this Security Agreement or the other Transaction Documents or in any other written agreement or instrument relating to any of the Obligations or any security therefor, as a secured party under the UCC or as otherwise provided at law or in equity. Without limiting the generality of the foregoing, Secured Party may, at its option upon the occurrence of an Event of Default, declare its commitments to the Company to be terminated and all Obligations to be immediately due and payable, or, if provided in the Transaction Documents, all commitments of Secured Party to the Company shall immediately terminate and all Obligations shall be automatically due and payable, all without demand, notice or further action of any kind required on the part of Secured Party. Each Debtor hereby waives any and all presentment, demand, notice of dishonor, protest, and all other notices and demands in connection with the enforcement of Secured Party's rights under the Transaction Documents, and hereby consents to, and waives notice of release, with or without consideration, of any Collateral, notwithstanding anything contained herein or in the Transaction Documents to the contrary. In addition to the foregoing:

4.1 Possession and Assembly of Collateral. Secured Party may, without notice, demand or the initiation of legal process of any kind, take possession of any or all of the Collateral (in addition to Collateral of which Secured Party already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may at any time enter into any of premises of a Debtor where any of the Collateral may be or is supposed to be, and search for, take possession of, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of and Secured Party shall have the right to store and conduct a sale of the same in any premises of a Debtor without cost to Secured Party. At Secured Party's request, each Debtor will, at such Debtor's sole expense, assemble the Collateral and make it available to Secured Party at a place or places to be designated by Secured Party which is reasonably convenient to Secured Party and such Debtor.

4.2 Sale of Collateral. Secured Party may sell any or all of the Collateral at public or private sale, upon such terms and conditions as Secured Party may deem proper, and Secured Party may purchase any or all of the Collateral at any such sale. Each Debtor acknowledges that Secured Party may be unable to effect a public sale of all or any portion of the Collateral because of certain legal and/or practical restrictions and provisions which may be applicable to the Collateral and, therefore, may be compelled to resort to one or more private sales to a restricted group of offerees and purchasers. Each Debtor consents to any such private sale so made even though at places and upon terms less favorable than if the Collateral were sold at public sale. Secured Party shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Secured Party may apply the net proceeds, after deducting all costs, expenses, attorneys' and paralegals' fees incurred or paid at any time in the collection, protection and sale of the Collateral and the Obligations, to the payment of the Obligations, returning the excess proceeds, if any, to Debtors. Each Debtor shall remain liable for any amount remaining unpaid after such application, with interest at the default rate under the Debentures. Any notification of intended disposition of the Collateral required by law shall be conclusively deemed reasonably and properly given if given by Secured Party at least ten (10) calendar days before the date of such disposition. Each Debtor hereby confirms, approves and ratifies all acts and deeds of Secured Party relating to the foregoing, and each part thereof, and expressly waives any and all claims of any nature, kind or description which it has or may hereafter have against Secured Party or its representatives, by reason of taking, selling or collecting any portion of the Collateral. Each Debtor consents to releases of the Collateral at any time (including prior to default) and to sales of the Collateral in groups, parcels or portions, or as an entirety, as Secured Party shall deem appropriate. Each Debtor expressly absolves Secured Party from any loss or decline in market value of any Collateral by reason of delay in the enforcement or assertion or non-enforcement of any rights or remedies under this Security Agreement.

4.3 Standards for Exercising Remedies. To the extent that applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner, each Debtor acknowledges and agrees that it is not commercially unreasonable for Secured Party: (i) to incur reasonable expenses deemed necessary by Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work-in-process into finished goods or other finished products for disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to exercise collection remedies against any of its customer or other Persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral; (iv) to exercise collection remedies against any of its customers and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists; (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (vi) to contact other Persons, whether or not in the same business as any Debtor, for expressions of interest in acquiring all or any portion of the Collateral; (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature; (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; (ix) to dispose of assets in wholesale rather than retail markets; (x) to disclaim disposition warranties, including any warranties of title; (xi) to purchase insurance or credit enhancements to insure Secured Party against risks of loss, collection or disposition of Collateral or to provide to Secured Party a guaranteed return from the collection or disposition of Collateral; or (xii) to the extent deemed appropriate by Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of any of the Collateral. Each Debtor acknowledges that the purpose of this section is to provide non-exhaustive indications of what actions or omissions by Secured Party would not be commercially unreasonable in Secured Party's exercise of remedies against the Collateral and that other actions or omissions by Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to any Debtor or to impose any duties on Secured Party that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section.

4.4 UCC and Offset Rights. Secured Party may exercise, from time to time, any and all rights and remedies available to it under the UCC or under any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Security Agreement or in any other agreements between any Obligor and Secured Party, and may, without demand or notice of any kind, appropriate and apply toward the payment of such of the Obligations, whether matured or unmatured, including costs of collection and attorneys' and paralegals' fees and costs, and in such order of application as Secured Party may, from time to time, elect, any indebtedness of Secured Party to any Obligor, however created or arising, including balances, credits, deposits, accounts or moneys of such Obligor in the possession, control or custody of, or in transit to Secured Party. Each Debtor, on behalf of itself and any Obligor, hereby waives the benefit of any law that would otherwise restrict or limit Secured Party in the exercise of its right, which is hereby acknowledged, to appropriate at any time hereafter any such indebtedness owing from Secured Party to any Obligor.

4.5 Additional Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the right and power to:

(a) instruct any Debtor, at its own expense, to notify any parties obligated on any of the Collateral, including any of its customers and of any Debtor's payment processing service providers, to make payment directly to Secured Party of any amounts due or to become due thereunder, or Secured Party may directly notify such obligors of the security interest of Secured Party, and/or of the assignment to Secured Party of the Collateral and direct such obligors to make payment to Secured Party of any amounts due or to become due with respect thereto, and thereafter, collect any such amounts due on the Collateral directly from such Persons obligated thereon;

(b) enforce collection of any of the Collateral, including any Accounts, by suit or otherwise, or make any compromise or settlement with respect to any of the Collateral, or surrender, release or exchange all or any part thereof, or compromise, extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder;

(c) take possession or control of any proceeds and products of any of the Collateral, including the proceeds of insurance thereon;

(d) extend, renew or modify for one or more periods (whether or not longer than the original period) the Obligations or any obligation of any nature of any other obligor with respect to the Obligations;

(e) grant releases, compromises or indulgences with respect to the Obligations, any extension or renewal of any of the Obligations, any security therefor, or to any other obligor with respect to the Obligations;

(f) transfer the whole or any part of Capital Securities which may constitute Collateral into the name of Secured Party or Secured Party's nominee without disclosing, if Secured Party so desires, that such Capital Securities so transferred are subject to the security interest of Secured Party, and any corporation, association, or any of the managers or trustees of any trust issuing any of such Capital Securities, or any transfer agent, shall not be bound to inquire, in the event that Secured Party or such nominee makes any further transfer of such Capital Securities, or any portion thereof, as to whether Secured Party or such nominee has the right to make such further transfer, and shall not be liable for transferring the same;

(g) vote the Collateral;

(h) make an election with respect to the Collateral under Section 1111 of the Bankruptcy Code or take action under Section 364 or any other section of Bankruptcy Code; provided, however, that any such action of Secured Party as set forth herein shall not, in any manner whatsoever, impair or affect the liability of any Debtor hereunder, nor prejudice, waive, nor be construed to impair, affect, prejudice or waive Secured Party's rights and remedies at law, in equity or by statute, nor release, discharge, nor be construed to release or discharge, any Debtor, any guarantor or other Person liable to Secured Party for the Obligations; and

(i) at any time, and from time to time, accept additions to, releases, reductions, exchanges or substitution of the Collateral, without in any way altering, impairing, diminishing or affecting the provisions of this Security Agreement, the Transaction Documents, or any of the other Obligations, or Secured Party's rights hereunder, under the Obligations.

Each Debtor hereby ratifies and confirms whatever Secured Party may do with respect to the Collateral and agrees that Secured Party shall not be liable for any error of judgment or mistakes of fact or law with respect to actions taken in connection with the Collateral.

4.6 Attorney-in-Fact. Each Debtor hereby irrevocably makes, constitutes and appoints Secured Party (and any officer of Secured Party or any Person designated by Secured Party for that purpose) as such Debtor's true and lawful proxy and attorney-in-fact (and agent-in-fact) in such Debtor's name, place and stead, with full power of substitution, to: (i) take such actions as are permitted in this Security Agreement; (ii) execute such financing statements and other documents and to do such other acts as Secured Party may require to perfect and preserve Secured Party's security interest in, and to enforce such interests in the Collateral; and (iii) upon the occurrence of an Event of Default, carry out any remedy provided for in this Security Agreement, the Debentures, the Purchase Agreement, or otherwise at law or in equity, including endorsing such Debtor's name to checks, drafts, instruments and other items of payment, and proceeds of the Collateral, executing change of address forms with the postmaster of the United States Post Office serving the address of such Debtor, changing the address of Debtor to that of Secured Party, opening all envelopes addressed to such Debtor and applying any payments contained therein to the Obligations, and changing any merchant accounts or instructions to such Debtor's payment processing service providers regarding any credit/debit card payments from any of its customers. Each Debtor hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable. Each Debtor hereby ratifies and confirms all that such attorney-in-fact may do or cause to be done by virtue of any provision of this Security Agreement.

4.7 No Marshaling. Secured Party shall not be required to marshal any present or future collateral security (including this Security Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order. To the extent that it lawfully may, each Debtor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Secured Party's rights under this Security Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Debtor hereby irrevocably waives the benefits of all such laws.

4.8 No Waiver. No Event of Default shall be waived by Secured Party except in writing. No failure or delay on the part of Secured Party in exercising any right, power or remedy hereunder shall operate as a waiver of the exercise of the same or any other right at any other time; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. There shall be no obligation on the part of Secured Party to exercise any remedy available to Secured Party in any order. The remedies provided for herein are cumulative and not exclusive of any remedies provided at law or in equity. Each Debtor agrees that in the event that such Debtor fails to perform, observe or discharge any of its Obligations or liabilities under this Security Agreement or any other agreements with Secured Party, no remedy of law will provide adequate relief to Secured Party, and further agrees that Secured Party shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

4.9 Application of Proceeds. Secured Party will, within three (3) Business Days after receipt of cash or solvent credits from collection of items of payment, proceeds of Collateral or any other source, apply the whole or any part thereof against the Obligations secured hereby. Secured Party shall further have the exclusive right to determine how, when and what application of such payments and such credits shall be made on the Obligations, and such determination shall be conclusive upon Debtor. Any proceeds of any disposition by Secured Party of all or any part of the Collateral may be first applied by Secured Party to the payment of expenses incurred by Secured Party in connection with the Collateral, including reasonable attorneys' fees and legal expenses and costs as provided for in Section 5.14 hereof.

## 5 MISCELLANEOUS.

5.1 Entire Agreement. This Security Agreement and the other Transaction Documents: (i) are valid, binding and enforceable against each Debtor and Secured Party in accordance with their respective provisions and no conditions exist as to their legal effectiveness; (ii) constitute the entire agreement between the parties with respect to the subject matter hereof and thereof; and (iii) are the final expression of the intentions of each Debtor and Secured Party. No promises, either expressed or implied, exist between any Debtor and Secured Party, unless contained herein or therein. This Security Agreement, together with the other Transaction Documents, supersedes all negotiations, representations, warranties, commitments, term sheets, discussions, negotiations, offers or contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof with respect to any matter, directly or indirectly related to the terms of this Security Agreement and the other Transaction Documents. This Security Agreement and the other Transaction Documents are the result of negotiations between Secured Party and Debtors and have been reviewed (or have had the opportunity to be reviewed) by counsel to all such parties, and are the products of all parties. Accordingly, this Security Agreement and the other Transaction Documents shall not be construed more strictly against Secured Party merely because of Secured Party's involvement in their preparation. **EACH DEBTOR ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, THAT ARE NOT CONTAINED WITHIN THIS SECURITY AGREEMENT OR IN ANY OTHER THE TRANSACTION DOCUMENT AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

5.2 Amendments; Waivers. No delay on the part of Secured Party in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Security Agreement or the other Transaction Documents shall in any event be effective unless the same shall be in writing and acknowledged by Secured Party, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

5.3 WAIVER OF CLAIMS AND DEFENSES. EACH DEBTOR WAIVES EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SETOFF WHICH SUCH DEBTOR MAY NOW HAVE AS OF THE DATE HEREOF, OR AS IT MAY IN THE FUTURE COME TO HAVE, TO ANY ACTION BY SECURED PARTY IN ENFORCING THIS SECURITY AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS — OTHER THAN FOR SET OFF TO ESTABLISH THE AMOUNTS DUE AND PAID IN RESPECT OF THE DEBENTURES. EACH DEBTOR UNDERSTANDS AND AGREES THAT IT IS WAIVING DEFENSES AND CLAIMS WHICH MAY NOT YET HAVE ACCRUED OR OF WHICH IT MAY NOT YET BE AWARE AS MATERIAL INDUCEMENT FOR SECURED PARTY ENTERING THIS SECURITY AGREEMENT AND GRANTING ANY FINANCIAL ACCOMMODATION TO THE COMPANY. THIS PROVISION IS INTENDED TO BE CONSTRUED AS BROADLY AS PERMISSIBLE UNDER APPLICABLE LAW. FURTHER, EACH DEBTOR UNDERSTANDS AND ACKNOWLEDGES THAT THE AGENTS AND REPRESENTATIVES OF THE SECURED PARTY DO NOT HAVE AUTHORITY TO MAKE ANY STATEMENTS, PROMISES OR REPRESENTATIONS IN CONFLICT WITH OR IN ADDITION TO THE INFORMATION CONTAINED IN THIS SECURITY AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND SECURED PARTY HEREBY SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS. BY EXECUTION OF THIS AGREEMENT, EACH DEBTOR ACKNOWLEDGES THAT IT HAS NOT RELIED UPON SUCH STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.

5.4 MANDATORY FORUM SELECTION. TO INDUCE SECURED PARTY TO MAKE CERTAIN FINANCIAL ACCOMODATIONS TO COMPANY, EACH DEBTOR IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS SECURITY AGREEMENT OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS SECURITY AGREEMENT ANY OTHER TRANSACTION DOCUMENT, OR THE COLLATERAL (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL, EXCEPT AS HEREINAFTER PROVIDED, BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, SECURED PARTY MAY, AT SECURED PARTY'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. EACH DEBTOR HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING IT SITUS IN SUCH COUNTY (OR TO ANY JURISDICTION OR VENUE, IF SECURED PARTY SO ELECTS), AND EACH DEBTOR HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.



**5.5 WAIVER OF PERSONAL SERVICE.** EACH DEBTOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY FEDERAL EXPRESS, DIRECTED TO THE DEBTORS, AS SET FORTH AND ACCORDING TO THE TERMS IN THE NOTICE PROVISIONS HEREIN. EACH DEBTOR AGREES THAT NO ACKNOWLEDGMENT OF ACTUAL RECEIPT OF PROCESS IS REQUIRED AND SERVICE WILL BE DEEMED EFFECTIVE PURSUANT TO TERMS OF NOTICE PROVISIONS CONTAINED HEREIN. SERVICE MAY ALSO BE MADE IN ANY MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.

**5.6 WAIVER OF JURY TRIAL.** EACH DEBTOR AND SECURED PARTY, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE IRREVOCABLY, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS SECURITY AGREEMENT, ANY NOTE, ANY OTHER TRANSACTION DOCUMENT, ANY OF THE OTHER OBLIGATIONS, THE COLLATERAL, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH SECURED PARTY AND ANY DEBTOR ARE ADVERSE PARTIES, AND EACH AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY GRANTING ANY FINANCIAL ACCOMMODATION TO THE COMPANY.

**5.7 Assignability.** Secured Party, without consent from or notice to anyone, may at any time assign Secured Party's rights in this Security Agreement, the other Transaction Documents, the Obligations, or any part thereof and transfer Secured Party's rights in any or all of the Collateral, and Secured Party thereafter shall be relieved from all liability with respect to such Collateral. This Security Agreement shall be binding upon Secured Party and each Debtor and its respective legal representatives and successors. All references herein to Debtor shall be deemed to include any successors, whether immediate or remote. In the case of a joint venture or partnership, the term "Debtor" shall be deemed to include all joint venturers or partners thereof, who shall be jointly and severally liable hereunder.

5.8 Binding Effect. This Security Agreement shall become effective upon execution by each Debtor and Secured Party, and shall bind the Debtors and Secured Party, and their respective successors and permitted assigns.

5.9 Governing Law. Except in the case of the Mandatory Forum Selection Clause in Section 5.4 above, which clause shall be governed and interpreted in accordance with Florida law, this Security Agreement shall be delivered and accepted in and shall be deemed to be a contract made under and governed by the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of such State, without giving effect to the choice of law provisions of such State.

5.10 Enforceability. Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by, unenforceable or invalid under any jurisdiction, such provision shall as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

5.11 Time of Essence. Time is of the essence in making payments of all amounts due Secured Party under the Transaction Documents and in the performance and observance by each Debtor of each covenant, agreement, provision and term of this Security Agreement and the other Transaction Documents.

5.12 Counterparts; Facsimile Signatures. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Security Agreement. Receipt of an executed signature page to this Security Agreement by facsimile or other electronic transmission shall constitute effective delivery thereof. Electronic records of executed Transaction Documents maintained by Secured Party shall be deemed to be originals thereof.

5.13 Notices. Except as otherwise provided herein, each Debtor waives all notices and demands in connection with the enforcement of Secured Party's rights hereunder. All notices, requests, demands and other communications provided for hereunder shall be made in accordance with the terms of the Purchase Agreement.

5.14 Costs, Fees and Expenses. Debtors shall pay or reimburse Secured Party for all reasonable costs, fees and expenses incurred by Secured Party or for which Secured Party becomes obligated in connection with the enforcement or defense of this Security Agreement, including search fees, costs and expenses and attorneys' fees, costs and time charges of counsel to Secured Party and all taxes payable in connection with this Security Agreement. In furtherance of the foregoing, Debtors shall pay any and all stamp and other taxes, UCC search fees, filing fees and other costs and expenses in connection with the execution and delivery of this Security Agreement and the other Transaction Documents to be delivered hereunder, and agrees to save and hold Secured Party harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such costs and expenses. That portion of the Obligations consisting of costs, expenses or advances to be reimbursed by Debtors to Secured Party pursuant to this Security Agreement or the other Transaction Documents which are not paid on or prior to the date hereof shall be payable by Debtor to Secured Party on demand. If at any time or times hereafter Secured Party: (a) employs counsel for advice or other representation: (i) with respect to this Security Agreement or the other Transaction Documents; (ii) to represent Secured Party in any litigation, contest, dispute, suit or proceeding or to commence, defend, or intervene or to take any other action in or with respect to any litigation, contest, dispute, suit, or proceeding (whether instituted by Secured Party, any Debtor, or any other Person) in any way or respect relating to this Security Agreement; or (iii) to enforce any rights of Secured Party against any Debtor or any other Person under of this Security Agreement; (b) takes any action to protect, collect, sell, liquidate, or otherwise dispose of any of the Collateral; and/or (c) attempts to or enforces any of Secured Party's rights or remedies under this Security Agreement, the costs and expenses incurred by Secured Party in any manner or way with respect to the foregoing, shall be part of the Obligations, payable by Debtors to Secured Party on demand.

5.15 Termination. This Security Agreement and the Liens and security interests granted hereunder shall not terminate until the termination of the Purchase Agreement and the commitments to make Loans thereunder and the full and complete performance and satisfaction and payment in full of all the Obligations (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted). Upon termination of this Security Agreement, Secured Party shall also timely deliver to Debtor (at the sole expense of Debtors) such UCC termination statements, certificates for terminating the liens on the Motor Vehicles (if any) and such other documentation, without recourse, warranty or representation whatsoever, as shall be reasonably requested by a Debtor to effect the termination and release of the Liens and security interests in favor of Secured Party affecting the Collateral; provided, however, to the extent any such terminations or releases require Secured Party to expend any sums in terminating or releasing any such Liens, Secured Party may refrain from terminating or releasing such Liens unless and until Debtors pay to Secured Party the estimated cost, as reasonably and promptly determined by Secured Party, of effectuating such terminations or releases.

5.16 Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Debtor for liquidation or reorganization, should a Debtor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Debtor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

5.17 Increase in Obligations. It is the intent of the parties to secure payment of the Obligations, as the amount of such Obligations may increase from time to time in accordance with the terms and provisions of the Transaction Documents, and all of the Obligations, as so increased from time to time, shall be and are secured hereby. Upon the execution hereof, Debtors shall pay any and all documentary stamp taxes and/or other charges required to be paid in connection with the execution and enforcement of the Transaction Documents, and if, as and to the extent the Obligations are increased from time to time in accordance with the terms and provisions of the Transaction Documents, then Debtors shall immediately pay any additional documentary stamp taxes or other charges in connection therewith.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, Debtors and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**SEAPORT GROUP ENTERPRISES, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of Seaport Group Enterprises, LLC, a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Notary Public

My Commission Expires:

IN WITNESS WHEREOF, Debtors and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**TCA ROYALTY FOODS I, LLC**

By: \_\_\_\_\_

Name: Shannon Masjedi

Title: Manager

STATE OF \_\_\_\_\_ )

SS.

COUNTY OF \_\_\_\_\_)

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of TCA Royalty Foods I, LLC, a Florida limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

IN WITNESS WHEREOF, Debtors and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**SNOBAR HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, chief executive officer of Snobar Holdings, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

IN WITNESS WHEREOF, Debtors and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**SNOBAR TRUST**

By: \_\_\_\_\_  
Name: Azizollah Masjedi  
Title: Trustee

[illegible]

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Azizollah Masjedi, the Trustee of Snobar Trust, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said trust, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Notary Public

My Commission Expires:

IN WITNESS WHEREOF, Debtors and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**INTERNATIONAL PRODUCTION IMPEX CORP.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

[illegible]

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, chief executive officer of International Production Impex Corp., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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Notary Public

My Commission Expires:

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IN WITNESS WHEREOF, Debtors and Secured Party have executed this Security Agreement as of the date first above written.

**Debtor:**

**MAS GLOBAL DISTRIBUTORS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, chief executive officer of MAS Global Distributors, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Notary Public

My Commission Expires:

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IN WITNESS WHEREOF, Debtor and Secured Party have executed this Security Agreement as of the date first above written.

Agreed and accepted:

**Secured Party:**

**TCA SPECIAL SITUATIONS CREDIT STRATEGIES  
ICAV**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Trust: \_\_\_\_\_

\_\_\_\_\_

**Schedule 3.8**

**Collateral Locations/Places of Business**

117 West 9<sup>th</sup> Street, Suite 316, Los Angeles, CA 90015

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**Exhibit 10.9****VALIDITY CERTIFICATE**

This Validity Certificate, dated and effective as of December \_\_\_\_, 2019 (the “Validity Certificate”), is made by SHANNON MASJEDI, an individual, (collectively, the “Undersigned”), for the benefit of TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV, an Irish collective asset vehicle (the “Buyer”).

**RECITALS**

A. Pursuant to a Securities Purchase Agreement dated and effective as of as of December \_\_\_\_, 2019, by and between Pacific Ventures Group, Inc., a corporation incorporated under the laws of the State of Delaware (the “Company”), and the Buyer (the “Purchase Agreement”), the Company has agreed to issue to the Buyer and the Buyer has agreed to purchase from the Company certain senior secured, redeemable debenture (the “Debenture”), as more specifically set forth in the Purchase Agreement; and

B. The Undersigned is an officer or director of the Company.

C. As a condition to entering into the Purchase Agreement and purchasing the Debenture from the Company, Buyer has required the execution and delivery of this Validity Certificate by the Undersigned.

NOW THEREFORE, the Undersigned, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees as follows:

1. Definitions. Capitalized terms used in this Validity Certificate shall have the meanings given to them in the Purchase Agreement, unless otherwise defined herein.

2. Guaranty. The Undersigned does hereby absolutely and unconditionally, guarantee, represent, warrant and certify to the Buyer that, to the best of the Undersigned’s knowledge after due inquiry and investigation:

(a) All reports, schedules, certificates, and other information at any time and from time to time delivered or otherwise reported to Buyer by the Company, including, without limitation, all due diligence information, financial statements, tax returns, and all supporting information or documentation delivered in connection therewith, shall be bona fide, complete, correct, and accurate in all material respects and shall accurately and completely report all matters purported to be covered or reported thereby provided however, that (i) any projections and other forward-looking information included in the due diligence information and provided by the Undersigned to the Buyer (the “Information”) have been prepared in good faith and are based upon assumptions which, in light of the circumstances under which they were made, were reasonable at the time they were made, (ii) the Information may have been based on available from generally recognized sources without having been independently verified; (iii) the Undersigned does not assume responsibility for the accuracy or completeness of the Information; and (iv) the Information shall not be deemed to be an appraisal of any assets of the Company.

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(b) All representations and warranties made by the Company in the Debenture, the Purchase Agreement, and any other Transaction Documents, are complete, correct, and accurate in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) The Undersigned may, from time to time, sign and deliver reports (including, without limitation, those specifically mentioned above) or otherwise deliver any such information to Buyer as Buyer may request, and the Undersigned confirm that he them is duly authorized to deliver same to Buyer on behalf of the Company.

(d) All Collateral of the Company (as defined in the Security Agreements): (i) is and will be owned, directly or indirectly, by the Company and will be possessed by the Company or its agent; (ii) will not be subject to any Encumbrance, except as otherwise permitted by the Purchase Agreement or other Transaction Documents; and (iii) will be maintained only at the locations designated in the Purchase Agreement or Security Agreement, unless the Company obtains Buyer's prior written consent.

(e) All proceeds of the Debenture will only be used in strict accordance with the terms of the Purchase Agreement.

3. Consideration for Certification. The Undersigned acknowledges and agrees with Buyer that, but for the execution and delivery of this Validity Certificate by the Undersigned, Buyer would not have entered into the Purchase Agreement or purchase the Debenture. The Undersigned acknowledges and agrees that the loans and other extensions of credit made to the Company by Buyer under the Debenture and Purchase Agreement will result in significant benefits to the Undersigned.

4. Cumulative Remedies. Buyer's rights and remedies hereunder are cumulative of all other rights and remedies which Buyer may now or hereafter have with respect to the Undersigned, the Company, or any other Person.

5. Company's Financial Condition. The Undersigned acknowledges that he has reviewed and is familiar with the Debenture, the Purchase Agreement and all other Transaction Documents and is familiar with the operations and financial condition of the Company, and agrees that Buyer shall not have any duty or obligation to communicate to the Undersigned any information regarding the Company's financial condition or affairs.

6. Assignability. This Validity Certificate shall be binding upon the Undersigned and shall inure to the benefit of Buyer and its successors or assigns. Buyer may at any time assign Buyer's rights in this Validity Certificate.

7. Continuing Obligation. This is a continuing validity certification and shall remain in full force and effect until such date as all amounts owing by the Company to Buyer under the Debenture, the Purchase Agreement or any other Transaction Documents shall have been indefeasibly paid in full in cash and there shall be no further commitments to advance any funds by Buyer to the Company under the Purchase Agreement or any other Contract.

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8. Further Assurances. The Undersigned agrees that he will cooperate with Buyer at all times in connection with any actions taken by Buyer pursuant to the Debenture, the Purchase Agreement or any other Transaction Documents, to monitor, administer, enforce, or collect upon Buyer's rights and remedies thereunder. In the event the Company should cease or discontinue operating as a going concern in the ordinary course of business, then for so long as any obligations under the Debenture, the Purchase Agreement or any other Transaction Documents remain outstanding, the Undersigned agrees that he shall assist Buyer in connection with any such action, as Buyer may request.

9. Choice of Law and Venue Selection. The Undersigned irrevocably agrees that any dispute arising under, relating to, or in connection with, directly or indirectly, this Validity Certificate or related to any matter which is the subject of or incidental to this Validity Certificate (whether or not such claim is based upon breach of contract or tort) shall be subject to the exclusive jurisdiction and venue of the state and/or federal courts located in Broward County, Florida; provided, however, Buyer may, at its sole option, elect to bring any action in any other jurisdiction. This provision is intended to be a "mandatory" forum selection clause and governed by and interpreted consistent with Florida law. The Undersigned hereby consents to the exclusive jurisdiction and venue of any state or federal court having its situs in said county, and each waives any objection based on forum non conveniens. The Undersigned hereby waives personal service of any and all process and consent that all such service of process may be made by certified mail, return receipt requested, directed to a borrower, as applicable, as set forth herein or in the manner provided by applicable statute, law, rule of court or otherwise. Except for the foregoing mandatory forum selection clause, all terms and provisions hereof and the rights and obligations of the Undersigned and Buyer hereunder shall be governed, construed and interpreted in accordance with the laws of the State of Wyoming, without reference to conflict of laws principles.

10. WAIVER OF JURY TRIAL. THE UNDERSIGNED AND BUYER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN THE UNDERSIGNED AND BUYER OR AMONG THE COMPANY, THE UNDERSIGNED, AND BUYER AND/OR BUYER'S AFFILIATES ARISING OUT OF OR IN ANY WAY RELATED TO THIS VALIDITY CERTIFICATE, ANY OTHER DOCUMENT OR ANY RELATIONSHIP AMONG BUYER, THE UNDERSIGNED, THE COMPANY, AND/OR ANY AFFILIATE OF BUYER THIS PROVISION IS A MATERIAL INDUCEMENT TO BUYER TO PROVIDE THE FINANCING DESCRIBED IN THE PURCHASE AGREEMENT.

11. ADVICE OF COUNSEL. THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS VALIDITY CERTIFICATE.

12. Electronic Signatures. Buyer is hereby authorized to rely upon and accept as an original this Validity Certificate which is sent to Buyer via facsimile, .pdf, or other electronic transmission.

[signature page follows]

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The Undersigned has executed this Validity Certificate as of the date first above written.

STATE OF \_\_\_\_\_ )  
COUNTY \_\_\_\_\_ ) SS.  
OF \_\_\_\_\_ )

\_\_\_\_\_  
SHANNON MASJEDI

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_

## Exhibit 10.10

**GUARANTY AGREEMENT**

This GUARANTY AGREEMENT is dated and effective as of December \_\_, 2019 (this “Guaranty”), and is made, jointly and severally, by **SEAPORT GROUP ENTERPRISES, LLC**, a limited liability company organized and existing under the laws of the State of California, and **TCA ROYALTY FOODS I, LLC**, a limited liability company organized and existing under the laws of the State of Florida, **SNOBAR HOLDINGS, INC.**, a corporation incorporated under the laws of the State of Delaware, **SNOBAR TRUST, INTERNATIONAL PRODUCTION IMPEX CORP.**, a corporation incorporated under the laws of the State of California, and **MAS GLOBAL DISTRIBUTORS, INC.**, a corporation incorporated under the laws of the State of California (each, a “Guarantor” and together, the “Guarantors”), in favor of **TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV** an Irish collective asset vehicle (the “Buyer”).

WHEREAS, pursuant to a Securities Purchase Agreement dated as of December \_\_, 2019 and effective as of December \_\_, 2019 (the “Purchase Agreement”) by and between Pacific Ventures Group Inc., a corporation organized and existing under the laws of the State of Delaware (the “Company”), and the Buyer, the Company has agreed to issue to the Buyer and the Buyer has agreed to purchase from Company certain senior secured redeemable debentures (the “Debentures”), as more specifically set forth in the Purchase Agreement; and

WHEREAS, in order to induce Buyer to purchase the Debentures, and with full knowledge that Buyer would not purchase the Debentures without this Guaranty, each Guarantor has agreed to execute and deliver this Guaranty to Buyer, for the benefit of Buyer, as security interest in all of the assets and property of such Guarantor to secure the prompt payment, performance and discharge in full of all of Company’s obligations under the Purchase Agreement, the Debentures and the other Transaction Documents; and

WHEREAS, each Guarantor is a subsidiary of the Company will significantly benefit from Buyer’s purchase of the Debentures from the Company; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties each intending to be legally bound, hereby do agree as follows:

**1. OBLIGATIONS GUARANTEED**

Each Guarantor hereby, jointly and severally, guarantees and becomes surety to Buyer for the full, prompt and unconditional payment and performance of the Obligations, when and as the same shall become due, whether at the stated maturity date, by acceleration or otherwise, and the full, prompt and unconditional performance of each term and condition to be performed by Company under the Debentures and the other Transaction Documents. This Guaranty is a primary obligation of each Guarantor and shall be a continuing inexhaustible Guaranty. This is a guaranty of payment and not of collection. Buyer may require a Guarantor to pay and perform its liabilities and obligations under this Guaranty and may proceed immediately against such Guarantor without being required to bring any proceeding or take any action against Company or any other Person prior thereto; the liability of each Guarantor hereunder being independent of and separate from the liability of Company, any other guarantor, any other Person, and the availability of other collateral security for the Debentures and the other Transaction Documents.

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## 2. DEFINITIONS

All capitalized terms used in this Guaranty that are defined in the Purchase Agreement shall have the meanings assigned to them in the Purchase Agreement, unless the context of this Guaranty requires otherwise.

### 3. REPRESENTATIONS AND WARRANTIES. Each Guarantor represents and warrants to Buyer as follows:

3.1. Organization, Powers. The Guarantors: (i) are each a limited liability company organized and existing under the laws of the State of California or Florida, as applicable; (ii) have the power and authority to own their properties and assets and to carry on their business as now being conducted and as now contemplated; and (iii) have the power and authority to execute, deliver and perform (and the officer or manager executing this Guaranty on behalf of each of the Guarantors has been duly authorized to so act and execute this Guaranty on behalf of the Guarantors), and by all necessary action has authorized the execution, delivery and performance of, all of its obligations under this Guaranty and any other Transaction Documents to which it is a party.

3.2. Execution of Guaranty. This Guaranty, and each other Transaction Document to which the Guarantors are a party, have been duly executed and delivered by the Guarantors. Execution, delivery and performance of this Guaranty and each other Transaction Document to which the Guarantors are a party will not: (i) violate any provision of any law, rule or regulation, any judgment, order, writ, decree or other instrument of any governmental authority, or any provision of any contract or other instrument to which the Guarantors are a party or by which the Guarantors or any of their properties or assets are bound; (ii) result in the creation or imposition of any lien, claim or encumbrance of any nature, other than the liens created by the Transaction Documents; and (iii) require any consent from, exemption of, or filing or registration with, any governmental authority or any other Person, other than any filings in connection with the liens created by the Transaction Documents.

3.3. Obligations of Guarantors. This Guaranty and each other Transaction Document to which the Guarantors are a party are the legal, valid and binding obligations of the Guarantors, enforceable against the Guarantors in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by equitable principles which may affect the availability of specific performance and other equitable remedies. The purchase of the Debenture by Buyer and the assumption by the Guarantors of their obligations hereunder and under any other Transaction Document to which the Guarantors are a party will result in material benefits to Guarantor. This Guaranty was entered into by the Guarantors for commercial purposes.

3.4. Litigation. There is no demand, claim, suit, action, litigation, investigation, audit, study, arbitration, administrative hearing, or any other proceeding of any nature whatsoever at law or in equity or by or before any governmental authority now pending or, to the knowledge of the Guarantors, threatened, against or affecting the Guarantors or any of their properties, assets or rights which, if adversely determined, would materially impair or affect: (i) the value of any collateral securing the Obligations; (ii) the Guarantors' right to carry on its business substantially as now conducted (and as now contemplated); (iii) the Guarantors' financial condition; or (iv) the Guarantors' capacity to consummate and perform its obligations under this Guaranty or any other Transaction Document to which the Guarantors are a party.

3.5. No Defaults. The Guarantors are not in default beyond the expiration of any applicable grace or cure periods, in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained herein or in any contract or other instrument to which each Guarantor is a party or by which each Guarantor or any of its properties or assets are bound.

3.6. No Untrue Statements. To the knowledge of each Guarantor, no Transaction Document or other document, certificate or statement furnished to Buyer by or on behalf of Company or each Guarantor contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. Each Guarantor acknowledges that all such statements, representations and warranties shall be deemed to have been relied upon by Buyer as an inducement to purchase the Debentures.

#### 4. NO LIMITATION OF LIABILITY

4.1. Each Guarantor acknowledges that the obligations undertaken herein involve the guaranty of obligations of a Person other than such Guarantor and, in full recognition of that fact, each Guarantor consents and agrees that Buyer may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness of this Guaranty: (i) change the manner, place or terms of payment of (including, without limitation, any increase or decrease in the principal amount of the Obligations or the interest rate), and/or change or extend the time for payment of, or renew, supplement or modify, any of the Obligations, any security therefor, or any of the Transaction Documents evidencing same, and the Guaranty herein made shall apply to the Obligations and the Transaction Documents as so changed, extended, renewed, supplemented or modified; (ii) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order, any property securing the Obligations; (iii) supplement, modify, amend or waive, or enter into or give any agreement, approval, waiver or consent with respect to, any of the Obligations, or any part thereof, or any of the Transaction Documents, or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder; (iv) exercise or refrain from exercising any rights against Company or other Persons (including against any Guarantor) or against any security for the Obligations; (v) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Transaction Documents or the Obligations, or any part thereof; (vi) accept partial payments on the Obligations; (vii) receive and hold additional security or guaranties for the Obligations, or any part thereof; (viii) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Buyer, in its sole and absolute discretion, may determine; (ix) add, release, settle, modify or discharge the obligation of any maker, endorser, guarantor, surety, obligor or any other Person who is in any way obligated for any of the Obligations, or any part thereof; (x) settle or compromise any Obligations, whether in a Proceeding or not, and whether voluntarily or involuntarily, dispose of any security therefor (with or without consideration and in whatever manner Buyer deems appropriate), and subordinate the payment of any of the Obligations, whether or not due, to the payment of liabilities owing to creditors of Company other than Buyer and Guarantors; (xi) consent to the merger, change or any other restructuring or termination of the corporate existence of Company or any other Person, and correspondingly restructure the Obligations, and any such merger, change, restructuring or termination shall not affect the liability of a Guarantor or the continuing effectiveness hereof, or the enforceability hereof with respect to all or any part of the Obligations; (xii) apply any sums it receives, by whomever paid or however realized, to any of the Obligations and/or (xiii) take any other action which might constitute a defense available to, or a discharge of, Company or any other Person (including any Guarantor) in respect of the Obligations.

4.2. The invalidity, irregularity or unenforceability of all or any part of the Obligations or any Transaction Document, or the impairment or loss of any security therefor, whether caused by any action or inaction of Buyer, or otherwise, shall not affect, impair or be a defense to any Guarantor's obligations under this Guaranty.

4.3. Upon the occurrence and during the continuance of any Event of Default, Buyer may enforce this Guaranty independently of any other remedy, guaranty or security Buyer at any time may have or hold in connection with the Obligations, and it shall not be necessary for Buyer to marshal assets in favor of Company, any other guarantor of the Obligations or any other Person or to proceed upon or against and/or exhaust any security or remedy before proceeding to enforce this Guaranty. Each Guarantor expressly waives any right to require Buyer to marshal assets in favor of Company or any other Person, or to proceed against Company or any other guarantor of the Obligations or any collateral provided by any Person, and agrees that Buyer may proceed against any obligor (including any Guarantor) and/or the collateral in such order as Buyer shall determine in its sole and absolute discretion. Buyer may file a separate action or actions against any Guarantor, whether action is brought or prosecuted with respect to any security or against any other Person, or whether any other Person is joined in any such action or actions. Each Guarantor agrees that Buyer and Company may deal with each other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between them, in any manner whatsoever, all without in any way altering or affecting the security of this Guaranty.

4.4. EACH GUARANTOR EXPRESSLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM WHICH THE CREDIT PARTIES MAY NOW HAVE AS OF THE DATE HEREOF, OR AS THEY MAY IN THE FUTURE COME TO HAVE, TO ANY ACTION BY BUYER IN ENFORCING THIS GUARANTY AND THE OTHER TRANSACTION DOCUMENTS — OTHER THAN FOR SET OFF TO ESTABLISH THE AMOUNTS DUE AND PAID PURSUANT TO THE DEBENTURES OR ANY OTHER TRANSACTION DOCUMENT, INCLUDING BUT NOT LIMITED TO THOSE ASSERTED BY REASON OF: (I) ANY DISABILITY OR OTHER DEFENSE OF COMPANY, OR ANY OTHER GUARANTOR FOR THE OBLIGATIONS, WITH RESPECT TO THE OBLIGATIONS; (II) THE UNENFORCEABILITY OR INVALIDITY OF ANY SECURITY FOR OR GUARANTY OF THE OBLIGATIONS OR THE LACK OF PERFECTION OR CONTINUING PERFECTION OR FAILURE OF PRIORITY OF ANY SECURITY FOR THE OBLIGATIONS; (III) THE CESSATION FOR ANY CAUSE WHATSOEVER OF THE LIABILITY OF COMPANY, OR ANY OTHER GUARANTOR OF THE OBLIGATIONS (OTHER THAN BY REASON OF THE FULL PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS (OTHER THAN CONTINGENT INDEMNIFICATION OBLIGATIONS)); (IV) ANY FAILURE OF BUYER TO MARSHAL ASSETS IN FAVOR OF COMPANY OR ANY OTHER PERSON; (V) ANY FAILURE OF BUYER TO GIVE NOTICE OF SALE OR OTHER DISPOSITION OF COLLATERAL TO COMPANY OR ANY OTHER PERSON OR ANY DEFECT IN ANY NOTICE THAT MAY BE GIVEN IN CONNECTION WITH ANY SALE OR DISPOSITION OF COLLATERAL; (VI) ANY FAILURE OF BUYER TO COMPLY WITH APPLICABLE LAWS IN CONNECTION WITH THE SALE OR OTHER DISPOSITION OF ANY COLLATERAL OR OTHER SECURITY FOR ANY OBLIGATIONS, INCLUDING, WITHOUT LIMITATION, ANY FAILURE OF BUYER TO CONDUCT A COMMERCIALY REASONABLE SALE OR OTHER DISPOSITION OF ANY COLLATERAL OR OTHER SECURITY FOR ANY OBLIGATIONS; (VII) ANY ACT OR OMISSION OF BUYER OR OTHERS THAT DIRECTLY OR INDIRECTLY RESULTS IN OR AIDS THE DISCHARGE OR RELEASE OF COMPANY OR ANY OTHER GUARANTOR OF THE OBLIGATIONS, OR OF ANY SECURITY OR GUARANTY THEREFOR BY OPERATION OF LAW OR OTHERWISE; (VIII) ANY LAW WHICH PROVIDES THAT THE OBLIGATION OF A SURETY OR GUARANTOR MUST NEITHER BE LARGER IN AMOUNT OR IN OTHER RESPECTS MORE BURDENSOME THAN THAT OF THE PRINCIPAL OR WHICH REDUCES A SURETY'S OR GUARANTOR'S OBLIGATION IN PROPORTION TO THE PRINCIPAL OBLIGATION; (IX) ANY FAILURE OF BUYER TO FILE OR ENFORCE A CLAIM IN ANY BANKRUPTCY OR OTHER PROCEEDING WITH RESPECT TO ANY PERSON; (X) THE ELECTION BY BUYER, IN ANY BANKRUPTCY PROCEEDING OF ANY PERSON, OF THE APPLICATION OR NON-APPLICATION OF SECTION 1111(B)(2) OF THE UNITED STATES BANKRUPTCY CODE; (XI) ANY EXTENSION OF CREDIT OR THE GRANT OF ANY LIEN UNDER SECTION 364 OF THE UNITED STATES BANKRUPTCY CODE; (XII) ANY USE OF COLLATERAL UNDER SECTION 363 OF THE UNITED STATES BANKRUPTCY CODE; (XIII) ANY GUARANTY OR STIPULATION WITH RESPECT TO THE PROVISION OF ADEQUATE PROTECTION IN ANY BANKRUPTCY PROCEEDING OF ANY PERSON; (XIV) THE AVOIDANCE OF ANY LIEN OR SECURITY INTEREST IN FAVOR OF BUYER FOR ANY REASON; (XV) ANY BANKRUPTCY, INSOLVENCY, REORGANIZATION, ARRANGEMENT, READJUSTMENT OF DEBT, LIQUIDATION OR DISSOLUTION PROCEEDING COMMENCED BY OR AGAINST ANY PERSON, INCLUDING WITHOUT LIMITATION ANY DISCHARGE OF, OR BAR OR STAY AGAINST COLLECTING, ALL OR ANY OF THE OBLIGATIONS (OR ANY INTEREST THEREON) IN OR AS A RESULT OF ANY SUCH PROCEEDING; OR (XVI) ANY ACTION TAKEN BY BUYER THAT IS AUTHORIZED BY THIS SECTION OR ANY OTHER PROVISION OF ANY TRANSACTION DOCUMENT. EACH GUARANTOR EXPRESSLY WAIVES ALL SETOFFS (OTHER THAN AS SET FORTH HEREIN) AND COUNTERCLAIMS AND ALL PRESENTMENTS, DEMANDS FOR PAYMENT OR PERFORMANCE, NOTICES OF NONPAYMENT OR NONPERFORMANCE, PROTESTS, NOTICES OF PROTEST, NOTICES OF DISHONOR AND ALL OTHER NOTICES OR DEMANDS OF ANY KIND OR NATURE WHATSOEVER WITH RESPECT TO THE OBLIGATIONS, AND ALL NOTICES OF ACCEPTANCE OF THIS GUARANTY OR OF THE EXISTENCE, CREATION OR INCURRENCE OF NEW OR ADDITIONAL OBLIGATIONS. EACH GUARANTOR UNDERSTANDS AND AGREES THAT THEY ARE WAIVING DEFENSES AND CLAIMS WHICH MAY NOT YET HAVE ACCRUED OR OF WHICH THEY MAY NOT YET BE AWARE AS A MATERIAL INDUCEMENT FOR BUYER ENTERING THIS GUARANTY AND GRANTING ANY FINANCIAL ACCOMMODATION TO THE CREDIT PARTIES. THIS PROVISION IS INTENDED TO BE ONSTRUED AS BROADLY AS PERMISSIBLE UNDER APPLICABLE LAW.

4.5. This is a continuing guaranty and shall remain in full force and effect as to all of the Obligations until such date as all amounts owing by Company to Buyer shall have been paid in full in cash and all obligations of Company with respect to any of the Obligations shall have terminated or expired (other than contingent indemnification obligations) (such date is referred to herein as the “Termination Date”).

## 5. LIMITATION ON SUBROGATION

Until the Termination Date, each Guarantor waives any present or future right to which such Guarantor is or may become entitled to be subrogated to Buyer’s rights against Company or to seek contribution, reimbursement, indemnification, payment or the like, or participation in any claim, right or remedy of Buyer against Company or any security which Buyer now has or hereafter acquires, whether or not such claim, right or remedy arises under contract, in equity, by statute, under common law or otherwise. If, notwithstanding such waiver, any funds or property shall be paid or transferred to a Guarantor on account of such subrogation, contribution, reimbursement, or indemnification at any time when all of the Obligations have not been paid in full, such Guarantor shall hold such funds or property in trust for Buyer and shall forthwith pay over to Buyer such funds and/or property to be applied by Buyer to the Obligations.

## 6. COVENANTS

6.1. Financial Statements; Compliance Certificate. No later than ten (10) days after written request therefore from Buyer, each Guarantor shall deliver to Buyer: (a) financial statements disclosing all of such Guarantor’s assets, liabilities, net worth, income and contingent liabilities, all in reasonable detail and in form acceptable to Buyer, signed by an officer, manager or director of Guarantor, and certified by such officer, manager or director to Buyer to be true, correct and complete in all material respects; (b) complete copies of federal tax returns, including all schedules, each of which shall be signed and certified an officer, manager or director of Guarantor to be true and complete copies of such returns; (c) an Affirmation and Compliance Certificate as provided in section 7.1(d) of the Purchase Agreement every sixty (60) days following closing of the Effective Date and (d) such other information respecting such Guarantor as Buyer may from time to time reasonably request.

6.2. Subordination of Other Debts. Each Guarantor hereby subordinates the obligations now or hereafter owed by Company to such Guarantor (“Subordinated Debt”) to any and all obligations of Company to Buyer now or hereafter existing while this Guaranty is in effect, and hereby agrees that such Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to a Guarantor, through error or otherwise, shall immediately be forwarded to Buyer by such Guarantor, properly endorsed to the order of Buyer, to apply to the Obligations.

6.3. Security for Guaranty. Each Guarantor’s obligations and liabilities evidenced by this Guaranty are also secured by all of the Collateral of the Guarantors pursuant to that certain Security Agreement by and between Guarantors and Buyer made of even date herewith (the “Security Agreement”). All of the agreements, conditions, covenants, provisions, representations, warranties and stipulations contained in the Security Agreement or any other Transaction Documents to which a Guarantor is a party which are to be kept and performed by a Guarantor are hereby made a part of this Guaranty to the same extent and with the same force and effect as if they were fully set forth herein, and each Guarantor covenants and agrees to keep and perform them, or cause them to be kept or performed, strictly in accordance with their terms.

## 7. EVENTS OF DEFAULT

Each of the following shall constitute a default (each, an “Event of Default”) hereunder:

7.1. The occurrence of any “Event of Default” (as defined in any of the Transaction Documents) under the Purchase Agreement, the Debentures or any other Transaction Documents, whether by Borrower or Guarantor;

7.2. A breach by a Guarantor of any term, covenant, condition, obligation or agreement under this Guaranty; and

7.3. Any representation or warranty made by any Guarantor in this Guaranty shall prove to be false, incorrect or misleading in any material respect as of the date when made.

## 8. REMEDIES.

8.1. Upon an Event of Default, as provided in the Debenture or any other Transaction Document, all liabilities and obligations of each Guarantor hereunder shall become immediately due and payable without demand or notice and, in addition to any other remedies provided by law or in equity, Buyer may:

8.1.1. Enforce the obligations of a Guarantor under this Guaranty.

8.1.2. To the extent not prohibited by and in addition to any other remedy provided by law or equity, setoff against any of the Obligations any sum owed by Buyer in any capacity to a Guarantor whether due or not.

8.1.3. Perform any covenant or agreement of a Guarantor in default hereunder (but without obligation to do so) and in that regard pay such money as may be required or as Buyer may reasonably deem expedient. Any costs, expenses or fees, including reasonable attorneys' fees and costs, incurred by Buyer in connection with the foregoing shall be included in the Obligations guaranteed hereby, and shall be due and payable on demand, together with interest at the highest non-usurious rate permitted by applicable law, such interest to be calculated from the date of such advance to the date of repayment thereof. Any such action by Buyer shall not be deemed to be a waiver or release of any Guarantor hereunder and shall be without prejudice to any other right or remedy of Buyer.

8.2. Settlement of any claim by Buyer against Company, whether in any Proceeding or not, and whether voluntary or involuntary, shall not reduce the amount due under the terms of this Guaranty, except to the extent of the amount actually paid by Company or any other obligated Person and legally retained by Buyer in connection with the settlement (unless otherwise provided for herein).

## 9. MISCELLANEOUS.

9.1. Disclosure of Financial Information. Buyer is hereby authorized to disclose any financial or other information about a Guarantor to any governmental authority having jurisdiction over Buyer or to any present, future or prospective participant or successor in interest in the Debentures. The information provided may include, without limitation, amounts, terms, balances, payment history, return item history and any financial or other information about a Guarantor.

9.2. Remedies Cumulative. The rights and remedies of Buyer, as provided herein and in any other Transaction Document, shall be cumulative and concurrent, may be pursued separately, successively or together, may be exercised as often as occasion therefor shall arise, and shall be in addition to any other rights or remedies conferred upon Buyer at law or in equity. The failure, at any one or more times, of Buyer to exercise any such right or remedy shall in no event be construed as a waiver or release thereof. Buyer shall have the right to take any action it deems appropriate without the necessity of resorting to any collateral securing this Guaranty.

9.3. Integration. This Guaranty and the other Transaction Documents constitute the sole agreement of the parties with respect to the transactions contemplated hereby and thereby and supersede all oral negotiations and prior writings with respect thereto.

**9.4. NON-RELIANCE. EACH GUARANTOR UNDERSTANDS AND ACKNOWLEDGES THAT THE AGENTS AND REPRESENTATIVES OF BUYER DO NOT HAVE AUTHORITY TO MAKE ANY STATEMENTS, PROMISES OR REPRESENTATIONS IN CONFLICT WITH OR IN ADDITION TO THE INFORMATION CONTAINED IN THIS GUARANTY OR ANY OTHER TRANSACTION DOCUMENTS, AND BUYER HEREBY SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS. BY EXECUTION OF THIS GUARANTY, EACH GUARANTOR ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON SUCH STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

9.5. Attorneys' Fees and Expenses. If Buyer retains the services of counsel in connection with the exercise, enforcement, or defense of any of the rights of the Buyer under this Agreement or the Transaction Documents, on account of any matter involving this Guaranty, or for examination of matters subject to Buyer's approval under the Transaction Documents, all costs of suit and all reasonable attorneys' fees and such other reasonable expenses so incurred by Buyer shall forthwith, on demand, become due and payable and shall be guaranteed hereby, including but not limited to reasonable attorneys' fees and costs at all levels of any litigation or other proceeding including but not limited to any appeals and enforcement of judgments.

9.6. No Implied Waiver. Buyer shall not be deemed to have modified or waived any of its rights or remedies hereunder unless such modification or waiver is in writing and signed by Buyer, and then only to the extent specifically set forth therein. A waiver in one event shall not be construed as continuing or as a waiver of or bar to such right or remedy on a subsequent event.

9.7. Waiver. Except as otherwise provided herein or in any of the Transaction Documents, each Guarantor waives notice of acceptance of this Guaranty and notice of the Obligations and waives notice of default, non-payment, partial payment, presentment, demand, protest, notice of protest or dishonor, and all other notices to which such Guarantor might otherwise be entitled or which might be required by law to be given by Buyer. Each Guarantor waives the right to any stay of execution and the benefit of all exemption laws, to the extent permitted by law, and any other protection granted by law to guarantors, now or hereafter in effect with respect to any action or proceeding brought by Buyer against it. Each Guarantor irrevocably waives all claims of waiver, release, surrender, alteration or compromise and the right to assert against Buyer any defenses, set-offs, counterclaims, or claims that such Guarantor may have at any time against Company or any other party liable to Buyer.

9.8. No Third Party Beneficiary. Except as otherwise provided herein, Guarantors and Buyer do not intend the benefits of this Guaranty to inure to any third party and no third party (including Company) shall have any status, right or entitlement under this Guaranty.

9.9. Partial Invalidity. The invalidity or unenforceability of any one or more provisions of this Guaranty shall not render any other provision invalid or unenforceable. In lieu of any invalid or unenforceable provision, there shall be added automatically a valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible.

9.10. Binding Effect. The covenants, conditions, waivers, releases and agreements contained in this Guaranty shall bind, and the benefits thereof shall inure to, the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns; provided, however, that this Guaranty cannot be assigned by any Guarantor without the prior written consent of Buyer, and any such assignment or attempted assignment by a Guarantor shall be void and of no effect with respect to the Buyer.



9.11. Modifications. This Guaranty may not be supplemented, extended, modified or terminated except by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. This Agreement does not permit implied amendments based upon course of dealing or silence or oral representations of any sort.

9.12. Sales or Participations. Buyer may from time to time sell or assign the Debentures, in whole or in part, or grant participations in the Debentures and/or the obligations evidenced thereby without the consent of Company or any Guarantor (other than as provided in the Purchase Agreement), provided, however, Buyer shall provide written notice to Company and Guarantors of any such assignment or grant of participations. The holder of any such sale, assignment or participation, if the applicable agreement between Buyer and such holder so provides, shall be: (a) entitled to all of the rights, obligations and benefits of Buyer (to the extent of such holder's interest or participation); and (b) deemed to hold and may exercise the rights of setoff or banker's lien with respect to any and all obligations of such holder to Guarantors (to the extent of such holder's interest or participation), in each case as fully as though Guarantors were directly indebted to such holder. Buyer may in its discretion give notice to Guarantors of such sale, assignment or participation; however, the failure to give such notice shall not affect any of Buyer's or such holder's rights hereunder.

**9.13. MANDATORY FORUM SELECTION. ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH THIS GUARANTY OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS GUARANTY, ANY OTHER TRANSACTION DOCUMENT, OR THE COLLATERAL (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, BUYER MAY, AT ITS SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW OR WYOMING LAW, AS APPLICABLE. EACH GUARANTOR HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING IT SITUS IN SUCH COUNTY (OR TO ANY JURISDICTION OR VENUE, IF BUYER SO ELECTS), AND EACH GUARANTOR HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.**

**9.14. WAIVER OF PERSONAL SERVICE. EACH GUARANTOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY FEDERAL EXPRESS, DIRECTED TO SUCH GUARANTOR, AS SET FORTH AND ACCORDING TO THE TERMS IN THE NOTICE PROVISIONS HEREIN. EACH GUARANTOR AGREES THAT NO ACKNOWLEDGMENT OF ACTUAL RECEIPT OF PROCESS IS REQUIRED AND SERVICE WILL BE DEEMED EFFECTIVE PURSUANT TO THE TERMS OF NOTICE PROVISIONS CONTAINED HEREIN. SERVICE MAY ALSO BE MADE IN ANY MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.**

9.15. Notices. All notices, requests and demands to or upon Buyer or Guarantors, to be effective, shall be delivered in the manner and addressed at the applicable address set forth in the Purchase Agreement. Each Guarantor agrees and acknowledges that notice may be sent and delivered to the Company, as required under the Purchase Agreement, and such notice to the Company shall be deemed valid and effective notice to Guarantors hereunder.

9.16. Governing Law. Except as may be for the Mandatory Forum Selection clause set forth in Section 9.13 hereof, this Guaranty shall be governed by and construed in accordance with the substantive laws of the State of Wyoming without reference to conflict of laws principles.

9.17. Joint and Several Liability. The word “Guarantor” or “Guarantors” shall mean all of the undersigned persons, if more than one, and their liability shall be joint and several. The liability of the Guarantors shall also be joint and several with the liability of any other guarantor under any other guaranty.

9.18. Continuing Enforcement. If, after receipt of any payment of all or any part of the Obligations, Buyer is compelled or reasonably agrees, for settlement purposes, to surrender such payment to any person or entity for any reason (including, without limitation, a determination that such payment is void or voidable as a preference or fraudulent conveyance, an impermissible setoff, or a diversion of trust funds), then this Guaranty shall continue in full force and effect or be reinstated, as the case may be, and each Guarantor shall be liable for, and shall indemnify, defend and hold harmless Buyer with respect to the full amount so surrendered. The provisions of this Section shall survive the termination of this Guaranty and shall remain effective notwithstanding the payment of the Obligations, the cancellation, conversion or redemption of the Debentures, this Guaranty or any other Transaction Document, the release of any security interest, lien or encumbrance securing the Obligations or any other action which Buyer may have taken in reliance upon its receipt of such payment. Any cancellation, release or other such action shall be deemed to have been conditioned upon any payment of the Obligations having become final and irrevocable.

9.19. WAIVER OF JURY TRIAL. EACH GUARANTOR AGREES THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY SUIT, ACTION OR PROCEEDING, WHETHER CLAIM OR COUNTERCLAIM, BROUGHT BY BUYER OR ANY GUARANTOR ON OR WITH RESPECT TO THIS GUARANTY OR ANY OTHER TRANSACTION DOCUMENT OR THE DEALINGS OF THE PARTIES WITH RESPECT HERETO OR THERETO, SHALL BE TRIED ONLY BY A COURT AND NOT BY A JURY. BUYER AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND INTELLIGENTLY, AND WITH THE ADVICE OF THEIR RESPECTIVE COUNSEL, WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. FURTHER, BUYER AND EACH GUARANTOR WAIVE ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS GUARANTY AND THAT BUYER WOULD NOT PURCHASE THE DEBENTURES IF THE WAIVERS SET FORTH IN THIS SECTION WERE NOT A PART OF THIS GUARANTY.

[ signature page follows ]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has duly executed and delivered this Guaranty Agreement as of the day and year first above written.

**SEAPORT GROUP ENTERPRISES, LLC**

Name: \_\_\_\_\_  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of Seaport Group Enterprises, LLC, a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

[signature page to Guaranty Agreement (Corporate Guarantors)]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has duly executed and delivered this Guaranty Agreement as of the day and year first above written.

**TCA ROYALTY FOODS I, LLC**

\_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of TCA Royalty Foods I, LLC, a Florida limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

[signature page to Guaranty Agreement (Corporate Guarantors)]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has duly executed and delivered this Guaranty Agreement as of the day and year first above written.

**SNOBAR HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, chief executive officer of Snobar Holdings, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

[signature page to Guaranty Agreement (Corporate Guarantors)]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has duly executed and delivered this Guaranty Agreement as of the day and year first above written.

**SNOBAR TRUST**

By: \_\_\_\_\_  
Name: Azizollah Masjedi  
Title: Trustee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Azizollah Masjedi, the Trustee of Snobar Trust, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said trust, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[signature page to Guaranty Agreement (Corporate Guarantors)]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has duly executed and delivered this Guaranty Agreement as of the day and year first above written.

**INTERNATIONAL PRODUCTION IMPEX CORP.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, chief executive officer of International Production Impex Corp., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

[signature page to Guaranty Agreement (Corporate Guarantors)]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has duly executed and delivered this Guaranty Agreement as of the day and year first above written.

MAS GLOBAL DISTRIBUTORS, INC.

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, chief executive officer of MAS Global Distributors, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

[signature page to Guaranty Agreement (Corporate Guarantors)]



**Exhibit 10.11**

THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS DEBENTURE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

**PACIFIC VENTURES GROUP, INC.****SENIOR SECURED REDEEMABLE DEBENTURE**

Dated as of: December \_\_, 2019

Principal Amount: \$1,500,000.00

Effective Date: December \_\_, 2019

Maturity Date: June \_\_, 2020

This SENIOR SECURED REDEEMABLE DEBENTURE (the “Debenture”) is issued, dated and effective as of December \_\_, 2019 (the “Effective Date”), by PACIFIC VENTURES GROUP, INC., a corporation incorporated under the laws of the State of California (the “Company”), to TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV, an Irish collective asset vehicle (together with its permitted successors and assigns, the “Holder”) pursuant to exemptions from registration under the Securities Act of 1933, as amended. This Debenture is issued in connection with that certain Securities Purchase Agreement, dated as of the date hereof, by and between the Company, the Holder and certain other parties thereto (the “Purchase Agreement”). All capitalized terms used in this Debenture and not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

**ARTICLE I**

Section 1.01 Principal and Interest. For value received, the Company hereby promises to pay to the order of the Holder, by no later than June \_\_, 2020 (the “Maturity Date”), in immediately available and lawful money of the United States of America, One Million Five Hundred Thousand and No/100 United States Dollars (\$1,500,000.00), together with interest on the outstanding principal amount under this Debenture, at the rate of Sixteen and One Half Percent (16.5%) per annum simple interest (the “Interest Rate”) from the Effective Date, until paid, as more specifically provided below.

Section 1.02 Optional Redemption Prior to Maturity. The Company, at its option, shall have the right to redeem this Debenture in full and for cash, at any time prior to the Maturity Date, with three (3) business days advance written notice (the “Redemption Notice”) to the Holder. The amount required to redeem this Debenture in full pursuant to this Section 1.02 shall be equal to: (i) the aggregate principal amount then outstanding under this Debenture; plus all accrued and unpaid interest due under this Debenture as of the redemption date; plus (ii) all other costs, fees and charges due and payable hereunder or under any other “Transaction Documents” (as hereinafter defined)(collectively, the “Redemption Amount”). The Company shall deliver the Redemption Amount to the Holder on the third (3rd) business day after the date of the Redemption Notice.

Section 1.03 Mandatory Redemption at Maturity. On the Maturity Date, the Company shall redeem this Debenture for the Redemption Amount, which Redemption Amount shall be due and payable to the Holder by no later than 2:00 P.M. EST, on the Maturity Date.

Section 1.04 Payments.

(1) Payments. The Company shall pay all interest due hereunder on a monthly basis to the Holder, and the principal amount hereof on the Maturity Date. In the event such day is not a Business Day, then said payment shall be due on the first Business Day thereafter occurring.

(2) Interest Calculations; Payment Application. Unpaid interest shall be capitalized into the principal balance hereof on a monthly basis. Interest shall be calculated on the basis of a 360-day year, and shall accrue daily on the outstanding principal amount outstanding from time to time (including, for the avoidance of doubt, any increase in the outstanding principal amount due to the capitalization of interest) for the actual number of days elapsed, commencing on the Effective Date until payment in full of the outstanding principal, together with all accrued and unpaid interest and other amounts which may become due hereunder or under any Transaction Documents, has been made. All payments received and actually collected by Holder hereunder shall be applied first to any costs and expenses due or incurred hereunder or under any other Transaction Documents, second to accrued and unpaid interest hereunder, and last to reduce the outstanding principal balance of this Debenture.

(3) Late Fee. If all or any portion of the payments of principal, interest or other charges due hereunder are not received by the Holder within five (5) days of the date such payment is due, then the Company shall pay to the Holder a late charge (in addition to any other remedies that Holder may have) equal to five percent (5%) of each such unpaid payment or sum. Any payments returned to Holder for any reason must be covered by wire transfer of immediately available funds to an account designated by Holder, plus a \$100.00 administrative fee charge. Holder shall have no responsibility or liability for payments purportedly made hereunder but not actually received by Holder; and the Company shall not be discharged from the obligation to make such payments due to loss of same in the mails or due to any other excuse or justification ultimately involving facts where such payments were not actually received by Holder.

Section 1.05. Manner of Payments. All sums payable to the order of Holder hereunder shall be payable by ACH transfer of lawful dollars of the United States of America to the ACH instructions set forth below, or at such place as Holder, from time to time, may designate in writing. ACH Instructions for all sums due and payable hereunder are as follows:

**Bank Name:**

**Bank Address:**

**Beneficiary Account Name:**

**Beneficiary Account Number:**

**ACH Transfer/Routing Number:**

**SWIFT:**

## ARTICLE II

Section 2.01 Secured Nature of Debenture. This Debenture is being issued in connection with the Purchase Agreement. The indebtedness evidenced by this Debenture is also secured by all of the assets and property of the Credit Parties and various other instruments and documents referred to in the Purchase Agreement as the “Transaction Documents”. All of the agreements, conditions, covenants, provisions, representations, warranties and stipulations contained in any of the Transaction Documents which are to be kept and performed by the Credit Parties are hereby made a part of this Debenture to the same extent and with the same force and effect as if they were fully set forth herein, and the Company covenants and agrees to keep and perform them, or cause them to be kept or performed, strictly in accordance with their terms.

## ARTICLE III

Section 3.01 Events of Default. The occurrence of any of the following events shall constitute an “Event of Default” hereunder: (i) any Credit Party shall fail to pay any interest, principal or other charges due under this Debenture or any other Transaction Documents on the date when any such payment shall be due and payable; (ii) any Credit Party makes an assignment for the benefit of creditors; (iii) any order or decree is rendered by a court which appoints or requires the appointment of a receiver, liquidator or trustee for any Credit Party, and the order or decree is not vacated within thirty (30) days from the date of entry thereof; (iv) any order or decree is rendered by a court adjudicating any Credit Party insolvent, and the order or decree is not vacated within thirty (30) days from the date of entry thereof; (v) any Credit Party files a petition in bankruptcy under the provisions of any bankruptcy law or any insolvency act; (vi) any Credit Party admits, in writing, its inability to pay its debts as they become due; (vii) a proceeding or petition in bankruptcy is filed against any Credit Party and such proceeding or petition is not dismissed within thirty (30) days from the date it is filed; (viii) any Credit Party files a petition or answer seeking reorganization or arrangement under the bankruptcy laws or any law or statute of the United States or any other foreign country or state; (ix) any written warranty, representation, report, certification, certificate or statement of any Credit Party in this Debenture, the Purchase Agreement or any other Transaction Document or any other agreement with Holder shall be false or misleading in any material respect when made or deemed made; (x) any Credit Party shall fail to perform, comply with or abide by any of the stipulations, agreements, conditions and/or material covenants contained in this Debenture, the Purchase Agreement or any of the other Transaction Documents on the part of any Credit Party to be performed complied with or abided by, and such failure continues or remains uncured for fifteen (15) days following written notice from the Holder to the Company, and (xi) the Equity Offering shall not have occurred within one hundred twenty (120) days of the Effective Date.

Section 3.02 Remedies. Upon the occurrence of an Event of Default that is not timely cured within an applicable cure period hereunder, the interest on this Debenture shall immediately accrue at an interest rate equal to the lesser of (i) twenty-two percent (22%) per annum or (ii) the maximum interest rate allowable by law, and, in addition to all other rights or remedies the Holder may have, at law or in equity, the Holder may, in its sole discretion, accelerate full repayment of all principal amounts outstanding hereunder, together with accrued interest thereon, together with all attorneys' fees, paralegals' fees and costs and expenses incurred by the Holder in collecting or enforcing payment hereof (whether such fees, costs or expenses are incurred in negotiations, all trial and appellate levels, administrative proceedings, bankruptcy proceedings or otherwise), and together with all other sums due by the Company hereunder and under the Transaction Documents, all without any relief whatsoever from any valuation or appraisal laws, and payment thereof may be enforced and recovered in whole or in part at any time by one or more of the remedies provided to the Holder at law, in equity, or under this Debenture or any of the other Transaction Documents. In connection with the Holder's rights hereunder upon an Event of Default, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately enforce any and all of its rights and remedies hereunder and all other remedies available to it in equity or under applicable law.

#### ARTICLE IV

Section 4.01 Usury/High-Interest Savings Clause. Notwithstanding any provision in this Debenture or the other Transaction Documents, the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by the usury laws of the jurisdiction governing this Debenture or any other applicable law. **EACH OF THE CREDIT PARTIES UNDERSTANDS AND ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO REVIEW AND DISCUSS THE OPERATION OF THIS DEBENTURE, ANY FEES, INTEREST, OR OTHER CHARGES OCCASIONED IN THE TRANSACTION DOCUMENTS WITH A COMPETENT ATTORNEY OF THEIR CHOOSING, AND DOES IN FACT UNDERSTAND THEIR OPERATION AND THUS AGREES THAT IT IS NOT THE HOLDER'S INTENT TO CHARGE ANY AMOUNT, FEE, OR INTEREST HIGHER THAN THAT PERMITTED UNDER APPLICABLE LAW, AND THAT IN FACT, THE OBLIGATIONS AND EFFECT OF THE TRANSACTION DOCUMENTS DO NOT CALL FOR THE PAYMENT OF ANY AMOUNT, FEE, INTEREST OR CHARGE GREATER THAN THAT PERMITTED BY APPLICABLE LAW.** In the event the total liability of payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the usury laws of the jurisdiction governing this Debenture or any other applicable laws, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice by, between, or to any party hereto, be applied to the reduction of the outstanding principal balance of this Debenture immediately upon receipt of such sums by the Holder, with the same force and effect as though the Borrower had specifically designated such excess sums to be so applied to the reduction of such outstanding principal balance and the Holder had agreed to accept such sums as a penalty-free payment of principal; provided, however, that the Holder may, at any time and from time to time, elect, by notice in writing to the Borrower, to waive, reduce, or limit the collection of any sums in excess of those lawfully collectible as interest rather than accept such sums as a prepayment of the outstanding principal balance. It is the intention of the parties that the Borrower does not intend or expect to pay nor does the Holder intend or expect to charge or collect any interest under this Debenture greater than the highest legal, non-usurious rate of interest which may be charged under applicable law.

## ARTICLE V

Section 5.01 No Exemption. To the extent possible pursuant to applicable rules, regulations and laws, the Company hereby waives and releases all benefit that might accrue to the Company by virtue of any present or future laws exempting any property that may serve as security for this Debenture, or any other property, real or personal, or any part of the proceeds arising from any sale of any such property, from attachment, levy, or sale under execution, exemption from civil process, or extension of time for payment; and the Company agrees that, to the extent possible pursuant to applicable rules, regulations and laws, any property that may be levied upon pursuant to a judgment obtained by virtue hereof, on any writ of execution issued thereon, may be sold upon any such writ in whole or in part in any order or manner desired by Holder.

Section 5.02 Exercise of Remedies. The remedies of the Holder as provided herein and in any of the other Transaction Documents shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of the Holder, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

Section 5.03 **WAIVER OF CLAIMS AND DEFENSES. THE CREDIT PARTIES WAIVE EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SETOFF WHICH THE CREDIT PARTIES MAY NOW HAVE AS OF THE DATE HEREOF, OR AS THEY MAY IN THE FUTURE COME TO HAVE, TO ANY ACTION BY HOLDER IN ENFORCING THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENTS — OTHER THAN FOR SET OFF TO ESTABLISH THE AMOUNTS DUE AND PAID IN RESPECT OF THE DEBENTURES. THE CREDIT PARTIES UNDERSTAND AND AGREE THAT THEY ARE WAIVING DEFENSES AND CLAIMS WHICH MAY NOT YET HAVE ACCRUED OR OF WHICH THEY MAY NOT YET BE AWARE AS MATERIAL INDUCEMENT FOR HOLDER PURCHASING THIS DEBENTURE, ENTERING THE OTHER TRANSACTION DOCUMENTS AND GRANTING ANY FINANCIAL ACCOMMODATION TO THE CREDIT PARTIES. THIS PROVISION IS INTENDED TO BE CONSTRUED AS BROADLY AS PERMISSIBLE UNDER APPLICABLE LAW. FURTHER, EACH OF THE CREDIT PARTIES UNDERSTANDS AND ACKNOWLEDGES THAT THE AGENTS AND REPRESENTATIVES OF THE HOLDER DO NOT HAVE AUTHORITY TO MAKE ANY STATEMENTS, PROMISES OR REPRESENTATIONS IN CONFLICT WITH OR IN ADDITION TO THE INFORMATION CONTAINED IN THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENT, AND BY ITS ACCEPTANCE HEREOF HOLDER HEREBY SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS. BY EXECUTION OF THIS DEBENTURE, EACH CREDIT PARTY ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON SUCH STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

Section 5.04 No Waiver. Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder, and then only to the extent specifically set forth in the writing. A waiver on one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to a subsequent event.

## ARTICLE VI

Section 6.01 Notice. Any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Debenture shall be made in accordance with the terms of the Purchase Agreement.

Section 6.02 **MANDATORY FORUM SELECTION**. TO INDUCE HOLDER TO PURCHASE THIS DEBENTURE, EACH OF THE CREDIT PARTIES IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS DEBENTURE OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS DEBENTURE ANY OTHER TRANSACTION DOCUMENT, OR THE COLLATERAL (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL, EXCEPT AS HEREINAFTER PROVIDED, BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, HOLDER MAY, AT HOLDER'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. EACH OF THE CREDIT PARTIES HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING IT SITUS IN SUCH COUNTY (OR TO ANY JURISDICTION OR VENUE, IF HOLDER SO ELECTS), AND EACH OF THE CREDIT PARTIES HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

**Section 6.03 WAIVER OF PERSONAL SERVICE. EACH CREDIT PARTY HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY FEDERAL EXPRESS, DIRECTED TO THE BORROWER, AS SET FORTH AND ACCORDING TO THE TERMS IN THE NOTICE PROVISIONS HEREIN. EACH OF THE CREDIT PARTIES AGREES THAT NO ACKNOWLEDGMENT OF ACTUAL RECEIPT OF PROCESS IS REQUIRED AND SERVICE WILL BE DEEMED EFFECTIVE PURSUANT TO TERMS OF NOTICE PROVISIONS CONTAINED HEREIN. SERVICE MAY ALSO BE MADE IN ANY MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.**

Section 6.04 Governing Law. Except in the case of the Mandatory Forum Selection Clause in Section 6.02 above, which clause shall be governed and interpreted in accordance with Florida law, this Debenture and the Transaction Documents shall be delivered and accepted in, and shall be deemed to be contracts made under and governed by, the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of the State of Wyoming, without giving effect to the choice of law provisions of such State. The governing law provisions of this Section 6.04 are a material inducement for Holder to purchase this Debenture, and the Borrower hereby agrees, acknowledges and understands that the Holder would not have purchased this Debenture, without the full agreement and consent of the Credit Parties, with full knowledge and understanding, that except in the case of the Mandatory Forum Selection Clause in Section 6.02 above, which clause shall be governed and interpreted in accordance with Florida law, this Debenture, and each of the Transaction Documents, shall be governed by the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of the State of Wyoming, without giving effect to the choice of law provisions. In this regard, each of the Credit Parties hereby acknowledges that it has reviewed this Debenture and all Transaction Documents, and specifically, this Section 6.04, with competent counsel selected by the Credit Parties, and in that regard, each of the Credit Parties fully understands the choice of law provisions set forth in this Section. In addition, each of the Credit Parties agree, and acknowledge that it has had an opportunity to negotiate the terms and provisions of this Debenture and the other Transaction Documents with and through its counsel, and that the Credit Parties have sufficient leverage and economic bargaining power, and have used such leverage and economic bargaining power, to fairly and fully negotiate this Debenture and the other Transaction Documents in a manner that is acceptable to the Credit Parties. Moreover, because of the material nature of this choice of law provision in inducing Holder to purchase this Debenture, each of the Credit Parties hereby fully and absolutely waives any and all rights to make any claims, counterclaims, defenses, to raise or make any arguments (including any claims, counterclaims, defenses, or arguments based on grounds of public policy, unconscionability, or implied covenants of fair dealing and good faith), or to otherwise undertake any litigation strategy or maneuver of any nature or kind that would result in, or which otherwise seeks to, invalidate this choice of law provision, or that would otherwise result in or require the application of the laws of any other State other than the State of Wyoming in the interpretation or governance of this Debenture or any other Transaction Documents (except for the Mandatory Forum Selection clause in Section 6.2 hereof). Each of the Credit Parties has carefully considered this Section 6.04 and has carefully reviewed its application and effect with competent counsel, and in that regard, fully understands and agrees that Holder would not have purchased this Debenture without the express agreement and acknowledgement of each of the Credit Parties to this choice of law provision, and the express waivers set forth herein.

Section 6.05 Severability. In the event any one or more of the provisions of this Debenture shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part, in any respect, or in the event that any one or more of the provisions of this Debenture operates or would prospectively operate to invalidate this Debenture, then and in any of those events, only such provision or provisions shall be deemed null and void and shall not affect any other provision of this Debenture. The remaining provisions of this Debenture shall remain operative and in full force and effect and shall in no way be affected, prejudiced, or disturbed thereby.

Section 6.06 Entire Agreement. This Debenture and the other Transaction Documents: (i) are valid, binding and enforceable against the Credit Parties and Holder in accordance with their provisions and no conditions exist as to their legal effectiveness; (ii) constitute the entire agreement between the parties; and (iii) are the final expression of the intentions of the Credit Parties and Holder. No promises, either expressed or implied, exist between the Credit Parties and Holder, unless contained herein or in the Transaction Documents. This Debenture and the Transaction Documents supersede all negotiations, representations, warranties, commitments, offers, contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof. **EACH CREDIT PARTY ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON ANY STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, THAT ARE NOT CONTAINED WITHIN THIS DEBENTURE OR IN ANY OTHER THE TRANSACTION DOCUMENT AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

Section 6.07 Amendments; Waivers. No promises of future action, amendment, modification, forbearance, termination, discharge or waiver of any provision of this Debenture or of the Transaction Documents, nor any consent to any departure from the terms of this Debenture or any other Transaction Document, by the Credit Parties therefrom, shall in any event be effective unless the same shall be in writing and signed by Holder, and then such waiver or consent shall be effective only for the specific purpose for which given. This Debenture does not permit implied amendments based upon course of dealing or silence or oral representations of any sort.

Section 6.08 Binding Effect. This Debenture shall be binding upon the Credit Parties and the successors and assigns of any Credit Party and shall inure to the benefit of the Holder and the successors and assigns of the Holder.

Section 6.09 Assignment. The Holder may from time to time sell or assign, in whole or in part, or grant participations in, this Debenture and/or the obligations evidenced hereby without the consent of the Credit Parties. The holder of any such sale, assignment or participation, if the applicable agreement between Holder and such holder provides, shall be: (i) entitled to all of the rights obligations and benefits of Holder (to the extent of such holder's interest or participation); and (ii) deemed to hold and may exercise the rights of setoff or banker's lien with respect to any and all obligations of such holder to any Credit Parties (to the extent of such holder's interest or participation), in each case as fully as though the Credit Parties was directly indebted to such holder. Holder shall give written notice to a Credit Party of such sale, assignment or participation.



Section 6.10 Lost or Mutilated Debenture. If this Debenture shall be mutilated, lost, stolen or destroyed the Credit Parties shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Debenture or in lieu of or in substitution for a lost, stolen or destroyed Debenture a new Debenture for the principal amount of this Debenture so mutilated, lost stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Debenture, and of the ownership hereof, reasonably satisfactory to the Company.

Section 6.11 WAIVER OF JURY TRIAL. EACH CREDIT PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED ON THIS DEBENTURE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENTS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF OR BETWEEN ANY PARTY HERETO, AND EACH CREDIT PARTY AGREES AND CONSENTS TO THE GRANTING TO HOLDER OF RELIEF FROM ANY STAY ORDER WHICH MIGHT BE ENTERED BY ANY COURT AGAINST HOLDER AND TO ASSIST HOLDER IN OBTAINING SUCH RELIEF. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER ACCEPTING THIS DEBENTURE FROM THE COMPANY. THE CREDIT PARTIES' REASONABLE RELIANCE UPON SUCH INDUCEMENT I HEREBY ACKNOWLEDGED.

Section 6.12 WAIVER AND RELEASE. IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS MADE HEREIN, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, EACH CREDIT PARTY HEREBY AGREES TO FULLY, FINALLY AND FOREVER RELEASE AND FOREVER DISCHARGE AND COVENANT NOT TO SUE THE HOLDER INDEMNITEES, AND EACH ONE OF THEM, FROM ANY AND ALL DEBTS, FEES, ATTORNEYS' FEES, LIENS, COSTS, EXPENSES, DAMAGES, SUMS OF MONEY, ACCOUNTS, BONDS, BILLS, COVENANTS, PROMISES, JUDGMENTS, CHARGES, DEMANDS, CLAIMS, CAUSES OF ACTION, PROCEEDINGS, SUITS, LIABILITIES, EXPENSES, OBLIGATIONS OR CONTRACTS OF ANY KIND WHATSOEVER, WHETHER IN LAW OR IN EQUITY, WHETHER ASSERTED OR UNASSERTED, WHETHER KNOWN OR UNKNOWN, FIXED OR CONTINGENT, UNDER STATUTE OR OTHERWISE, FROM THE BEGINNING OF TIME THROUGH THE EFFECTIVE DATE AND FROM THE EFFECTIVE DATE THROUGH THE FUTURE, INCLUDING ANY AND ALL CLAIMS RELATING TO OR ARISING OUT OF ANY FINANCING TRANSACTIONS, CREDIT FACILITIES, NOTES, DEBENTURES, SECURITY AGREEMENTS, AND OTHER AGREEMENTS, INCLUDING EACH OF THE TRANSACTION DOCUMENTS, ENTERED INTO BY THE CREDIT PARTIES WITH HOLDER. WITHOUT IN ANY MANNER LIMITING THE GENERALITY OF THE FOREGOING RELEASE, EACH OF THE CREDIT PARTIES HEREBY AGREES AND ACKNOWLEDGES THAT THEY ARE RELEASING ANY CLAIMS THEY HAVE NOW WHICH HAVE ACCRUED OR WHICH MAY ACCRUE IN THE FUTURE, SPECIFICALLY INCLUDING BUT NOT LIMITED TO: (A) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE ENFORCEABILITY OF THE TRANSACTION DOCUMENTS AS AGAINST ANY OF THE CREDIT PARTIES; (B) ANY AND ALL CLAIMS REGARDING, RELATING TO, OR OTHERWISE CHALLENGING THE GOVERNING LAW PROVISIONS OF THE TRANSACTION DOCUMENTS ; (C) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE AMOUNT OF PRINCIPAL, INTEREST, FEES OR OTHER OBLIGATIONS DUE FROM ANY OF THE CREDIT PARTIES TO THE HOLDER UNDER ANY OF THE TRANSACTION DOCUMENTS ; (D) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE HOLDER'S CONDUCT OR HOLDER'S FAILURE TO PERFORM ANY OF HOLDER'S COVENANTS OR OBLIGATIONS UNDER ANY OF THE TRANSACTION DOCUMENTS; (E) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY DELIVERY OR FAILURE TO DELIVER ANY NOTICES BY THE HOLDER TO THE CREDIT PARTIES; (F) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY FAILURE BY THE HOLDER TO FUND ANY ADVANCES OR OTHER AMOUNTS UNDER ANY OF THE TRANSACTION DOCUMENTS; (G) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY ADVISORY OR INVESTMENT BANKING SERVICES (OR THE LACK THEREOF) PROVIDED BY THE HOLDER TO ANY OF THE CREDIT PARTIES FOR WHICH ANY ADVISORY OR INVESTMENT BANKING FEES MAY BE DUE AND OWING AND INCLUDED WITHIN THE OBLIGATIONS; AND (H) ANY AND ALL CLAIMS BASED ON GROUNDS OF PUBLIC POLICY, UNCONSCIONABILITY, OR IMPLIED COVENANTS OF FAIR DEALING AND GOOD FAITH – OTHER THAN THOSE DEEMED NON-WAIVABLE BY LAW OR APPLICABLE PUBLIC POLICY. THE CREDIT PARTIES FURTHER EXPRESSLY AGREE THAT THE FOREGOING RELEASE AND WAIVER IS INTENDED TO BE AS BROAD AND INCLUSIVE AS PERMITTED BY THE LAWS GOVERNING THE TRANSACTION DOCUMENTS, AND THESE RELEASED CLAIMS INCLUDE CLAIMS THAT THE CREDIT PARTIES DO NOT KNOW OR SUSPECT TO EXIST, WHETHER THROUGH IGNORANCE, OVERSIGHT, ERROR, NEGLIGENCE, OR OTHERWISE, AND WHICH, IF KNOWN, WOULD MATERIALLY AFFECT THEIR DECISION TO EXECUTE THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENT. THE CREDIT PARTIES UNDERSTAND THAT THEY COULD HAVE CLAIMS ACCRUE IN THE FUTURE IN CONNECTION HERewith, BUT VOLUNTARILY ELECT TO RELEASE THOSE CLAIMS NOW AS AN INDUCEMENT TO THE FINANCIAL ACOMMODATIONS PROVIDED HERE BY THE HOLDER. THE FOREGOING WAIVERS AND RELEASES BY THE CREDIT PARTIES ARE A MATERIAL INDUCEMENT FOR THE HOLDER TO PURCHASE THIS DEBENTURE, AND THE HOLDER'S AGREEMENT TO PURCHASE THIS DEBENTURE IS SEPARATE AND MATERIAL CONSIDERATION TO THE CREDIT PARTIES FOR THE WAIVERS AND RELEASES CONTAINED HEREIN, THE RECEIPT AND SUFFICIENCY OF SUCH CONSIDERATION IS HEREBY ACKNOWLEDGED BY THE CREDIT PARTIES. IN ADDITION, EACH OF THE CREDIT PARTIES AGREES AND ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO NEGOTIATE THIS SPECIFIC WAIVER AND RELEASE PROVISION OF THIS DEBENTURE, WITH AND THROUGH THEIR OWN COMPETENT COUNSEL. THE FOREGOING WAIVERS AND RELEASES SHALL SURVIVE THE TERMINATION OF THIS DEBENTURE OR ANY OF THE OTHER TRANSACTION DOCUMENTS, AND REPAYMENT OF THE OBLIGATIONS.

Section 6.13 NON-US STATUS. THE HOLDER IS A NON-US PERSON AS THAT TERM IS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE. IT IS HEREBY AGREED AND UNDERSTOOD THAT THE OBLIGATIONS HEREUNDER MAY BE SOLD ONLY TO NON-U.S. PERSON. THE INTEREST PAYABLE HEREUNDER IS PAYABLE ONLY OUTSIDE THE UNITED STATES. ANY U.S. PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAW. BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANT THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SEC 6049(8)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATE PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SEC. 6049(B)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER).

[signature page follows]

IN WITNESS WHEREOF with the intent to be legally bound hereby, the Company has executed this Senior Secured Redeemable Debenture as of the date first written above.

PACIFIC VENTURES GROUP, INC.

By: \_\_\_\_\_  
Name:Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Pacific Ventures Group, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**SEAPORT GROUP INDUSTRIES, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of Seaport Group Industries, LLC, a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**TCA ROYALTY FOODS I, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of TCA Royalty Foods I, LLC, a Florida limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**SNOBAR HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Snobar Holdings, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

## SNOBAR TRUST

By: \_\_\_\_\_  
Name: Azizollah Masjedi  
Title: Trustee\

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Azizollah Masjedi, the Trustee of Snobar Trust, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## **CONSENT AND AGREEMENT**

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**INTERNATIONAL PRODUCTION IMPEX CORP.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of International Production Impex Corp., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:



**CONSENT AND AGREEMENT**

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**MAS GLOBAL DISTRIBUTORS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of MAS Global Distributors, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
  
My Commission Expires:  
  
\_\_\_\_\_

**Exhibit 10.12**

THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS DEBENTURE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

**PACIFIC VENTURES GROUP, INC.****SENIOR SECURED REDEEMABLE DEBENTURE**

Dated as of: December \_\_, 2019

Principal Amount: \$1,500,000.00

Effective Date: December \_\_, 2019

Maturity Date: June \_\_, 2020

This SENIOR SECURED REDEEMABLE DEBENTURE (the “Debenture”) is issued, dated and effective as of December \_\_, 2019 (the “Effective Date”), by PACIFIC VENTURES GROUP, INC., a corporation incorporated under the laws of the State of California (the “Company”), to TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV, an Irish collective asset vehicle (together with its permitted successors and assigns, the “Holder”) pursuant to exemptions from registration under the Securities Act of 1933, as amended. This Debenture is issued in connection with that certain Securities Purchase Agreement, dated as of the date hereof, by and between the Company, the Holder and certain other parties thereto (the “Purchase Agreement”). All capitalized terms used in this Debenture and not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

**ARTICLE I**

Section 1.01 Principal and Interest. For value received, the Company hereby promises to pay to the order of the Holder, by no later than June \_\_, 2020 (the “Maturity Date”), in immediately available and lawful money of the United States of America, One Million Five Hundred Thousand and No/100 United States Dollars (\$1,500,000.00), together with interest on the outstanding principal amount under this Debenture, at the rate of 12 Percent (12%) per annum (the “Interest Rate”) from the Effective Date, until paid, as more specifically provided below.

Section 1.02 Optional Redemption Prior to Maturity. The Company, at its option, shall have the right to redeem this Debenture in full and for cash, at any time prior to the Maturity Date, with three (3) business days advance written notice (the “Redemption Notice”) to the Holder. The amount required to redeem this Debenture in full pursuant to this Section 1.02 shall be equal to: (i) the aggregate principal amount then outstanding under this Debenture; plus all accrued and unpaid interest due under this Debenture as of the redemption date; plus (ii) all other costs, fees and charges due and payable hereunder or under any other “Transaction Documents” (as hereinafter defined)(collectively, the “Redemption Amount”). The Company shall deliver the Redemption Amount to the Holder on the third (3rd) business day after the date of the Redemption Notice.

Section 1.03 Mandatory Redemption at Maturity. On the Maturity Date, the Company shall redeem this Debenture for the Redemption Amount, which Redemption Amount shall be due and payable to the Holder by no later than 2:00 P.M. EST, on the Maturity Date.

Section 1.04 Payments.

(1) Payments. The Company shall pay all principal and interest to the Holder, on the Maturity Date. In the event such day is not a Business Day, then said payment shall be due on the first Business Day thereafter occurring.

(2) Interest Calculations; Payment Application. Unpaid interest shall be capitalized into the principal balance hereof on a monthly basis. Interest shall be calculated on the basis of a 360-day year, and shall accrue daily on the outstanding principal amount outstanding from time to time (including, for the avoidance of doubt, any increase in the outstanding principal amount due to the capitalization of interest) for the actual number of days elapsed, commencing on the Effective Date until payment in full of the outstanding principal, together with all accrued and unpaid interest and other amounts which may become due hereunder or under any Transaction Documents, has been made. All payments received and actually collected by Holder hereunder shall be applied first to any costs and expenses due or incurred hereunder or under any other Transaction Documents, second to accrued and unpaid interest hereunder, and last to reduce the outstanding principal balance of this Debenture.

(3) Late Fee. If all or any portion of the payments of principal, interest or other charges due hereunder are not received by the Holder within five (5) days of the date such payment is due, then the Company shall pay to the Holder a late charge (in addition to any other remedies that Holder may have) equal to five percent (5%) of each such unpaid payment or sum. Any payments returned to Holder for any reason must be covered by wire transfer of immediately available funds to an account designated by Holder, plus a \$100.00 administrative fee charge. Holder shall have no responsibility or liability for payments purportedly made hereunder but not actually received by Holder; and the Company shall not be discharged from the obligation to make such payments due to loss of same in the mails or due to any other excuse or justification ultimately involving facts where such payments were not actually received by Holder.

Section 1.05. Manner of Payments. All sums payable to the order of Holder hereunder shall be payable by ACH transfer of lawful dollars of the United States of America to the ACH instructions set forth below, or at such place as Holder, from time to time, may designate in writing. ACH Instructions for all sums due and payable hereunder are as follows:

**Bank Name:**

**Bank Address:**

**Beneficiary Account Name:**

**Beneficiary Account Number:**

**ACH Transfer/Routing Number:**

**SWIFT:**

## ARTICLE II

Section 2.01 Secured Nature of Debenture. This Debenture is being issued in connection with the Purchase Agreement. The indebtedness evidenced by this Debenture is also secured by all of the assets and property of the Credit Parties and various other instruments and documents referred to in the Purchase Agreement as the “Transaction Documents”. All of the agreements, conditions, covenants, provisions, representations, warranties and stipulations contained in any of the Transaction Documents which are to be kept and performed by the Credit Parties are hereby made a part of this Debenture to the same extent and with the same force and effect as if they were fully set forth herein, and the Company covenants and agrees to keep and perform them, or cause them to be kept or performed, strictly in accordance with their terms.

## ARTICLE III

Section 3.01 Events of Default. The occurrence of any of the following events shall constitute an “Event of Default” hereunder: (i) any Credit Party shall fail to pay any interest, principal or other charges due under this Debenture or any other Transaction Documents on the date when any such payment shall be due and payable; (ii) any Credit Party makes an assignment for the benefit of creditors; (iii) any order or decree is rendered by a court which appoints or requires the appointment of a receiver, liquidator or trustee for any Credit Party, and the order or decree is not vacated within thirty (30) days from the date of entry thereof; (iv) any order or decree is rendered by a court adjudicating any Credit Party insolvent, and the order or decree is not vacated within thirty (30) days from the date of entry thereof; (v) any Credit Party files a petition in bankruptcy under the provisions of any bankruptcy law or any insolvency act; (vi) any Credit Party admits, in writing, its inability to pay its debts as they become due; (vii) a proceeding or petition in bankruptcy is filed against any Credit Party and such proceeding or petition is not dismissed within thirty (30) days from the date it is filed; (viii) any Credit Party files a petition or answer seeking reorganization or arrangement under the bankruptcy laws or any law or statute of the United States or any other foreign country or state; (ix) any written warranty, representation, report, certification, certificate or statement of any Credit Party in this Debenture, the Purchase Agreement or any other Transaction Document or any other agreement with Holder shall be false or misleading in any material respect when made or deemed made; (x) any Credit Party shall fail to perform, comply with or abide by any of the stipulations, agreements, conditions and/or material covenants contained in this Debenture, the Purchase Agreement or any of the other Transaction Documents on the part of any Credit Party to be performed complied with or abided by, and such failure continues or remains uncured for fifteen (15) days following written notice from the Holder to the Company, and (xi) the Equity Offering shall not have occurred within one hundred (120) days of the Effective Date.

Section 3.02 Remedies. Upon the occurrence of an Event of Default that is not timely cured within an applicable cure period hereunder, the interest on this Debenture shall immediately accrue at an interest rate equal to the lesser of (i) twenty-two percent (22%) per annum or (ii) the maximum interest rate allowable by law, and, in addition to all other rights or remedies the Holder may have, at law or in equity, the Holder may, in its sole discretion, accelerate full repayment of all principal amounts outstanding hereunder, together with accrued interest thereon, together with all attorneys' fees, paralegals' fees and costs and expenses incurred by the Holder in collecting or enforcing payment hereof (whether such fees, costs or expenses are incurred in negotiations, all trial and appellate levels, administrative proceedings, bankruptcy proceedings or otherwise), and together with all other sums due by the Company hereunder and under the Transaction Documents, all without any relief whatsoever from any valuation or appraisal laws, and payment thereof may be enforced and recovered in whole or in part at any time by one or more of the remedies provided to the Holder at law, in equity, or under this Debenture or any of the other Transaction Documents. In connection with the Holder's rights hereunder upon an Event of Default, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately enforce any and all of its rights and remedies hereunder and all other remedies available to it in equity or under applicable law.

#### ARTICLE IV

Section 4.01 Usury/High-Interest Savings Clause. Notwithstanding any provision in this Debenture or the other Transaction Documents, the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by the usury laws of the jurisdiction governing this Debenture or any other applicable law. **EACH OF THE CREDIT PARTIES UNDERSTANDS AND ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO REVIEW AND DISCUSS THE OPERATION OF THIS DEBENTURE, ANY FEES, INTEREST, OR OTHER CHARGES OCCASIONED IN THE TRANSACTION DOCUMENTS WITH A COMPETENT ATTORNEY OF THEIR CHOOSING, AND DOES IN FACT UNDERSTAND THEIR OPERATION AND THUS AGREES THAT IT IS NOT THE HOLDER'S INTENT TO CHARGE ANY AMOUNT, FEE, OR INTEREST HIGHER THAN THAT PERMITTED UNDER APPLICABLE LAW, AND THAT IN FACT, THE OBLIGATIONS AND EFFECT OF THE TRANSACTION DOCUMENTS DO NOT CALL FOR THE PAYMENT OF ANY AMOUNT, FEE, INTEREST OR CHARGE GREATER THAN THAT PERMITTED BY APPLICABLE LAW.** In the event the total liability of payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the usury laws of the jurisdiction governing this Debenture or any other applicable laws, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice by, between, or to any party hereto, be applied to the reduction of the outstanding principal balance of this Debenture immediately upon receipt of such sums by the Holder, with the same force and effect as though the Borrower had specifically designated such excess sums to be so applied to the reduction of such outstanding principal balance and the Holder had agreed to accept such sums as a penalty-free payment of principal; provided, however, that the Holder may, at any time and from time to time, elect, by notice in writing to the Borrower, to waive, reduce, or limit the collection of any sums in excess of those lawfully collectible as interest rather than accept such sums as a prepayment of the outstanding principal balance. It is the intention of the parties that the Borrower does not intend or expect to pay nor does the Holder intend or expect to charge or collect any interest under this Debenture greater than the highest legal, non-usurious rate of interest which may be charged under applicable law.

## ARTICLE V

Section 5.01 No Exemption. To the extent possible pursuant to applicable rules, regulations and laws, the Company hereby waives and releases all benefit that might accrue to the Company by virtue of any present or future laws exempting any property that may serve as security for this Debenture, or any other property, real or personal, or any part of the proceeds arising from any sale of any such property, from attachment, levy, or sale under execution, exemption from civil process, or extension of time for payment; and the Company agrees that, to the extent possible pursuant to applicable rules, regulations and laws, any property that may be levied upon pursuant to a judgment obtained by virtue hereof, on any writ of execution issued thereon, may be sold upon any such writ in whole or in part in any order or manner desired by Holder.

Section 5.02 Exercise of Remedies. The remedies of the Holder as provided herein and in any of the other Transaction Documents shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of the Holder, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

Section 5.03 **WAIVER OF CLAIMS AND DEFENSES. THE CREDIT PARTIES WAIVE EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SETOFF WHICH THE CREDIT PARTIES MAY NOW HAVE AS OF THE DATE HEREOF, OR AS THEY MAY IN THE FUTURE COME TO HAVE, TO ANY ACTION BY HOLDER IN ENFORCING THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENTS — OTHER THAN FOR SET OFF TO ESTABLISH THE AMOUNTS DUE AND PAID IN RESPECT OF THE DEBENTURES. THE CREDIT PARTIES UNDERSTAND AND AGREE THAT THEY ARE WAIVING DEFENSES AND CLAIMS WHICH MAY NOT YET HAVE ACCRUED OR OF WHICH THEY MAY NOT YET BE AWARE AS MATERIAL INDUCEMENT FOR HOLDER PURCHASING THIS DEBENTURE, ENTERING THE OTHER TRANSACTION DOCUMENTS AND GRANTING ANY FINANCIAL ACCOMMODATION TO THE CREDIT PARTIES. THIS PROVISION IS INTENDED TO BE CONSTRUED AS BROADLY AS PERMISSIBLE UNDER APPLICABLE LAW. FURTHER, EACH OF THE CREDIT PARTIES UNDERSTANDS AND ACKNOWLEDGES THAT THE AGENTS AND REPRESENTATIVES OF THE HOLDER DO NOT HAVE AUTHORITY TO MAKE ANY STATEMENTS, PROMISES OR REPRESENTATIONS IN CONFLICT WITH OR IN ADDITION TO THE INFORMATION CONTAINED IN THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENT, AND BY ITS ACCEPTANCE HEREOF HOLDER HEREBY SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS. BY EXECUTION OF THIS DEBENTURE, EACH CREDIT PARTY ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON SUCH STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

Section 5.04 No Waiver. Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder, and then only to the extent specifically set forth in the writing. A waiver on one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to a subsequent event.

## ARTICLE VI

Section 6.01 Notice. Any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Debenture shall be made in accordance with the terms of the Purchase Agreement.

Section 6.02 **MANDATORY FORUM SELECTION**. TO INDUCE HOLDER TO PURCHASE THIS DEBENTURE, EACH OF THE CREDIT PARTIES IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS DEBENTURE OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS DEBENTURE ANY OTHER TRANSACTION DOCUMENT, OR THE COLLATERAL (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL, EXCEPT AS HEREINAFTER PROVIDED, BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, HOLDER MAY, AT HOLDER'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. EACH OF THE CREDIT PARTIES HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING IT SITUS IN SUCH COUNTY (OR TO ANY JURISDICTION OR VENUE, IF HOLDER SO ELECTS), AND EACH OF THE CREDIT PARTIES HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

**Section 6.03 WAIVER OF PERSONAL SERVICE. EACH CREDIT PARTY HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY FEDERAL EXPRESS, DIRECTED TO THE BORROWER, AS SET FORTH AND ACCORDING TO THE TERMS IN THE NOTICE PROVISIONS HEREIN. EACH OF THE CREDIT PARTIES AGREES THAT NO ACKNOWLEDGMENT OF ACTUAL RECEIPT OF PROCESS IS REQUIRED AND SERVICE WILL BE DEEMED EFFECTIVE PURSUANT TO TERMS OF NOTICE PROVISIONS CONTAINED HEREIN. SERVICE MAY ALSO BE MADE IN ANY MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.**

Section 6.04 Governing Law. Except in the case of the Mandatory Forum Selection Clause in Section 6.02 above, which clause shall be governed and interpreted in accordance with Florida law, this Debenture and the Transaction Documents shall be delivered and accepted in, and shall be deemed to be contracts made under and governed by, the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of the State of Wyoming, without giving effect to the choice of law provisions of such State. The governing law provisions of this Section 6.04 are a material inducement for Holder to purchase this Debenture, and the Borrower hereby agrees, acknowledges and understands that the Holder would not have purchased this Debenture, without the full agreement and consent of the Credit Parties, with full knowledge and understanding, that except in the case of the Mandatory Forum Selection Clause in Section 6.02 above, which clause shall be governed and interpreted in accordance with Florida law, this Debenture, and each of the Transaction Documents, shall be governed by the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of the State of Wyoming, without giving effect to the choice of law provisions. In this regard, each of the Credit Parties hereby acknowledges that it has reviewed this Debenture and all Transaction Documents, and specifically, this Section 6.04, with competent counsel selected by the Credit Parties, and in that regard, each of the Credit Parties fully understands the choice of law provisions set forth in this Section. In addition, each of the Credit Parties agree, and acknowledge that it has had an opportunity to negotiate the terms and provisions of this Debenture and the other Transaction Documents with and through its counsel, and that the Credit Parties have sufficient leverage and economic bargaining power, and have used such leverage and economic bargaining power, to fairly and fully negotiate this Debenture and the other Transaction Documents in a manner that is acceptable to the Credit Parties. Moreover, because of the material nature of this choice of law provision in inducing Holder to purchase this Debenture, each of the Credit Parties hereby fully and absolutely waives any and all rights to make any claims, counterclaims, defenses, to raise or make any arguments (including any claims, counterclaims, defenses, or arguments based on grounds of public policy, unconscionability, or implied covenants of fair dealing and good faith), or to otherwise undertake any litigation strategy or maneuver of any nature or kind that would result in, or which otherwise seeks to, invalidate this choice of law provision, or that would otherwise result in or require the application of the laws of any other State other than the State of Wyoming in the interpretation or governance of this Debenture or any other Transaction Documents (except for the Mandatory Forum Selection clause in Section 6.2 hereof). Each of the Credit Parties has carefully considered this Section 6.04 and has carefully reviewed its application and effect with competent counsel, and in that regard, fully understands and agrees that Holder would not have purchased this Debenture without the express agreement and acknowledgement of each of the Credit Parties to this choice of law provision, and the express waivers set forth herein.



Section 6.05 Severability. In the event any one or more of the provisions of this Debenture shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part, in any respect, or in the event that any one or more of the provisions of this Debenture operates or would prospectively operate to invalidate this Debenture, then and in any of those events, only such provision or provisions shall be deemed null and void and shall not affect any other provision of this Debenture. The remaining provisions of this Debenture shall remain operative and in full force and effect and shall in no way be affected, prejudiced, or disturbed thereby.

Section 6.06 Entire Agreement. This Debenture and the other Transaction Documents: (i) are valid, binding and enforceable against the Credit Parties and Holder in accordance with their provisions and no conditions exist as to their legal effectiveness; (ii) constitute the entire agreement between the parties; and (iii) are the final expression of the intentions of the Credit Parties and Holder. No promises, either expressed or implied, exist between the Credit Parties and Holder, unless contained herein or in the Transaction Documents. This Debenture and the Transaction Documents supersede all negotiations, representations, warranties, commitments, offers, contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof. **EACH CREDIT PARTY ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON ANY STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, THAT ARE NOT CONTAINED WITHIN THIS DEBENTURE OR IN ANY OTHER THE TRANSACTION DOCUMENT AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

Section 6.07 Amendments; Waivers. No promises of future action, amendment, modification, forbearance, termination, discharge or waiver of any provision of this Debenture or of the Transaction Documents, nor any consent to any departure from the terms of this Debenture or any other Transaction Document, by the Credit Parties therefrom, shall in any event be effective unless the same shall be in writing and signed by Holder, and then such waiver or consent shall be effective only for the specific purpose for which given. This Debenture does not permit implied amendments based upon course of dealing or silence or oral representations of any sort.

Section 6.08 Binding Effect. This Debenture shall be binding upon the Credit Parties and the successors and assigns of any Credit Party and shall inure to the benefit of the Holder and the successors and assigns of the Holder.

Section 6.09 Assignment. The Holder may from time to time sell or assign, in whole or in part, or grant participations in, this Debenture and/or the obligations evidenced hereby without the consent of the Credit Parties. The holder of any such sale, assignment or participation, if the applicable agreement between Holder and such holder provides, shall be: (i) entitled to all of the rights obligations and benefits of Holder (to the extent of such holder's interest or participation); and (ii) deemed to hold and may exercise the rights of setoff or banker's lien with respect to any and all obligations of such holder to any Credit Parties (to the extent of such holder's interest or participation), in each case as fully as though the Credit Parties was directly indebted to such holder. Holder shall give written notice to a Credit Party of such sale, assignment or participation.

Section 6.10 Lost or Mutilated Debenture. If this Debenture shall be mutilated, lost, stolen or destroyed the Credit Parties shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Debenture or in lieu of or in substitution for a lost, stolen or destroyed Debenture a new Debenture for the principal amount of this Debenture so mutilated, lost stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Debenture, and of the ownership hereof, reasonably satisfactory to the Company.

Section 6.11 WAIVER OF JURY TRIAL. EACH CREDIT PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED ON THIS DEBENTURE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENTS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF OR BETWEEN ANY PARTY HERETO, AND EACH CREDIT PARTY AGREES AND CONSENTS TO THE GRANTING TO HOLDER OF RELIEF FROM ANY STAY ORDER WHICH MIGHT BE ENTERED BY ANY COURT AGAINST HOLDER AND TO ASSIST HOLDER IN OBTAINING SUCH RELIEF. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER ACCEPTING THIS DEBENTURE FROM THE COMPANY. THE CREDIT PARTIES' REASONABLE RELIANCE UPON SUCH INDUCEMENT I HEREBY ACKNOWLEDGED.

Section 6.12 WAIVER AND RELEASE. IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS MADE HEREIN, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, EACH CREDIT PARTY HEREBY AGREES TO FULLY, FINALLY AND FOREVER RELEASE AND FOREVER DISCHARGE AND COVENANT NOT TO SUE THE HOLDER INDEMNITEES, AND EACH ONE OF THEM, FROM ANY AND ALL DEBTS, FEES, ATTORNEYS' FEES, LIENS, COSTS, EXPENSES, DAMAGES, SUMS OF MONEY, ACCOUNTS, BONDS, BILLS, COVENANTS, PROMISES, JUDGMENTS, CHARGES, DEMANDS, CLAIMS, CAUSES OF ACTION, PROCEEDINGS, SUITS, LIABILITIES, EXPENSES, OBLIGATIONS OR CONTRACTS OF ANY KIND WHATSOEVER, WHETHER IN LAW OR IN EQUITY, WHETHER ASSERTED OR UNASSERTED, WHETHER KNOWN OR UNKNOWN, FIXED OR CONTINGENT, UNDER STATUTE OR OTHERWISE, FROM THE BEGINNING OF TIME THROUGH THE EFFECTIVE DATE AND FROM THE EFFECTIVE DATE THROUGH THE FUTURE, INCLUDING ANY AND ALL CLAIMS RELATING TO OR ARISING OUT OF ANY FINANCING TRANSACTIONS, CREDIT FACILITIES, NOTES, DEBENTURES, SECURITY AGREEMENTS, AND OTHER AGREEMENTS, INCLUDING EACH OF THE TRANSACTION DOCUMENTS, ENTERED INTO BY THE CREDIT PARTIES WITH HOLDER. WITHOUT IN ANY MANNER LIMITING THE GENERALITY OF THE FOREGOING RELEASE, EACH OF THE CREDIT PARTIES HEREBY AGREES AND ACKNOWLEDGES THAT THEY ARE RELEASING ANY CLAIMS THEY HAVE NOW WHICH HAVE ACCRUED OR WHICH MAY ACCRUE IN THE FUTURE, SPECIFICALLY INCLUDING BUT NOT LIMITED TO: (A) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE ENFORCEABILITY OF THE TRANSACTION DOCUMENTS AS AGAINST ANY OF THE CREDIT PARTIES; (B) ANY AND ALL CLAIMS REGARDING, RELATING TO, OR OTHERWISE CHALLENGING THE GOVERNING LAW PROVISIONS OF THE TRANSACTION DOCUMENTS ; (C) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE AMOUNT OF PRINCIPAL, INTEREST, FEES OR OTHER OBLIGATIONS DUE FROM ANY OF THE CREDIT PARTIES TO THE HOLDER UNDER ANY OF THE TRANSACTION DOCUMENTS ; (D) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE HOLDER'S CONDUCT OR HOLDER'S FAILURE TO PERFORM ANY OF HOLDER'S COVENANTS OR OBLIGATIONS UNDER ANY OF THE TRANSACTION DOCUMENTS; (E) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY DELIVERY OR FAILURE TO DELIVER ANY NOTICES BY THE HOLDER TO THE CREDIT PARTIES; (F) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY FAILURE BY THE HOLDER TO FUND ANY ADVANCES OR OTHER AMOUNTS UNDER ANY OF THE TRANSACTION DOCUMENTS; (G) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY ADVISORY OR INVESTMENT BANKING SERVICES (OR THE LACK THEREOF) PROVIDED BY THE HOLDER TO ANY OF THE CREDIT PARTIES FOR WHICH ANY ADVISORY OR INVESTMENT BANKING FEES MAY BE DUE AND OWING AND INCLUDED WITHIN THE OBLIGATIONS; AND (H) ANY AND ALL CLAIMS BASED ON GROUNDS OF PUBLIC POLICY, UNCONSCIONABILITY, OR IMPLIED COVENANTS OF FAIR DEALING AND GOOD FAITH – OTHER THAN THOSE DEEMED NON-WAIVABLE BY LAW OR APPLICABLE PUBLIC POLICY. THE CREDIT PARTIES FURTHER EXPRESSLY AGREE THAT THE FOREGOING RELEASE AND WAIVER IS INTENDED TO BE AS BROAD AND INCLUSIVE AS PERMITTED BY THE LAWS GOVERNING THE TRANSACTION DOCUMENTS, AND THESE RELEASED CLAIMS INCLUDE CLAIMS THAT THE CREDIT PARTIES DO NOT KNOW OR SUSPECT TO EXIST, WHETHER THROUGH IGNORANCE, OVERSIGHT, ERROR, NEGLIGENCE, OR OTHERWISE, AND WHICH, IF KNOWN, WOULD MATERIALLY AFFECT THEIR DECISION TO EXECUTE THIS DEBENTURE OR ANY OTHER TRANSACTION DOCUMENT. THE CREDIT PARTIES UNDERSTAND THAT THEY COULD HAVE CLAIMS ACCRUE IN THE FUTURE IN CONNECTION HERewith, BUT VOLUNTARILY ELECT TO RELEASE THOSE CLAIMS NOW AS AN INDUCEMENT TO THE FINANCIAL ACCOMMODATIONS PROVIDED HERE BY THE HOLDER. THE FOREGOING WAIVERS AND RELEASES BY THE CREDIT PARTIES ARE A MATERIAL INDUCEMENT FOR THE HOLDER TO PURCHASE THIS DEBENTURE, AND THE HOLDER'S AGREEMENT TO PURCHASE THIS DEBENTURE IS SEPARATE AND MATERIAL CONSIDERATION TO THE CREDIT PARTIES FOR THE WAIVERS AND RELEASES CONTAINED HEREIN, THE RECEIPT AND SUFFICIENCY OF SUCH CONSIDERATION IS HEREBY ACKNOWLEDGED BY THE CREDIT PARTIES. IN ADDITION, EACH OF THE CREDIT PARTIES AGREES AND ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO NEGOTIATE THIS SPECIFIC WAIVER AND RELEASE PROVISION OF THIS DEBENTURE, WITH AND THROUGH THEIR OWN COMPETENT COUNSEL. THE FOREGOING WAIVERS AND RELEASES SHALL SURVIVE THE TERMINATION OF THIS DEBENTURE OR ANY OF THE OTHER TRANSACTION DOCUMENTS, AND REPAYMENT OF THE OBLIGATIONS.

Section 6.13 NON-US STATUS. THE HOLDER IS A NON-US PERSON AS THAT TERM IS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE. IT IS HEREBY AGREED AND UNDERSTOOD THAT THE OBLIGATIONS HEREUNDER MAY BE SOLD ONLY TO NON-U.S. PERSON. THE INTEREST PAYABLE HEREUNDER IS PAYABLE ONLY OUTSIDE THE UNITED STATES. ANY U.S. PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAW. BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANT THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SEC 6049(8)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATE PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SEC. 6049(B)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER).

[signature page follows]

IN WITNESS WHEREOF with the intent to be legally bound hereby, the Company has executed this Senior Secured Redeemable Debenture as of the date first written above.

PACIFIC VENTURES GROUP, INC.

By: \_\_\_\_\_  
Name:Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Pacific Ventures Group, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**SEAPORT GROUP INDUSTRIES, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of Seaport Group Industries, LLC, a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**TCA ROYALTY FOODS I, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of TCA Royalty Foods I, LLC, a Florida limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**SNOBAR HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Snobar Holdings, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

## SNOBAR TRUST

By: \_\_\_\_\_  
Name: Azizollah Masjedi  
Title: Trustee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Azizollah Masjedi, the Trustee of Snobar Trust, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:



**CONSENT AND AGREEMENT**

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**INTERNATIONAL PRODUCTION IMPEX CORP.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of International Production Impex Corp., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

## CONSENT AND AGREEMENT

The undersigned is a Guarantor, as that term is defined in that certain securities purchase agreement by and between the Company and the Holder and, as such, the undersigned hereby consents and agrees to the payment of the amounts contemplated in the senior secured redeemable debenture, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the Company pursuant to or in connection with said senior secured redeemable debenture to the same extent as if the undersigned were a party to said senior secured redeemable debenture.

GUARANTOR:

**MAS GLOBAL DISTRIBUTORS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of MAS Global Distributors, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission Expires:

**Exhibit 10.13****SECURITIES PURCHASE AGREEMENT**

This SECURITIES PURCHASE AGREEMENT (the “Agreement”) is dated and effective as of December \_\_, 2019 (the “Effective Date”), by and between PACIFIC VENTURES GROUP, INC., a corporation incorporated under the laws of the State of Delaware (referred to herein as the “Company”), and TCA SPECIAL SITUATIONS CREDIT STRATEGIES ICAV, an Irish collective asset vehicle (the “Buyer”).

WHEREAS, Buyer desires to purchase, (i) for the total purchase price of One Million Five Hundred Thousand No/100 United States Dollars (\$1,500,000.00) from the Company, and the Company desires to sell and issue to Buyer, upon the terms and subject to the conditions contained herein, a senior secured, redeemable debenture in the amount of One Million Five Hundred Thousand No/100 United States Dollars (\$1,500,000.00) (the “Asset Purchase Debenture”), and (ii) for the total purchase price of One Million Five Hundred Thousand No/100 United States Dollars (\$1,500,000.00) from the Company, and the Company desires to sell and issue to Buyer, upon the terms and subject to the conditions contained herein, a senior secured, redeemable debenture in the amount of One Million Five Hundred Thousand No/100 United States Dollars (\$1,500,000.00) (the “Working Capital Debenture”, together with the Asset Purchase Debenture, the “Initial Debentures” and together with any other debentures sold hereunder, the “Debentures” each in the form attached hereto as Exhibit A) (the “First Closing”); additionally, debentures in amounts Buyer and the Company may mutually agree upon may be purchased in additional closings as set forth in Section 4.2 below (the “Additional Closings”) (each of the First Closing and the Additional Closings, if any, are sometimes hereinafter individually referred to as a “Closing” and collectively as the “Closings”), all subject to the terms and provisions hereinafter set forth;

WHEREAS, the Company, Seaport Group Enterprises, LLC, a limited liability company organized and existing under the laws of the State of California (“Seaport” and a “Guarantor”), TCA Royalty Foods I, LLC, a limited liability company organized and existing under the laws of the State of Florida (“TCA Royalty”, and a “Guarantor”), Snobar Holdings, Inc., a corporation incorporated under the laws of the State of Delaware (“Snobar Holdings”, and a “Guarantor”), Snobar Trust (“Snobar Trust”, and a “Guarantor”), International Production Impex Corp., a corporation incorporated under the laws of the State of California (“Impex”, and a “Guarantor”), and MAS Global Distributors, Inc., a corporation incorporated under the laws of the State of California (“MAS Global”, a “Guarantor”, together with Seaport, TCA Royalty, Snobar Holdings, Snobar Trust and Impex, the “Corporate Guarantors” and together with the Company and any other person or entity to hereafter become a guarantor or party hereunder, collectively, the “Credit Parties”), have each agreed to secure all of the Company’s Obligations to Buyer under the Debentures, this Agreement and all other Transaction Documents by granting to the Buyer an unconditional and continuing security interest in all of the assets and properties of the Company and the Guarantors, whether now existing or hereafter acquired, pursuant to those certain Security Agreements, each dated as of the date hereof (in the forms attached hereto as Exhibit B, the “Security Agreements”);

WHEREAS, the Guarantors will receive a substantial benefit from the Buyer's purchase of the Debentures and, as such, have agreed to guarantee all of the Obligations of the Buyer under the Debentures, this Agreement and all other Transaction Documents pursuant to that certain Guaranty Agreement, dated as of the date hereof (in the form attached hereto as Exhibit C, the "Guaranty Agreement"); and

WHEREAS, as security for the payment and performance of any and all of the Company's Obligations to Buyer under the Debentures, this Agreement and all other Transaction Documents, the Pledgor (as defined herein) has agreed to execute those certain Pledge Agreements in favor of Buyer, whereby the Pledgor shall each pledge to the Buyer all of such Pledgor's right, title and interest in and to, and provide a first priority/pari passu lien and security interest on, certain issued and outstanding shares of capital stock or membership interests, as applicable, of the Pledged Companies, dated as of the date hereof (in the form attached hereto as Exhibit D, the "Pledge Agreements").

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereinafter expressed and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

## ARTICLE I RECITALS, EXHIBITS, SCHEDULES

The foregoing recitals are true and correct and, together with the Schedules and Exhibits referred to hereafter, are hereby incorporated into this Agreement by this reference.

## ARTICLE II DEFINITIONS

For purposes of this Agreement, except as otherwise expressly provided or otherwise defined elsewhere in this Agreement, or unless the context otherwise requires, the capitalized terms in this Agreement shall have the meanings assigned to them in this Article as follows:

2.1 "Affiliate" means, with respect to a Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person at any time during the period for which the determination of affiliation is being made. For purposes of this definition, the term "control," "controlling," "controlled" and words of similar import, when used in this context, means, with respect to any Person, the possession, directly or indirectly, of the power to direct, or cause the direction of, management policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

2.2 "Affirmation and Compliance Certificate" means that certain affirmation and compliance certificate executed by an officer of the Company in the form attached hereto as Exhibit E.

2.3 "Assets" means all of the properties and assets of the Person in question, as the context may so require, whether real, personal or mixed, tangible or intangible, wherever located, whether now owned or hereafter acquired.

2.4 “Business Day” shall mean any day other than a Saturday, Sunday or a legal holiday on which federal banks are authorized or required to be closed for the conduct of commercial banking business.

2.5 “Capital Lease” shall mean, as to any Person, a lease of any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, by such Person as lessee that is, or should be, in accordance with Financial Accounting Standards Board Statement No. 13, as amended from time to time, or, if such Statement is not then in effect, such statement of GAAP as may be applicable, recorded as a “capital lease” on the balance sheets of any Credit Party prepared in accordance with GAAP.

2.6 “Claims” means any Proceedings, Judgments, Obligations, threats, losses, damages, deficiencies, settlements, assessments, charges, costs and expenses of any nature or kind.

2.7 “Collateral” shall have the meaning given to it in the Security Agreements.

2.8 “Consent” means any consent, approval, order or authorization of, or any declaration, filing or registration with, or any application or report to, or any waiver by, or any other action (whether similar or dissimilar to any of the foregoing) of, by or with, any Person, which is necessary in order to take a specified action or actions, in a specified manner and/or to achieve a specific result.

2.9 “Contract” means any written or oral contract, agreement, order or commitment of any nature whatsoever, including, any sales order, purchase order, lease, sublease, license agreement, services agreement, loan agreement, mortgage, security agreement, guarantee, management contract, employment agreement, consulting agreement, partnership agreement, shareholders agreement, buy-sell agreement, option, warrant, debenture, subscription, call or put.

2.10 “Credit Party(ies)” shall have the meaning given to it in the recitals hereof.

2.11 “Debentures” shall have the meaning given to it in the preamble hereof.

2.12 “Effective Date” means the date so defined in the introductory paragraph of this Agreement.

2.13 “Encumbrance” means any lien, security interest, pledge, mortgage, easement, leasehold, assessment, tax, covenant, restriction, reservation, conditional sale, prior assignment, or any other encumbrance, claim, burden or charge of any nature whatsoever.

2.14 “Environmental Requirements” means all Laws and requirements relating to human health, safety or protection of the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, or Hazardous Materials in the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), or otherwise relating to the treatment, storage, disposal, transport or handling of any Hazardous Materials.

2.15 “Equity Issuance” shall have the meaning give to it Section 4.4.

2.16 “GAAP” means generally accepted accounting principles, methods and practices set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants, and statements and pronouncements of the Financial Accounting Standards Board, or of such other Person as may be approved by a significant segment of the U.S. accounting profession, in each case as of the date or period at issue, and as applied in the U.S. to U.S. Company.

2.17 “Governmental Authority” means any foreign, federal, state or local government, or any political subdivision thereof, or any court, agency or other body, organization, group, stock market or exchange exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government.

2.18 “Guaranty Agreement” shall have the meaning given to it in the recitals hereof.

2.19 “Guarantors” shall have the meaning given to it in the recitals hereof.

2.20 “Hazardous Materials” means: (i) any chemicals, materials, substances or wastes which are now or hereafter become defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants” or words of similar import, under any Law; and (iii) any other chemical, material, substance, or waste, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority.

2.21 “Judgment” means any order, writ, injunction, fine, citation, award, decree, or any other judgment of any nature whatsoever of any Governmental Authority.

2.22 “Law” means any provision of any law, statute, ordinance, code, constitution, charter, treaty, rule or regulation of any Governmental Authority.

2.23 “Leases” means all leases for real or personal property.

2.24 “Lien” shall mean, with respect to any Person, any mortgage, pledge, hypothecation, judgment lien or similar legal process, title retention lien, or other lien, security interest or encumbrance of any nature or kind granted by such Person or arising by judicial process or otherwise, including the interest of a vendor under any conditional sale or other title retention agreement and the interest of a lessor under a lease of any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, by such Person as lessee that is, or should be, a Capital Lease on the balance sheet of such Person prepared in accordance with GAAP.

2.25 “Material Adverse Effect” shall mean: (i) a material adverse change in, or a material adverse effect upon, the Assets, business, prospects, properties, or financial condition of the Company; (ii) a material impairment of the ability of the Company to perform any of its Obligations under any of the Transaction Documents; (iii) a material adverse effect on: (A) any material portion of the “Collateral” (as such term is defined in the Security Agreements); (B) the legality, validity, binding effect or enforceability against the Credit Parties of any of the Transaction Documents; (C) the perfection or priority of any Encumbrance granted to Buyer under any Transaction Documents; or (D) the rights or remedies of the Buyer under any of the Transaction Documents. For purposes of determining whether any of the foregoing changes, effects, impairments, or other events have occurred, such determination shall be made by Buyer, in its reasonably exercised, discretion.

2.26 “Material Contract” shall mean any Contract to which the Company is a party or by which the Company or any of its Assets are bound and which: (i) must be disclosed to any Governmental Authority or any other laws, rules or regulations of any Governmental Authority; (ii) involves aggregate payments of One Hundred Thousand Dollars (\$100,000) or more to or from the Company; (iii) involves delivery, purchase, licensing or provision, by or to the Company, of any goods, services, assets or other items having a value (or potential value) over the term of such Contract of One Hundred Thousand Dollars (\$100,000) or more or is otherwise material to the conduct of the Company’s business as now conducted and as contemplated to be conducted in the future; (iii) involves a Credit Party Lease; (iv) imposes any guaranty, surety or indemnification obligations on the Company; or (v) prohibits the Company from engaging in any business or competing anywhere in the world.

2.27 “Obligation” means, now existing or in the future, any debt, liability or obligation of any nature whatsoever (including any required performance of any covenants or agreements), whether secured, unsecured, recourse, nonrecourse, liquidated, unliquidated, accrued, voluntary or involuntary, direct or indirect, absolute, fixed, contingent, ascertained, unascertained, known, unknown, whether or not jointly owed with others, whether or not from time to time decreased or extinguished and later decreased, created or incurred, or obligations existing or incurred under this Agreement, the Debentures or any other Transaction Documents, or any other agreement between any of the Credit Parties and the Buyer, as such obligations may be amended, supplemented, converted, extended or modified from time to time.

2.28 “Ordinary Course of Business” means the ordinary course of business of the Person in question, consistent with past custom and practice (including with respect to quantity, quality and frequency).

2.29 “Permit” means any license, permit, approval, waiver, order, authorization, right or privilege of any nature whatsoever, granted, issued, approved or allowed by any Governmental Authority.

2.30 (uuu) “Permitted Liens” shall mean: (i) Liens for Taxes, assessments or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and, in each case, for which adequate reserves are maintained in accordance with GAAP and in respect of which no Lien has been filed; (ii) Liens of carriers, warehousemen, mechanics and materialmen arising in the Ordinary Course of Business; (iii) Liens in the form of deposits or pledges incurred in connection with worker’s compensation, unemployment compensation and other types of Social Security (excluding Liens arising under ERISA or in connection with surety bonds, bids, performance bonds and similar obligations) for sums not overdue or being contested in good faith by appropriate Proceedings and not involving any advances or borrowed money or the deferred purchase price of property or services, which do not in the aggregate materially detract from the value of the property or assets of the Credit Parties taken as a whole or materially impair the use thereof in the operation of the Credit Parties’ business and, in each case, for which adequate reserves are maintained in accordance with GAAP and in respect of which no Lien has been filed; (iv) Liens described in the Financial Statements and acceptable to Buyer in its sole and absolute discretion, and the replacement, extension or renewal of any such Lien upon or in the same property subject thereto arising out of the extension, renewal or replacement of the indebtedness secured thereby (without a material increase in the amount thereof and without expansion of such Liens upon any other property); (v) attachments, appeal bonds, judgments and other similar Liens, for sums not exceeding One Hundred Thousand and No/100 United States Dollars (US\$100,000.00) arising in connection with court Proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate Proceedings, and only to the extent such judgments or awards do not otherwise constitute an Event of Default; (vi) zoning and similar restrictions on the use of property and easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of the Credit Parties; (vii) Liens arising in connection with Capital Leases (and attaching only to the property being leased); (viii) Liens that constitute purchase money security interests on any property securing indebtedness incurred for the purpose of financing all or any part of the cost of acquiring such property, provided that any such Lien attaches to such property within sixty (60) days of the acquisition thereof and attaches solely to the property so acquired; (ix) Liens granted to Buyer hereunder and under the Transaction Documents; (x) any interest or title of a lessor, sublessor, licensor or sublicensor under any lease or non-exclusive license permitted by this Agreement; (xi) Liens arising from precautionary UCC financing statements filed under any lease permitted by this Agreement; (xii) banker’s Liens and rights of set-off of financial institutions arising in connection with items deposited in accounts maintained at such financial institutions and subsequently unpaid and unpaid fees and expenses that are charged to the Credit Parties by such financial institutions in the Ordinary Course of Business of the maintenance and operation of such accounts, (xiii) Liens created under the Prior Credit Agreement and under any “Loan Document” as defined in the Prior Credit Agreement, and (xiv) restrictions on the Assets of the Credit Parties as imposed by Law and/or a Governmental Authority because of the nature of the businesses of the Credit Parties.

2.31 “Person” means any individual, sole proprietorship, joint venture, partnership, company, corporation, association, cooperation, trust, estate, Governmental Authority, or any other entity of any nature whatsoever.

2.32 “Pledge Agreements” shall have the meaning given to it in the recitals hereof.

2.33 “Pledged Companies” shall mean Seaport and TCA Royalty.



2.34 “Pledgor” shall mean the Company.

2.35 “PNC Purchase Agreement” shall mean that certain Asset Purchase Agreement, dated as of August 15, 2019, among Seaport, PNC, Inc., a California corporation, and Peter Camarda and Nancy Carmada, as amended by that certain amendment thereto dated as of December \_\_, 2019, and as further amended, supplemented and restated from time to time.

2.36 “Prior Credit Agreement” shall mean that certain Senior Secured Credit Facility Agreement, dated as of June 30, 2017 and effective as of April 26, 2018, by and among the Company and TCA Royalty Foods I, LLC (formerly known as Royalty Food Partners, LLC), as borrowers, Snobar Holdings, Inc., Snobar Trust, International Production Impex Corp., and MAS Global Distributors, Inc., as joint and several guarantors, and the Buyer, as lender, as amended by that first amendment thereto, dated as of July 26, 2018, that second amendment thereto, dated as of November 8, 2019, and as further amended, supplemented and restated from time to time.

2.37 “Proceeding” means any demand, claim, suit, action, litigation, investigation, audit, study, arbitration, administrative hearing, or any other proceeding of any nature whatsoever.

2.38 “Real Property” means any real estate, land, building, structure, improvement, fixture or other real property of any nature whatsoever, including, but not limited to, fee and leasehold interests.

2.39 “Securities” means the Debentures.

2.40 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.41 “Security Agreements” shall have the meaning given to it in the recitals hereof.

2.42 “Tax” means (i) any foreign, federal, state or local income, profits, gross receipts, franchise, sales, use, occupancy, general property, real property, personal property, intangible property, transfer, fuel, excise, accumulated earnings, personal holding company, unemployment compensation, social security, withholding taxes, payroll taxes, or any other tax of any nature whatsoever, (ii) any foreign, federal, state or local organization fee, qualification fee, annual report fee, filing fee, occupation fee, assessment, rent, or any other fee or charge of any nature whatsoever, or (iii) any deficiency, interest or penalty imposed with respect to any of the foregoing.

2.43 “Tax Return” means any tax return, filing, declaration, information statement or other form or document required to be filed in connection with or with respect to any Tax.

2.44 “Transaction Documents” means this Agreement any and all documents or instruments executed or to be executed by any Credit Party in connection with this Agreement, including the Debentures, the Security Agreements, the Guaranty Agreements, the Use of Proceeds Confirmation, the Pledge Agreements, , and the Validity Certificates, together with all modifications, amendments, extensions, future advances, renewals, and substitutions thereof.

2.45 “Use of Proceeds Confirmation” means that certain use of proceeds confirmation executed by an officer of the Company in the form attached hereto as Exhibit F.

2.46 “Validity Certificate(s)” shall mean those certain validity certificates executed by Shannon Masjedi, an officer and director of the Credit Parties, in the form of which is attached hereto as Exhibit G.

### ARTICLE III INTERPRETATION

In this Agreement, unless the express context otherwise requires: (i) the words “herein,” “hereof” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement; (ii) references to the words “Article” or “Section” refer to the respective Articles and Sections of this Agreement, and references to “Exhibit” or “Schedule” refer to the respective Exhibits and Schedules annexed hereto; (iii) references to a “party” mean a party to this Agreement and include references to such party’s permitted successors and permitted assigns; (iv) references to a “third party” mean a Person not a party to this Agreement; (v) references to the words “share” or “shareholder”, if in reference to the Company, shall refer to “units” or “unitholder” respectively and (v) the terms “dollars” and “\$” means U.S. dollars; (vi) wherever the word “include,” “includes” or “including” is used in this Agreement, it will be deemed to be followed by the words “without limitation”.

This Agreement is a commercial lending and financial services agreement and pre-supposes that each of the Credit Parties is sophisticated commercial entity or actor, together with their principals, officers, and beneficiaries. Each provision of this Agreement is subject to negotiation because each provision represents a monetary value. All provisions should be read and understood, and special attention should be paid to those provisions in bold or all-caps.

### ARTICLE IV PURCHASE AND SALE OF DEBENTURES

4.1 Purchase and Sale of Debentures. Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, Buyer agrees to purchase, at each Closing, and Company agrees to sell and issue to Buyer, at each Closing, Debentures in the amount of the purchase price applicable to each Closing as more specifically set forth below.

4.2 Closing Dates. The First Closing of the purchase and sale of the Debentures shall be for Three Million Thousand and No/100 United States Dollars (\$3,000,000.00), and shall take place on the Effective Date, subject to satisfaction of the conditions to the First Closing set forth in this Agreement (the “First Closing Date”). Additional Closings of the purchase and sale of the Debentures shall be at such times and for such amounts as determined in accordance with Section 4.4 below, subject to satisfaction of the conditions to the Additional Closings set forth in this Agreement (the “Additional Closing Dates”) (collectively, with the First Closing Date, referred to as the “Closing Dates”). The Closings shall occur on the respective Closing Dates in Wyoming, at the offices of Lucosky Brookman LLP, counsel to Buyer, or in such other manner as is mutually agreed to by the Company and the Buyer.

4.3 Form of Payment. Subject to the satisfaction of the terms and conditions of this Agreement, on each Closing Date: (i) the Buyer shall deliver to the Company, to an account designated by the Company, the aggregate proceeds for the Debentures to be issued and sold to Buyer at each such Closing, minus the fees to be paid directly from the proceeds of each such Closing as set forth in this Agreement, in the form of wire transfers of immediately available U.S. dollars; and (ii) the Company shall deliver to Buyer the Securities which Buyer is purchasing hereunder at each Closing, duly executed on behalf of the Company, together with any other documents required to be delivered pursuant to this Agreement.

4.4 Additional Closings. At any time after the First Closing but prior to the maturity date of any of the Debentures issued in the First Closing, the Company may request that Buyer purchase additional Debentures hereunder in Additional Closings by written notice to Buyer, and, subject to the conditions below, Buyer shall purchase such additional Debentures in such amounts and at such times as Buyer and the Company may mutually agree, so long as no “Event of Default” (as such term is defined in any of the Transaction Documents) shall have occurred or be continuing under this Agreement or any other Transaction Documents and which has not been waived by the Buyer, and no event shall have occurred that, with the passage of time, the giving of notice, or both, would constitute a default or an Event of Default hereunder or thereunder; and (ii) any additional purchase of Debentures beyond the purchase of Debentures at the First Closing shall have been approved by Buyer, which approval may be given or withheld in Buyer’s sole and absolute discretion. Notwithstanding the foregoing, the Company expects to conduct an offering of its common stock within ninety (90) days of the Effective Date (the “Equity Offering”). It is anticipated that the proceeds of the Equity Offering shall be sufficient for the Company (i) to pay all of the then outstanding Obligations under the Transaction Documents, (ii) to pay all of the then outstanding “Obligations” (as defined in the Prior Credit Agreement), and/or (iii) to fund to Seaport those amounts that will be owing by Seaport under Section 2.4(c) of the PNC Purchase Agreement. In the event that the proceeds of the Equity Offering are not sufficient to fund to Seaport the amounts owing under Section 2.4(c) of the PNC Purchase Agreement, upon the request of the Company and so long as no default or “Event of Default” (as such term is defined in any of the Transaction Documents) shall have occurred or be continuing under this Agreement or any other Transaction Documents which has not been waived by the Buyer, and no event shall have occurred that, with the passage of time, the giving of notice, or both, would constitute a default or an Event of Default hereunder or thereunder, the Buyer agrees to purchase a Debenture from the Company on the date that is ninety (90) days from the Effective Date in an amount sufficient to satisfy the obligations of Seaport under Section 2.4(c) of the PNC Purchase Agreement.

ARTICLE V  
BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to the Company, that:

5.1 Investment Purpose. Buyer is acquiring the Securities for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof.

5.2 Accredited Buyer Status. Buyer is an “accredited investor” as that term is defined in Rule 501 of Regulation D, as promulgated under the Securities Act of 1933.

5.3 Reliance on Exemptions. Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company are relying in part upon the truth and accuracy of, and Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of Buyer to acquire the Securities.

5.4 Information. Buyer and its advisors, if any, have been furnished with all materials they have requested relating to the business, finances and operations of the Company and information Buyer deemed material to making an informed investment decision regarding its purchase of the Securities. Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and their management. Neither such inquiries, nor any materials provided to Buyer, nor any other due diligence investigations conducted by Buyer or its advisors, if any, or its representatives, shall modify, amend or affect Buyer's right to fully rely on the Company's representations and warranties contained in Article VI below. Buyer understands that its investment in the Securities involves a high degree of risk. Buyer is in a position regarding the Company, which, based upon economic bargaining power, enabled and enables Buyer to obtain information from the Company in order to evaluate the merits and risks of this investment. Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

5.5 No Governmental Review. Buyer understands that no United States federal or state Governmental Authority has passed on or made any recommendation or endorsement of the Securities, or the fairness or suitability of the investment in the Securities, nor have such Governmental Authorities passed upon or endorsed the merits of the offering of the Securities.

5.6 Authorization, Enforcement. This Agreement has been duly and validly authorized, executed and delivered on behalf of Buyer, meaning it has been authorized, executed and delivered by an agent of the Buyer with proper corporate authority to do so, and is a valid and binding agreement of Buyer, enforceable in accordance with its terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

ARTICLE VI  
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

To induce the Buyer to purchase the Securities, the Credit Parties, as applicable make the following representations and warranties to Buyer, each of which shall be true and correct in all respects as of the date of the execution and delivery of this Agreement and as of the date of each Closing hereunder, and which shall survive the execution and delivery of this Agreement:

6.1 Subsidiaries. A list of all of the Company's Subsidiaries, direct and indirect, is set forth in Schedule 6.1 hereto.

6.2 Organization. Each Credit Party, is a corporation, limited liability company, or other form of legally recognized entity, as applicable, duly organized, validly existing and in good standing under the Laws of the jurisdiction in which it is incorporated, and has the full power and authority and all necessary certificates, licenses, approvals and Permits to: (i) enter into and execute this Agreement and the Transaction Documents and to perform all of its Obligations hereunder and thereunder; and (ii) own and operate its Assets and properties and to conduct and carry on its business as and to the extent now conducted. Each Credit Party is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction where the character of its business or the ownership or use and operation of its Assets or properties requires such qualification. The exact legal name of the Credit Parties is as set forth in the preamble to this Agreement, and the Credit Parties do not currently conduct, nor have the Credit Parties, during the last five (5) years conducted, business under any other name or trade name.

6.3 Authority and Approval of Agreement; Binding Effect. The execution and delivery by Credit Parties of this Agreement and the Transaction Documents, and the performance by each Credit Party of all of its Obligations hereunder and thereunder, including the issuance of the Securities, have been duly and validly authorized and approved by each Credit Party and, as applicable, its board of directors, stockholders, members, managers or partners pursuant to all applicable Laws and no other action or Consent on the part of any Credit Party, its board of directors, managers, stockholders members, partners or any other Person is necessary or required by any Credit Parties to execute this Agreement and the Transaction Documents, consummate the transactions contemplated herein and therein, perform all Obligations hereunder and thereunder, or to issue the Securities. This Agreement and each of the Transaction Documents have been duly and validly executed by the applicable Credit Parties party thereto (and the officer executing this Agreement and all such other Transaction Documents is duly authorized to act and execute same on behalf of each Credit Party) and constitute the valid and legally binding agreements of the Credit Parties, enforceable against each Credit Party in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

6.4 Capitalization. The authorized capital stock or other capitalization, as applicable, of each Credit Party that is not a natural person, is set forth in Schedule 6.4 attached hereto. All of such outstanding shares or other securities of each such Credit Party are validly issued, fully paid and non-assessable and have been issued in compliance with all foreign, federal and state securities laws and none of such outstanding shares or other securities were issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. As of the Effective Date, no shares of capital stock or other securities of any Credit Party are subject to preemptive rights or any other similar rights or any Claims or Encumbrances suffered or permitted by such Credit Party. Except for the Securities to be issued pursuant to this Agreement and as set forth in the Company's filings with the SEC, as of the Effective Date: (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of a Credit Party, or Contracts, commitments, understandings or arrangements by which a Credit Party is or may become bound to issue additional shares of capital stock of a Credit Party, or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of a Credit Party; (ii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other Contracts or instruments evidencing indebtedness of the Credit Party, or by which a Credit Party is or may become bound; (iii) there are no outstanding registration statements with respect to any Credit Party or any of its securities; (iv) there are no agreements or arrangements under which a Credit Party is obligated to register the sale of any of their securities under the Securities Act (except pursuant to this Agreement); (v) there are no financing statements securing obligations filed in connection with the Credit Parties or any of their Assets; (vi) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by this Agreement or any related agreement or the consummation of the transactions described herein or therein; and (vii) there are no outstanding securities or instruments of a Credit Party which contain any redemption or similar provisions, and there are no Contracts by which a Credit Party is or may become bound to redeem a security of said Credit Party. The Credit Parties have furnished to the Buyer true, complete and correct copies of: each Credit Party's respective articles of incorporation (including any certificates of designation, as applicable), bylaws, operating agreement, partnership agreement, certificate of organization or similar organizational and governing documents (the "Organizational Documents"). Except for the Organizational Documents or as disclosed in the Company's filings with the SEC or contained in the Transaction Documents, there are no other shareholder agreements, voting agreements or other Contracts of any nature or kind that restrict, limit or in any manner impose Obligations on the governance of any Credit Party.

6.5 No Conflicts; Consents and Approvals. The execution, delivery and performance of this Agreement and the Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, including the issuance of any of the Securities, will not: (i) constitute a violation of or conflict with the Organizational Documents of the Credit Parties; (ii) constitute a violation of, or a default or breach under (either immediately, upon notice, upon lapse of time, or both), or conflicts with, or gives to any other Person any rights of termination, amendment, acceleration or cancellation of, any provision of any Contract to which any Credit Party is a party or by which any of its Assets or properties may be bound; (iii) constitute a violation of, or a default or breach under (either immediately, upon notice, upon lapse of time, or both), or conflicts with, any Judgment; (iv) to the knowledge of the Credit Parties constitute a violation of, or conflict with, any Law (including United States federal and state securities Laws); or (v) to the knowledge of the Credit Parties result in the loss or adverse modification of, or the imposition of any fine, penalty or other Encumbrance with respect to, any Permit granted or issued to, or otherwise held by or for the use of, any Credit Party or any of its Assets. The Credit Parties are not in violation of any Credit Parties' Organizational Documents and the Credit Parties are not in default or breach (and no event has occurred which with notice or lapse of time or both could put any Credit Party in default or breach) under, and the Credit Parties have not taken any action or failed to take any action that would give to any other Person any rights of termination, amendment, acceleration or cancellation of, any Contract to which any Credit Party is a party or by which any property or Assets of the Credit Parties are bound or affected to the knowledge of the Credit Parties. The businesses of the Credit Parties are not being conducted, and shall not be conducted so long as Buyer owns any of the Securities, in violation of any Law. Except as specifically contemplated by this Agreement to the knowledge of the Credit Parties, no Credit Party is required to obtain any Consent of, from, or with any Governmental Authority, or any other Person, in order for it to execute, deliver or perform any of its Obligations under this Agreement or the Transaction Documents in accordance with the terms hereof or thereof, or to issue and sell the Securities in accordance with the terms hereof. All Consents which any Credit Party is required to obtain pursuant to the immediately preceding sentence have been obtained or effected on or prior to the date hereof. The Credit Parties are not aware of any facts or circumstances which might give rise to any of the foregoing.

6.6 Issuance of Securities. The Securities are duly authorized and, upon issuance in accordance with the terms hereof, shall be duly issued, fully paid and non-assessable, and, other than restrictions on transferability, free from all Encumbrances with respect to the issue thereof, and will be issued in compliance with all applicable United States federal and state securities Laws.

6.7 Financial Statements. The Company has delivered to the Buyer an audited consolidated Balance Sheet and Statement of Income for fiscal year ending 2018, and an unaudited consolidated Balance Sheet and Statement of Income as of September 30, 2019 (collectively, the “Financial Statements”). The Financial Statements have been prepared in accordance with GAAP, consistently applied, during the periods involved (except: (i) as may be otherwise indicated in such Financial Statements or the notes thereto; or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements), and fairly and accurately present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). To the best knowledge of the Company, no other information provided by or on behalf of the Company and its Subsidiaries to the Buyer, either as a disclosure schedule to this Agreement, or otherwise in connection with Buyer’s due diligence investigation of the Company and its Subsidiaries, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstance under which they are or were made, not misleading.

6.8 Absence of Certain Changes. Since the date of the most recent of the Financial Statements, none of the following have occurred:

(a) There has been no event or circumstance of any nature whatsoever that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect; or

(b) Other than the transactions contemplated by the PNC Purchase Agreement, any transaction, event, action, development, payment, or any other matter of any nature whatsoever entered into by the Credit Parties other than in the Credit Parties' Ordinary Course of Business.

6.9 Absence of Litigation or Adverse Matters. No known condition, circumstance, event, agreement, document, instrument, restriction, litigation or Proceeding (or threatened litigation or Proceeding or basis therefor) exists which: (i) could adversely affect the validity or priority of the Encumbrances granted to the Buyer under the Transaction Documents; (ii) could adversely affect the ability of any Credit Party to perform its Obligations under the Transaction Documents; (iii) would constitute a default under any of the Transaction Documents; (iv) would constitute such a default with the giving of notice or lapse of time or both; or (v) would constitute or give rise to a Material Adverse Effect. In addition: (vi) there is no Proceeding before or by any Governmental Authority or any other Person, pending, or to the best of each Credit Party's knowledge, threatened or contemplated by, against or affecting any Credit Party, its business or Assets; (vii) there is no outstanding Judgment against or affecting any Credit Party, its business or Assets; (viii) no Credit Party is in breach or violation of any Material Contract; and (ix) no Credit Party has received any material complaint from any customer, supplier, vendor or employee.

6.10 Liabilities and Indebtedness of the Credit Parties. The Credit Parties do not have any Obligations of any nature whatsoever, except: (i) as disclosed in the Financial Statements; or (ii) Obligations incurred in the Ordinary Course of Business since the date of the most recent Financial Statements which do not or would not, individually or in the aggregate, exceed Fifty Thousand Dollars (\$50,000) or otherwise have a Material Adverse Effect; or (iii) Obligations owed to the Buyer.

6.11 Title to Assets. Each Credit Party has good and marketable title to, or a valid leasehold interest in, all of its Assets which are material to the business and operations of such Credit Party as presently conducted, except as otherwise disclosed in writing, free and clear of all Encumbrances or restrictions on the transfer or use of same. Except as would not have a Material Adverse Effect, each Credit Party's Assets are in good operating condition and repair, ordinary wear and tear excepted, and are free of any latent or patent defects which might impair their usefulness, and are suitable for the purposes for which they are currently used and for the purposes for which they are proposed to be used.

6.12 Real Estate.

(a) Real Property Ownership. Except for the Credit Party Leases and as set forth on Schedule 6.12, the Credit Parties do not own any Real Property.



(b) Real Property Leases. Except for ordinary office Leases disclosed to the Buyer in writing prior to the date hereof (the “Credit Party Leases”), the Credit Parties do not lease any other Real Property. With respect to each of the Credit Party Leases: (i) neither the Credit Parties nor the landlord is in default thereunder; (ii) no waiver, indulgence or postponement of any of the Obligations thereunder has been granted by the Credit Parties or landlord thereunder; and (iii) there exists no event, occurrence, condition or act known to the officers or directors of Credit Parties which, upon notice or lapse of time or both, would be or could become a default thereunder or which could result in the termination of the Credit Party Leases, or any of them, or have a Material Adverse Effect on the business of any Credit Party, its Assets or its operations or financial results. The Credit Parties have not violated nor breached any provision of any such Credit Party Leases, and all Obligations required to be performed by the Credit Parties under any of such Credit Party Leases have been fully, timely and properly performed. The Credit Parties have delivered to the Buyer true, correct and complete copies of all Credit Party Leases, including all modifications and amendments thereto, whether in writing or otherwise. The Credit Parties have not received any written or oral notice to the effect that any of the Credit Party Leases will not be renewed at the termination of the term of such Credit Party Leases, or that any of such Credit Party Leases will be renewed only at higher rents.

6.13 Material Contracts. An accurate, current and complete copy of each of the Material Contracts has been furnished to Buyer, and each of the Material Contracts constitutes the entire agreement of the respective parties thereto relating to the subject matter thereof. Except as otherwise disclosed in writing, there are no outstanding offers, bids, proposals or quotations made by any Credit Party which, if accepted, would create a Material Contract with any Credit Party. Each of the Material Contracts is in full force and effect and is a valid and binding Obligation of the parties thereto in accordance with the terms and conditions thereof. To the knowledge of each Credit Party and its officers, all Obligations required to be performed under the terms of each of the Material Contracts by any party thereto have been fully performed by all parties thereto, and no party to any Material Contracts is in default with respect to any term or condition thereof, nor has any event occurred which, through the passage of time or the giving of notice, or both, would constitute a default thereunder or would cause the acceleration or modification of any Obligation of any party thereto or the creation of any Encumbrance upon any of the Assets of the Credit Parties. Further, no Credit Party has received notice, nor does any Credit Party have any knowledge, of any pending or contemplated termination of any of the Material Contracts and, no such termination is proposed or has been threatened, whether in writing or orally.

6.14 Compliance with Laws. To the knowledge of each Credit Party and its officers, each Credit Party is and at all times has been in full compliance with all Laws. No Credit Party has received any notice that it is in violation of, has violated, or is under investigation with respect to, or has been threatened to be charged with, any violation of any Law.

6.15 Intellectual Property. The Credit Parties own or possess adequate and legally enforceable rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and all other intellectual property rights necessary to conduct its business as now conducted (collectively, the “IP Rights”). All IP Rights, and any federal, state, local or foreign patent and trademark office, or functional equivalent thereof where any such IP Rights may be filed or registered, is set forth in Schedule 6.15. All of the IP Rights are owned by the Credit Parties, except for IP Rights licensed by the Credit Parties, which licensed IP Rights are specifically outlined and described in Schedule 6.15. If any IP Rights are licensed by any Credit Party, the underlying license agreement or other agreement pursuant to which such IP Rights are licensed (collectively, the “License Agreements”), permits Buyer to encumber such License Agreements without any further consent or approval of any other Person, including the underlying owner of such IP Rights, such that if there was an Event of Default and Buyer foreclosed on all Collateral, Buyer would have the right to use such IP Rights under the License Agreements, subject only to Buyer’s obligation to comply with the terms of such License Agreements. The Credit Parties do not have any knowledge of any infringement by any Credit Party of any IP Rights of others, and, to the knowledge of the Credit Parties, there is no claim, demand or Proceeding, or other demand of any nature being made or brought against, or to any Credit Party’s knowledge, being threatened against, any Credit Party regarding IP Rights or other intellectual property infringement; and is the Credit Parties are not aware of any facts or circumstances which might give rise to any of the foregoing.

6.16 Labor and Employment Matters. The Credit Parties are not involved in any labor dispute or, to the knowledge of each Credit Party, is any such dispute threatened. To the knowledge of each Credit Party and its officers, none of the employees of any Credit Party is a member of a union and each Credit Party believes that its relations with its employees are good. To the knowledge of each Credit Party and its officers, the Credit Parties have complied in all material respects with all Laws relating to employment matters, civil rights and equal employment opportunities.

6.17 Employee Benefit Plans. Except as disclosed to the Buyer in writing prior to the date hereof, the Credit Parties do not have and have not ever maintained, and have no Obligations with respect to any employee benefit plans or arrangements, including employee pension benefit plans, as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), multiemployer plans, as defined in Section 3(37) of ERISA, employee welfare benefit plans, as defined in Section 3(1) of ERISA, deferred compensation plans, stock option plans, bonus plans, stock purchase plans, hospitalization, disability and other insurance plans, severance or termination pay plans and policies, whether or not described in Section 3(3) of ERISA, in which employees, their spouses or dependents of the Credit Parties participate (collectively, the “Employee Benefit Plans”). To each Credit Party’s knowledge, all Employee Benefit Plans meet the minimum funding standards of Section 302 of ERISA, where applicable, and each such Employee Benefit Plan that is intended to be qualified within the meaning of Section 401 of the Internal Revenue Code of 1986 is qualified. No withdrawal liability has been incurred under any such Employee Benefit Plans and no “Reportable Event” or “Prohibited Transaction” (as such terms are defined in ERISA), has occurred with respect to any such Employee Benefit Plans, unless approved by the appropriate Governmental Authority. To each Credit Party’s knowledge, the Credit Parties have promptly paid and discharged all Obligations arising under ERISA of a character which if unpaid or unperformed might result in the imposition of an Encumbrance against any of its Assets or otherwise have a Material Adverse Effect.

6.18 Tax Matters. Each Credit Party has made and timely filed all Tax Returns required by any jurisdiction to which it is subject, and each such Tax Return has been prepared in compliance with all applicable Laws, and all such Tax Returns are true and accurate in all respects. Except and only to the extent that each Credit Party has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported Taxes, each Credit Party has timely paid all Taxes shown or determined to be due on such Tax Returns, except those being contested in good faith, and each Credit Party has set aside on its books provision reasonably adequate for the payment of all Taxes for periods subsequent to the periods to which such Tax Returns apply. There are no unpaid Taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of each Credit Party know of no basis for any such claim. The Credit Parties have withheld and paid all Taxes to the appropriate Governmental Authority required to have been withheld and paid in connection with amounts paid or owing to any Person. There is no Proceeding or Claim for refund now in progress, pending or threatened against or with respect to any Credit Party regarding Taxes.

6.19 Insurance. The Credit Parties are each covered by valid, outstanding and enforceable policies of insurance which were issued to it by reputable insurers of recognized financial responsibility, covering its properties, Assets and businesses against losses and risks normally insured against by other corporations or entities in the same or similar lines of businesses as the Credit Parties are engaged and in coverage amounts which are prudent and typically and reasonably carried by such other corporations or entities (the “Insurance Policies”). Such Insurance Policies are in full force and effect, and all premiums due thereon have been paid. None of the Insurance Policies will lapse or terminate as a result of the transactions contemplated by this Agreement. The Credit Parties have complied with the provisions of such Insurance Policies. The Credit Parties have not been refused any insurance coverage sought or applied for and the Credit Parties do not have any reason to believe that it will not be able to renew its existing Insurance Policies as and when such Insurance Policies expire or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition, financial or otherwise, or the earnings, business or operations of the Credit Parties.

6.20 Permits. The Credit Parties possess all Permits necessary to conduct its business, and no Credit Party has received any notice of, or is otherwise involved in any Proceedings relating to, the revocation or modification of any such Permits. All such Permits are valid and in full force and effect and to the knowledge of each of the Credit Parties, the Credit Parties are in full compliance with the respective requirements of all such Permits.

6.21 Bank Accounts; Business Location. Schedule 6.21 sets forth, with respect to each account of the Credit Parties with any bank, broker or other depository institution: (i) the name and account number of such account; (ii) the name and address of the institution where such account is held; (iii) the name of any Person(s) holding a power of attorney with respect to such account, if any; and (iv) the names of all authorized signatories and other Persons authorized to withdraw funds from each such account. The Credit Parties have no office or place of business other than as identified on Schedule 6.21 and each of the Credit Party’s principal places of business and chief executive offices are indicated on Schedule 6.21. All books and records of the Credit Parties and other material Assets of the Credit Parties are held or located at the principal offices of the Credit Parties indicated on Schedule 6.21.

6.22 Environmental Laws. Except as are used in such amounts as are customary in the Ordinary Course of Business of the Credit Parties and in compliance with all applicable Environmental Laws, each Credit Party represents and warrants to Buyer that: (i) no Credit Party has generated, used, stored, treated, transported, manufactured, handled, produced or disposed of any Hazardous Materials, on or off any of the premises of the Credit Parties (whether or not owned by the Credit Parties) in any manner which at any time violates any Environmental Law or any Permit, certificate, approval or similar authorization thereunder; (ii) the operations of the Credit Parties comply in all material respects with all Environmental Laws and all Permits certificates, approvals and similar authorizations thereunder; (iii) there has been no investigation, Proceeding, complaint, order, directive, Claim, citation or notice by any Governmental Authority or any other Person, nor is any pending or, to the each Credit Party's knowledge, threatened; and (iv) the Credit Parties do not have any liability, contingent or otherwise, in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Material.

6.23 Illegal Payments. Neither the Credit Parties, nor any director, officer, agent, employee or other Person acting on behalf of the Credit Parties has, in the course of his actions for, or on behalf of, the Credit Parties: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

6.24 Related Party Transactions. Except for arm's length transactions pursuant to which the Credit Parties make payments in the Ordinary Course of Business upon terms no less favorable than the Credit Parties could obtain from third parties, none of the officers, directors or employees of the Credit Parties, nor any stockholders who own, legally or beneficially, five percent (5%) or more of the ownership interests of the Credit Parties (each a "Material Shareholder"), is presently a party to any transaction with the Credit Parties (other than for services as employees, officers and directors), including any Contract providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from, any officer, director or such employee or Material Shareholder or, to the best knowledge of the Credit Parties, any other Person in which any officer, director, or any such employee or Material Shareholder has a substantial or material interest in or of which any officer, director or employee of the Credit Parties or Material Shareholder is an officer, director, trustee or partner. There are no Claims or disputes of any nature or kind between the Credit Parties and any officer, director or employee of the Credit Parties or any Material Shareholder, or between any of them, relating to each Credit Party and its business.

6.25 Internal Accounting Controls. Each Credit Party maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to Assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for Assets is compared with the existing Assets at reasonable intervals and appropriate action is taken with respect to any differences.

6.26 Acknowledgment Regarding Buyer's Purchase of the Securities. Each Credit Party acknowledges and agrees that Buyer is acting solely in the capacity of an arm's length purchaser with respect to this Agreement and the transactions contemplated hereby. Each Credit Party further acknowledges that (i) Buyer is not acting as a financial advisor or fiduciary of the Credit Parties (or in any similar capacity) with respect to this Agreement notwithstanding any other advisory or investment banking relationship with Buyer or any party related thereto, (ii) the transactions contemplated hereby and any advice given by Buyer or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereby is merely incidental to Buyer's purchase of the Securities and (iii) no Credit Party has relied on, nor are relying on, any fiduciary relationship with the Buyer in executing this Agreement or any other Transaction Document. The Credit Parties further represent to Buyer that each Credit Party's decision to enter into this Agreement has been based solely on the independent evaluation such Credit Party and their respective representatives.

6.27 Seniority. No indebtedness or other equity or security of the Credit Parties is senior to the Debentures in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise, except only purchase money security interests (which are senior only as to underlying Assets covered thereby).

6.28 Brokerage Fees. There is no Person acting on behalf of the Credit Parties who is entitled to or has any claim for any brokerage or finder's fee or commission in connection with the execution of this Agreement or the consummation of the transactions contemplated hereby.

6.29 No General Solicitation. Neither the Credit Parties, nor any of its Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or issuance of the Securities.

6.30 No Integrated Offering. Neither the Credit Parties, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the Securities under the Securities Act or cause this offering of such securities to be integrated with prior offerings by the Credit Parties for purposes of the Securities Act.

6.31 Private Placement. No registration under the Securities Act or the laws, rules or regulation of any other governmental authority is required for the issuance of the Securities.

6.32 Full Disclosure. All the representations and warranties made by the Credit Parties herein or in the Schedules hereto, and all of the financial statements, schedules, certificates, confirmations, agreements, contracts, and other materials submitted to the Buyer in connection with or in furtherance of this Agreement or pertaining to the transaction contemplated herein, whether made or given by the Credit Parties, its agents or representatives, are complete and accurate, and do not omit any information required to make the statements and information provided, in light of the transaction contemplated herein and in light of the circumstances under which they were made, not misleading, accurate and meaningful.

**6.33 NO-RELIANCE.** ANY CURRENT OR PRIOR UNDERSTANDINGS, STATEMENTS, REPRESENTATIONS, AND AGREEMENTS, ORAL OR WRITTEN, INCLUDING, BUT NOT LIMITED TO, RENDERINGS OR REPRESENTATIONS CONTAINED IN E-MAILS AND ORAL STATEMENTS OF THE AGENTS OR EMPLOYEES OF THE BUYER, IF NOT SPECIFICALLY EXPRESSED IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENTS, ARE VOID AND HAVE NO EFFECT. EACH CREDIT PARTY ACKNOWLEDGES AND AGREES THAT HE/SHE/IT HAS NOT RELIED ON ANY SUCH ITEMS.

ARTICLE VII  
COVENANTS

7.1 Negative Covenants.

(a) Indebtedness. So long as Buyer owns, legally or beneficially, any of the Debentures, the Credit Parties shall not, either directly or indirectly, create, assume, incur or have outstanding any indebtedness for borrowed money of any nature or kind (including purchase money indebtedness), or become liable, whether as endorser, guarantor, surety or otherwise, for any Obligation of any other Person, except for: (i) the Debentures; (ii) Obligations disclosed in the financial statements provided to the Buyer as of the Effective Date; and (iii) Obligations for accounts payable, incurred in the Ordinary Course of Business of the Credit Parties; provided that, any management or similar fees payable by the Credit Parties shall be fully subordinated in right of payment to the prior payment in full of the Debentures.

(b) Encumbrances. Except as set forth in in the PNC Purchase Agreement, so long as Buyer owns, legally or beneficially, any of the Debentures, the Credit Parties shall not, either directly or indirectly, create, assume, incur or suffer or permit to exist any Encumbrance upon any Asset of the Credit Parties, whether owned at the date hereof or hereafter acquired.

(c) Investments. So long as Buyer owns, legally or beneficially, any of the Debentures, the Credit Parties shall not, either directly or indirectly, make or have outstanding any new investments (whether through purchase of stocks, obligations or otherwise) in, or loans or advances to, any other Person, or acquire all or any substantial part of the assets, business, stock or other evidence of beneficial ownership of any other Person, except for the following: (i) investments in direct obligations of the United States or any state in the United States; (ii) trade credit extended by any Credit Party in its Ordinary Course of Business; (iii) investments existing on the Effective Date and set forth in the financial statements provided to the Buyer; and (iv) capital expenditures first approved by the Buyer in writing, which approval shall not be unreasonably withheld.

(d) Issuances. Except in connection with the Equity Issuance, so long as Buyer owns, legally or beneficially, any of the Debentures, the Credit Parties shall not, either directly or indirectly, issue any equity, debt or convertible or derivative instruments or securities whatsoever, except upon obtaining Buyer's prior written consent, which consent may be withheld in Buyer's sole discretion.

(e) Transfer; Merger. So long as Buyer owns, legally or beneficially, any of the Debentures, the Credit Parties shall not, either directly or indirectly, permit or enter into any transaction involving a “Change in Control” (as hereinafter defined), or any other merger, consolidation, sale, transfer, license, Lease, Encumbrance or other disposition of all or substantially all of its properties or business or all or substantially all of its Assets, except for the sale, lease or licensing of property or Assets of the Credit Parties in the Ordinary Course of Business of the Credit Parties. For purposes of this Agreement, the term “Change of Control” shall mean any sale, conveyance, assignment or other transfer, directly or indirectly, of any ownership interest of the Credit Parties which results in any change in the identity of the individuals or entities previously having the power to direct, or cause the direction of, the management and policies of the Credit Parties, or the grant of a security interest in any ownership interest of any Person directly or indirectly controlling the Credit Parties, which could result in a change in the identity of the individuals or entities previously having the power to direct, or cause the direction of, the management and policies of the Credit Parties.

(f) Distributions; Restricted Payments; Change in Management. So long as Buyer owns, legally or beneficially, any of the Debentures, the Credit Parties shall not, either directly or indirectly: (i) purchase or redeem any shares of its capital stock; (ii) declare or pay any dividends or distributions, whether in cash or otherwise, or set aside any funds for any such purpose; (iii) make any distribution to its shareholders, make any distribution of its property or Assets or make any loans, advances or extensions of credit to, or investments in, any Person, including, without limitation, any Affiliates of the Credit Parties, or the Credit Parties’ officers, directors, employees or Material Shareholder; (iv) except in connection with the PNC Purchase Agreement, pay any outstanding indebtedness of the Credit Parties, except for indebtedness and other Obligations permitted hereunder; (v) increase the annual salary paid to any officers or directors of the Credit Parties as of the Effective Date, unless any such increase is part of a written employment contract with any such officers entered into prior to the Effective Date, a copy of which has been delivered to and approved by the Buyer; or (vi) add, replace, remove, or otherwise change any officers or other senior management positions of the Credit Parties from the officers and other senior management positions existing as of the Effective Date, unless first approved by Buyer in writing, which approval may be granted or withheld or conditioned by Buyer in its sole and absolute discretion. The Credit Parties shall not pay any brokerage or finder’s fee or commission in connection with the execution of this Agreement or the consummation of the transactions contemplated hereby.

(g) Use of Proceeds. Except as set forth in the Use of Proceeds Confirmation, the Credit Parties shall not use any portion of the proceeds of the Debentures, either directly or indirectly, for any of the following purposes: (i) to make any payment towards any indebtedness or other Obligations of the Credit Parties; (ii) to pay any Taxes of any nature or kind that may be due by the Credit Parties; or (iii) to pay any Obligations of any nature or kind due or owing to any officers, directors, employees, or Material Shareholders of the Credit Parties, other than salaries payable in the Ordinary Course of Business of the Credit Parties. Each Credit Party covenants and agrees to only use any portion of the proceeds of the purchase and sale of the Debentures for the purposes set forth in the Use of Proceeds Confirmation to be executed by the Company on the Effective Date, unless the Company obtains the prior written consent of the Buyer to use such proceeds for any other purpose, which consent may be granted or withheld or conditioned by Buyer in its sole and absolute discretion.

(h) Business Activities; Change of Legal Status and Organizational Documents. The Credit Parties shall not: (i) engage in any line of business other than the businesses engaged in as of the Effective Date and business reasonably related thereto; (ii) change its name, organizational identification number (if applicable), its type of organization, its jurisdiction of organization or other legal structure; or (iii) permit its Certificate of Incorporation, Bylaws or other organizational documents to be amended or modified in any way which could reasonably be expected to have a Material Adverse Effect.

(i) Transactions with Affiliates. The Credit Parties shall not enter into any transaction with any of its Affiliates, officers, directors, employees, Material Shareholders or other insiders, except in the Ordinary Course of Business of the Credit Parties and upon fair and reasonable terms that are no less favorable to the Credit Parties than it would obtain in a comparable arm's length transaction with a Person not an Affiliate of the Credit Parties.

(j) Bank Accounts. The Credit Parties shall not maintain any bank, deposit, credit card payment processing accounts, or other accounts with any financial institution, or any other Person, other than the Credit Parties' accounts listed in the attached Schedule 6.21. Specifically, the Credit Parties may not change, modify, close or otherwise affect any of the accounts listed in Schedule 6.21 without Buyer's prior written approval, which approval may be withheld or conditioned in Buyer's sole and absolute discretion.

## 7.2 Affirmative Covenants.

(a) Corporate Existence. The Credit Parties, unless a natural person, shall at all times preserve and maintain its: (i) existence and good standing in the jurisdiction of its organization; and (ii) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary, and shall at all times continue as a going concern in the business which the Credit Parties are presently conducting.

(b) Tax Liabilities. The Credit Parties shall at all times pay and discharge all Taxes upon, and all Claims (including claims for labor, materials and supplies) against any Credit Party or any of its properties or Assets, before the same shall become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP are being maintained.

(c) Notice of Proceedings. The Credit Parties shall, promptly, but not more than ten (10) days after knowledge thereof shall have come to the attention of any officer of the Credit Parties, give written notice to the Buyer of all threatened or pending Proceedings before any Governmental Authority or otherwise affecting the Credit Parties or any of its Assets.

(d) Material Adverse Effect. The Credit Parties shall, promptly, but not more than ten (10) days after knowledge thereof shall have come to the attention of any officer of the Credit Parties, give written notice to the Buyer of any event, circumstance, fact or other matter that could in any way have or be reasonably expected to have a Material Adverse Effect.



(e) Notice of Default. The Credit Parties shall, promptly, but not more than ten (10) days after the commencement thereof, give notice to the Buyer in writing of the occurrence of any “Event of Default” (as such term is defined in any of the Transaction Documents) or of any event which, with the lapse of time, the giving of notice or both, would constitute an Event of Default hereunder or under any other Transaction Documents.

(f) Maintain Property. Each Credit Party shall at all times maintain, preserve and keep all of its Assets in good repair, working order and condition, normal wear and tear excepted, and shall from time to time, as such Credit Party deems appropriate in its reasonable judgment, make all needful and proper repairs, renewals, replacements, and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained. The Credit Parties shall permit Buyer to examine and inspect such Assets at all reasonable times upon reasonable notice during business hours. During the continuance of any Event of Default hereunder or under any Transaction Documents, the Buyer shall, at the Company’s expense, have the right to make additional inspections without providing advance notice.

(g) Maintain Insurance. The Credit Parties shall at all times insure and keep insured with insurance Company acceptable to Buyer, all insurable property owned by the Credit Parties which is of a character usually insured by Company similarly situated and operating like properties, against loss or damage from environmental, fire and such other hazards or risks as are customarily insured against by Company similarly situated and operating like properties; and shall similarly insure employers’, public and professional liability risks. Prior to the Effective Date, the Credit Parties shall deliver to the Buyer a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section. All such policies of insurance must be satisfactory to Buyer in relation to the amount and term of the Debentures and type and value of the Assets of the Credit Parties, shall identify Buyer as sole/lender’s loss payee and as an additional insured. In the event the Credit Parties fail to provide Buyer with evidence of the insurance coverage required by this Section or at any time hereafter shall fail to obtain or maintain any of the policies of insurance required above, or to pay any premium in whole or in part relating thereto, then the Buyer, without waiving or releasing any obligation or default by the Credit Parties hereunder, may at any time (but shall be under no obligation to so act), obtain and maintain such policies of insurance and pay such premium and take any other action with respect thereto, which Buyer deems advisable. This insurance coverage: (i) may, but need not, protect the Credit Parties’ interest in such property; and (ii) may not pay any claim made by, or against, the Credit Parties in connection with such property. The Credit Parties may later request that the Buyer cancel any such insurance purchased by Buyer, but only after providing Buyer with evidence that the insurance coverage required by this Section is in force. The costs of such insurance obtained by Buyer, through and including the effective date such insurance coverage is canceled or expires, shall be payable on demand by the Credit Parties to Buyer, together with interest at the highest non-usurious rate permitted by law on such amounts until repaid and any other charges by Buyer in connection with the placement of such insurance. The costs of such insurance, which may be greater than the cost of insurance which the Credit Parties may be able to obtain on its own, together with interest thereon at the highest non-usurious rate permitted by Law and any other charges incurred by Buyer in connection with the placement of such insurance may be added to the total Obligations due and owing by the Credit Parties hereunder and under the Debentures to the extent not paid by the Credit Parties.

(h) ERISA Liabilities; Employee Plans. The Credit Parties shall: (i) keep in full force and effect any and all Employee Plans which are presently in existence or may, from time to time, come into existence under ERISA, and not withdraw from any such Employee Plans, unless such withdrawal can be effected or such Employee Plans can be terminated without liability to the Credit Parties; (ii) make contributions to all of such Employee Plans in a timely manner and in a sufficient amount to comply with the standards of ERISA, including the minimum funding standards of ERISA; (iii) comply with all material requirements of ERISA which relate to such Employee Plans; (iv) notify Buyer immediately upon receipt by the Credit Parties of any notice concerning the imposition of any withdrawal liability or of the institution of any Proceeding or other action which may result in the termination of any such Employee Plans or the appointment of a trustee to administer such Employee Plans; (v) promptly advise Buyer of the occurrence of any “Reportable Event” or “Prohibited Transaction” (as such terms are defined in ERISA), with respect to any such Employee Plans; and (vi) amend any Employee Plan that is intended to be qualified within the meaning of Section 401 of the Internal Revenue Code of 1986 to the extent necessary to keep the Employee Plan qualified, and to cause the Employee Plan to be administered and operated in a manner that does not cause the Employee Plan to lose its qualified status.

(i) Continued Due Diligence/Field Audits. Each Credit Party acknowledges that during the term of this Agreement, Buyer and its agents and representatives undertake ongoing and continuing due diligence reviews of the Credit Parties and its business and operations. Such ongoing due diligence reviews may include, and the Credit Parties do hereby agree to allow Buyer, to conduct site visits and field examinations of the office locations of the Credit Parties, and the Assets and records of each of them, the results of which must be satisfactory to Buyer in Buyer’s sole and absolute discretion. In this regard, in order to cover Buyer’s expenses of the ongoing due diligence reviews and any site visits or field examinations which Buyer may undertake from time to time while this Agreement is in effect, the Company shall pay to Buyer, within five (5) Business Days after receipt of an invoice or demand therefor from Buyer, a fee of up to \$30,000.00 per year (based on twelve (12) expected monthly field audits and ongoing due diligence of \$2,500 per visit or audit) plus additional related expenses. Failure to pay such fee within 30 days of the invoice shall be deemed an Event of Default under this Agreement and all other Transaction Documents. The foregoing notwithstanding, from and after the occurrence of an Event of Default or any event which with notice, lapse of time or both, would become an Event of Default, Buyer may conduct site visits, field examinations and other ongoing reviews of the Credit Parties’ records, Assets and operations at any time, in its sole discretion, without any limitations in terms of number of site visits or examinations and without being limited to the fee hereby contemplated, all at the sole expense of the Company.

(j) Information. Notwithstanding any provision of any other Transaction Document, each Guarantor hereby agrees provide such information within fourteen (14) days of the applicable request as the Buyer may from time to time reasonably request for the purpose of evaluating the health, stability and collectability of the amounts owing hereunder including, but not limited to, bank account records, tax returns and financial statements.

(k) Continued Provision of Financial Information. In the event that the Buyer seeks to enforce any of its rights under this Agreement or any other Transaction Document whether as a result of Event of Default or otherwise, subject to Buyer's agreement to maintain appropriate safe guards relating to the disclosure of non-public information, each of the Credit Parties, not excluding each Guarantor, hereby waives any and all objections to continuing to provide any of the information required to be delivered by Section 7.3 hereof and any other financial information required to be delivered under this Agreement or any other Transaction Document.

7.1 Reporting Requirements. The Credit Parties agree as follows:

(a) Financial Statements. The Credit Parties shall at all times maintain a system of accounting capable of producing its individual and consolidated (if applicable) financial statements in compliance with GAAP (provided that monthly financial statements shall not be required to have footnote disclosure, are subject to normal year-end adjustments and need not be consolidated), and shall furnish to the Buyer or its authorized representatives such information regarding the business affairs, operations and financial condition of the Credit Parties as Buyer may from time to time request or require, including:

(i) as soon as available, and in any event, within ten (10) days after the end of each month, a copy of any financial statements of the Company for that month, including a balance sheet, statement of income and retained earnings, statement of cash flows for the month then ended, in reasonable detail, prepared and certified as accurate in all material respects by the CEO or CFO of the Company.

(ii) as soon as available, and in any event, within ninety (90) days after the close of each fiscal year, a copy of the annual audited financial statements of the Company, including a balance sheet, statement of income and retained earnings, statement of cash flows for the fiscal year then ended, in reasonable detail, prepared and reviewed by an independent certified public accountant reasonably acceptable to Buyer, containing an unqualified opinion of such accountant; and

(iii) as soon as available, and in any event, within sixty (60) days after the close of each fiscal quarter, a copy of the quarterly financial statements of the Company, including a balance sheet, statement of income and retained earnings, statement of cash flows for the fiscal quarter then ended, in reasonable detail, prepared and certified as accurate in all material respects by the CEO or CFO of the Company.

No change with respect to the accounting principles shall be made by the Credit Parties without giving prior notification to Buyer. The Credit Parties represent and warrant to Buyer that the financial statements delivered to Buyer at or prior to the execution and delivery of this Agreement and to be delivered at all times thereafter accurately reflect and will accurately reflect the financial condition of the Credit Parties in all material respects. Buyer shall have the right at all times (and on reasonable notice so long as there then does not exist any Event of Default) during business hours to inspect the books and records of the Credit Parties and make extracts therefrom.

(b) Additional Reporting Requirements. Each Credit Party shall provide the following reports and statements to Buyer as follows:

(i) Income Projections; Variance. On the Effective Date, the Company shall provide to Buyer an income statement projection showing, in reasonable detail, the Company's income statement projections for the twelve (12) calendar months following the Effective Date (the "Income Projections"). In addition, on the first (1st) day of every calendar month after the Effective Date, the Company shall provide to Buyer a report comparing the Income Projections to actual results. Any variance in the Income Projections to actual results that is more than ten percent (10%) (either above or below) will require the Company to submit to Buyer written explanations as to the nature and circumstances for the variance.

(ii) Use of Proceeds; Variance. On the first (1st) day of every calendar month after the Effective Date, the Company shall provide to Buyer a report comparing the use of the proceeds from the sale of Debentures set forth in the Use of Proceeds Confirmation, with the actual use of such proceeds. Any variance in the actual use of such proceeds from the amounts set forth in the approved Use of Proceeds Confirmation will require the Company to submit to Buyer written explanations as to the nature and circumstances for the variance.

(iii) Bank Statements. Each Credit Party shall submit to Buyer true and correct copies of all bank statements received by the Credit Parties within five (5) days after the Credit Parties' receipt thereof from its bank.

(iv) Interim Reports. Promptly upon receipt thereof, the Company shall provide to Buyer copies of interim and supplemental reports, if any, submitted to the Company by independent accountants in connection with any interim audit or review of the books of the Credit Parties.

(v) Aged Accounts/Payables Schedules. Each Credit Party shall on the first (1st) day of each and every calendar month, deliver to Buyer an aged schedule of the accounts receivable of the Credit Parties, listing the name and amount due from each Person and showing the aggregate amounts due from: (i) 0-30 days; (ii) 31-60 days; (iii) 61-90 days; (iv) 91-120 days; and (v) more than 120 days, and certified as accurate by the CEO or CFO of the Company. Each Credit Party shall, on the first (1st) day of each and every calendar month, deliver to Buyer an aged schedule of the accounts payable of the Credit Parties, listing the name and amount due to each creditor and showing the aggregate amounts due from: (v) 0-30 days; (w) 31-60 days; (x) 61-90 days; (y) 91-120 days; and (z) more than 120 days, and certified as accurate by the CEO or CFO of the Company.

(c) Failure to Provide Reports. For so long as Buyer owns, legally or beneficially, any of the Securities, if the Company shall fail to timely provide any reports required to be provided by the Company and/or Guarantors to the Buyer under this Agreement or any other Transaction Document, in addition to all other rights and remedies that Buyer may have under this Agreement and the other Transaction Documents, Buyer shall have the right to require, at each instance of any such failure, upon written notice to the Company, that the Company redeem 1.0% of the aggregate amount then outstanding, which cash redemption payment shall be due and payable by wire transfer of Dollars to an account designated by Buyer within thirty (30) Business Days from the date the Buyer delivers such redemption notice to the Company.

(d) Representation, Warranty and Covenant Compliance. The Credit Parties shall, within thirty (30) days after the end of each calendar month, deliver to Buyer an Affirmation and Compliance Certificate (A) affirming each of the Representations and Warranties of Credit Parties, (B) affirming each of the affirmative and negative covenants herein, and (C) attesting to compliance with such covenants by the Credit Parties. This Affirmation and Compliance Certificate shall be certified as accurate by the President or Chief Executive Officer of the Borrower and in a form consistent with that attached as Exhibit E. The Credit Parties agree and understand that regular and timely receipt of this document is a material term to this Agreement and a relevant factor in considering any request to purchase additional Debentures.

(e) View Only Access. The Credit Parties shall provide the Buyer view only access to any and all (i) accounts listed on the attached Schedule 6.21 and any and all other accounts of the Company as requested by Buyer in its sole and absolute discretion and (ii) Quickbooks accounts or similar accounting program accounts utilized by the Credit Parties. In the event the Credit Parties, with the Buyer's prior written consent, open any new bank, deposit, credit card payment processing accounts, or other accounts with any financial institution, and/or the Buyer discovers an account of the Credit Parties that is in existence prior to the Effective Date but is not listed on Schedule 6.21, the Credit Parties shall provide the Buyer view only access to such account(s) within one (1) Business Day following the opening or discovery of such account (s).

## 7.2 Fees and Expenses.

(a) Commitment Fee. The Company agrees to pay to Buyer a commitment fee equal to one percent (1%) of the amount of the Debentures purchased by Buyer at the First Closing, which fee shall be due and payable on the Effective Date and withheld from the gross purchase price paid by Buyer for the Debentures. In the event of any Additional Closings, the Company shall pay to Buyer a transaction advisory fee equal to one percent (1%) of the amount of the Debentures purchased by Buyer at any such Additional Closings, which fee shall be due and payable upon such Additional Closing and withheld from the gross purchase price paid by Buyer for the Debentures at such Additional Closing.

(b) Due Diligence Fees. The Company agrees to pay to the Buyer a due diligence fee equal to Seventy Thousand Five Hundred and No/100 United States Dollars (\$17,500.00), which shall be due and payable in full on the Effective Date.

(c) Document Review and Legal Fees. The Company agree to pay to the Buyer or its counsel document review and legal fees on an hourly basis (with a minimum amount equal to thirty-five and No/100 United States Dollars (\$35,000.0)), which shall be due and payable in full on the Effective Date, or any remaining portion thereof shall be due and payable on the Effective Date if a portion of such fee was paid upon the execution of any term sheet related to this Agreement. The Company also agrees to be responsible for the prompt payment of all legal fees and expenses of the Company and its own counsel and other professionals incurred by the Company in connection with the negotiation and execution of this Agreement and the Transaction Documents.

(d) Other Fees. The Company also agrees to pay to the Buyer (or any designee of the Buyer), upon demand, or to otherwise be responsible for the payment of, any and all other costs, fees and expenses, including the reasonable fees, costs, expenses and disbursements of counsel for the Buyer and of any experts and agents, which the Buyer may incur or which may otherwise be due and payable in connection with: (i) the preparation, negotiation, execution, delivery, recordation, administration, amendment, subordination, waiver or other modification or termination of this Agreement or any other Transaction Documents; (ii) any documentary stamp taxes, intangibles taxes, recording fees, filing fees, or other similar taxes, fees or charges imposed by or due to any Governmental Authority in connection with this Agreement or any other Transaction Documents; (iii) the exercise or enforcement of any of the rights of the Buyer under this Agreement or the Transaction Documents; or (iv) the failure by the Credit Parties to perform or observe any of the provisions of this Agreement or any of the Transaction Documents. Included in the foregoing shall be the amount of all expenses paid or incurred by Buyer in consulting with counsel concerning any of its rights under this Agreement or any other Transaction Document or under applicable law. To the extent any such costs, fees, charges, taxes or expenses are incurred prior to the funding of proceeds from the Closing, same shall be paid directly from the proceeds of the Closing. All such costs and expenses, if not so immediately paid when due or upon demand thereof, shall bear interest from the date of outlay until paid, at the highest rate set forth in the Debentures, or if none is so stated, the highest rate allowed by law. All of such costs and expenses shall be additional Obligations of the Credit Parties to Buyer secured under the Transaction Documents. The provisions of this Subsection shall survive the termination of this Agreement.

### 7.3 RESERVED.

7.4 Subsidiaries. Any Subsidiary which is formed or acquired or otherwise becomes a Subsidiary of any Credit Party, as applicable, following the date hereof, within ten (10) Business Days of such event, shall become an additional party hereto and guarantor of the Company's Obligation hereunder, and the Company shall take any and all actions necessary or advisable to cause said Subsidiary to execute a counterpart to this Agreement and any and all other documents which the Buyer shall require. "Subsidiary" shall mean, respectively, each and all such corporations, partnerships, limited partnerships, limited liability Company, limited liability partnerships or other entities of which or in which a Person owns, directly or indirectly, fifty percent (50%) or more of: (i) the combined voting power of all classes of stock/units having general voting power under ordinary circumstances to elect a majority of the board of directors of such entity if a corporation; (ii) the management authority and capital interest or profits interest of such entity, if a partnership, limited partnership, limited liability company, limited liability partnership, joint venture or similar entity; or (iii) the beneficial interest of such entity, if a trust, association or other unincorporated organization.

ARTICLE VIII  
CONDITIONS PRECEDENT TO THE COMPANY'S OBLIGATIONS TO SELL

The obligation of the Company hereunder to issue and sell the Securities to the Buyer at the Closings is subject to the satisfaction, at or before the respective Closing Dates, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

8.1 Buyer shall have executed the Transaction Documents and delivered them to the Company.

8.2 The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Dates as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Dates.

8.3 The Company shall have received such certificates, confirmations, resolutions, acknowledgements or other documentation necessary or advisable from all applicable Governmental Authorities, including, but not limited to, those Governmental Authorities located in the Company's State of incorporation or formation, as the Company may require in order to evidence such Governmental Authorities' approval of this Agreement, the Transaction Documents and the purchase of the Debentures contemplated hereby.

ARTICLE IX  
CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATIONS TO PURCHASE

The obligation of the Buyer hereunder to purchase the Debentures at the Closings is subject to the satisfaction, at or before each applicable Closing Date, of each of the following conditions (in addition to any other conditions precedent elsewhere in this Agreement), provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

9.1 First Closing. The obligation of the Buyer hereunder to purchase the Debentures at the First Closing is subject to the satisfaction, at or before the First Closing Date, of each of the following conditions (in addition to any other conditions precedent elsewhere in this Agreement), provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

(a) Each Credit Party and/or the Chief Executive Officer/Chief Financial Officer (as applicable) of a Credit Party shall have executed and delivered the Transaction Documents applicable to the First Closing and delivered the same to the Buyer, each signature of a Credit Party thereon being notarized.

(b) The representations and warranties of the Credit Parties shall be true and correct in all material respects (except to the extent that any of such representations and warranties are already qualified as to materiality in Article VI above, in which case, such representations and warranties shall be true and correct in all respects without further qualification) as of the date when made and as of the First Closing Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Credit Parties shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Credit Parties at or prior to the First Closing Date.

(c) The Buyer shall have received an opinion of counsel from counsel to the Credit Parties in a form satisfactory to the Buyer and its counsel.

(d) The Credit Parties shall have executed and delivered to Buyer a closing certificate, certified as true, complete and correct by an officer of the Credit Parties, in substance and form required by Buyer, which closing certificate shall include and attach as exhibits: (i) a true copy of a certificate of good standing evidencing the formation and good standing of the Credit Parties from the secretary of state (or comparable office) from the jurisdiction in which each Credit Party is formed; (ii) the Credit Parties' Organizational Documents; (iii) copies of the resolutions of the board of directors of the Credit Parties as adopted by the Credit Parties' board of directors or managers, in a form acceptable to Buyer.; and (iv) copies of the resolutions adopted by the shareholders or members of the Credit Parties, as applicable, approving and authorizing the execution, delivery and performance of the Transaction Documents to which it is party and the transactions contemplated thereby, in a form acceptable to Buyer.

(e) No event shall have occurred which could reasonably be expected to have a Material Adverse Effect.

(f) The Buyer shall have received copies of UCC search reports, issued by the Secretary of State of the state of incorporation or residency, as applicable, of the Credit Parties, dated such a date as is reasonably acceptable to Buyer, listing all effective financing statements which name the Credit Parties, under their present name and any previous names, as debtors, together with copies of such financing statements.

(g) The Credit Parties shall have executed such other agreements, certificates, confirmations or resolutions as the Buyer may require, to consummate the transactions contemplated by this Agreement and the Transaction Documents, including a closing statement and joint disbursement instructions as may be required by Buyer.

9.2 Additional Closing. Provided the Buyer is to purchase additional Debentures in accordance with Section 4.4 at an Additional Closing, the obligation of the Buyer hereunder to accept and purchase the Debentures at any Additional Closing is subject to the satisfaction, at or before the Additional Closing Date, of each of the following conditions:

(a) The Credit Parties shall have executed the Transaction Documents applicable to the Additional Closing and delivered the same to the Buyer, each signature of a Credit Party thereon being notarized.



(b) The representations and warranties of the Credit Parties shall be true and correct in all material respects (except to the extent that any of such representations and warranties are already qualified as to materiality in Article VI above, in which case, such representations and warranties shall be true and correct in all respects without further qualification) as of the date when made and as of the Additional Closing Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Credit Parties shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Credit Parties at or prior to the Additional Closing Date.

(c) No event shall have occurred which could reasonably be expected to have a Material Adverse Effect.

(d) The Buyer shall have received an opinion of counsel from counsel to the Company in a form satisfactory to the Buyer and its counsel.

(e) No default or Event of Default shall have occurred and be continuing under this Agreement or any other Transaction Documents, and no event shall have occurred that, with the passage of time, the giving of notice, or both, would constitute a default or an Event of Default under this Agreement or any other Transaction Documents.

(f) The Credit Parties shall have executed such other agreements, certificates, confirmations or resolutions as the Buyer may require to consummate the transactions contemplated by this Agreement and the Transaction Documents, including a closing statement and joint disbursement instructions as may be required by Buyer.

## ARTICLE X INDEMNIFICATION

10.1 Credit Parties' Obligation to Indemnify. In consideration of the Buyer's execution and delivery of this Agreement and acquiring the Securities hereunder, and in addition to each Credit Party's other obligations under this Agreement, each Credit Party hereby agrees to defend and indemnify Buyer and its Affiliates and subsidiaries and their respective directors, officers, employees, agents and representatives, and the successors and assigns of each of them (collectively, the "Buyer Indemnified Parties") and each Credit Party does hereby agree to hold the Buyer Indemnified Parties forever harmless, from and against any and all Claims made, brought or asserted against the Buyer Indemnified Parties, or any one of them, and each Credit Party hereby agrees to pay or reimburse the Buyer Indemnified Parties for any and all Claims payable by any of the Buyer Indemnified Parties to any Person, including reasonable attorneys' and paralegals' fees and expenses, court costs, settlement amounts, costs of investigation and interest thereon from the time such amounts are due at the highest non-usurious rate of interest permitted by applicable Law, through all negotiations, mediations, arbitrations, trial and appellate levels, as a result of, or arising out of, or relating to: (i) any misrepresentation or breach of any representation or warranty made by any Credit Party in this Agreement, the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby; (ii) any breach of any covenant, agreement or Obligation of any Credit Party contained in this Agreement, the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby; or (iii) any Claims brought or made against the Buyer Indemnified Parties, or any one of them, by a third party and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement, the Transaction Documents or any other instrument, document or agreement executed pursuant hereto or thereto, any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Debentures, or the status of the Buyer or holder of any of the Securities, as a buyer and holder of such Securities in any Credit Party. To the extent that the foregoing undertaking by any Credit Party may be unenforceable for any reason, each Credit Party shall make the maximum contribution to the payment and satisfaction of each of the Claims covered hereby, which is permissible under applicable Law.

ARTICLE XI  
MISCELLANEOUS

11.1 Notices. All notices of request, demand and other communications hereunder shall be addressed to the parties as follows:

If to the Company:	Pacific Ventures Group, Inc. 117 West 9th Street Suite 316 Los Angeles, CA 90015 Attention: Shannon Masjedi E-Mail: shannon@pacvgroup.com
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With a copy to: (which shall not constitute notice)	Stephen J. Czarnik, Esq. 245 Park Avenue, 39th Floor New York, NY 10167 E-mail: sczarnik@czarnikco.com
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If to the Buyer:	TCA Special Situations Credit Strategies ICAV 1315 S. Hwy 89 Suite 101 Jackson, Wyoming 83001 Attn: Alyce Schreiber E-Mail: aschreiber@tcacap.com
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With a copy to: (which shall not constitute notice)	Lucosky Brookman LLP 101 Wood Avenue South, 5th Floor Woodbridge, NJ 08830 Attn: Seth A. Brookman, Esq. E-Mail: sbrookman@lucbro.com
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and shall be deemed valid and operative, unless the address is changed by the party by like notice given to the other parties. It is the independent duty of each of the Credit Parties to promptly notify Buyer of any change in their actual address and to provide a current e-mail address at which they can be contacted. Notice shall be in writing and shall be deemed delivered: (i) if mailed by certified mail, return receipt requested, postage prepaid and properly addressed to the address below, then three (3) business days after deposit of same in a regularly maintained U.S. Mail receptacle; or (ii) if mailed by Federal Express, UPS or other nationally recognized overnight courier service, next business morning delivery, then one (1) business day after deposit of same in a regularly maintained receptacle of such overnight courier; or (iii) if hand delivered, then upon hand delivery thereof to the address indicated on or prior to 5:00 p.m., EST, on a business day. Any notice hand delivered after 5:00 p.m., EST, shall be deemed delivered on the following business day. Notwithstanding the foregoing, notice, consents, waivers or other communications referred to in this Agreement may be sent by facsimile, e-mail, or other method of delivery, but shall be deemed to have been delivered only when the sending party has confirmed (by reply e-mail or some other form of written confirmation from the receiving party) that the notice has been received by the other party.

11.2 Obligations Absolute. None of the following shall affect the Obligations of the Company and each Guarantor to Buyer under this Agreement, Buyer's rights with respect to the Collateral or any other Transaction Documents:

(a) acceptance or retention by Buyer of other property or any interest in property as security for the Obligations;

(b) release by Buyer of all or any part of the Collateral or of any party liable with respect to the Obligations (other than the Company and each Guarantor);

(c) release, extension, renewal, modification or substitution by Buyer of the debentures or any other Transaction Documents; or

(d) failure of Buyer to resort to any other security or to pursue the Company or any other obligor liable for any of the Obligations of the Company and each Guarantor hereunder before resorting to remedies against the Collateral.

11.3 Entire Agreement. This Agreement and the other Transaction Documents: (i) are valid, binding and enforceable against each Credit Party and Buyer in accordance with its provisions and no conditions exist as to their legal effectiveness; (ii) constitute the entire agreement between the parties; and (iii) are the final expression of the intentions of each Credit Party and Buyer. No promises, either expressed or implied, exist between any Credit Party and Buyer, unless contained herein or in the Transaction Documents. This Agreement and the Transaction Documents supersede all negotiations, representations, warranties, commitments, offers, contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof. **EACH CREDIT PARTY ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON ANY STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, THAT ARE NOT CONTAINED WITHIN THIS AGREEMENT OR IN ANY OTHER THE TRANSACTION DOCUMENT AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

11.4 Amendments; Waivers. No promises of future action, amendment, modification, forbearance, termination, discharge or waiver of any provision of this Agreement or of the Transaction Documents, nor any consent to any departure from the terms of this Agreement or any other Transaction Document, by the Credit Parties therefrom, shall in any event be effective unless the same shall be in writing and signed by Buyer, and then such waiver or consent shall be effective only for the specific purpose for which given. This Agreement does not permit implied amendments based upon course of dealing or silence or oral representations of any sort.

**11.5 WAIVER OF CLAIMS AND DEFENSES. THE CREDIT PARTIES WAIVE EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SETOFF WHICH THE CREDIT PARTIES MAY NOW HAVE AS OF THE DATE HEREOF, OR AS THEY MAY IN THE FUTURE COME TO HAVE, TO ANY ACTION BY BUYER IN ENFORCING THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS — OTHER THAN FOR SET OFF TO ESTABLISH THE AMOUNTS DUE AND PAID IN RESPECT OF THE DEBENTURES. THE CREDIT PARTIES UNDERSTAND AND AGREE THAT THEY ARE WAIVING DEFENSES AND CLAIMS WHICH MAY NOT YET HAVE ACCRUED OR OF WHICH THEY MAY NOT YET BE AWARE AS MATERIAL INDUCEMENT FOR BUYER ENTERING THIS AGREEMENT AND GRANTING ANY FINANCIAL ACCOMMODATION TO THE CREDIT PARTIES. THIS PROVISION IS INTENDED TO BE CONSTRUED AS BROADLY AS PERMISSIBLE UNDER APPLICABLE LAW. FURTHER, EACH OF THE CREDIT PARTIES UNDERSTANDS AND ACKNOWLEDGES THAT THE AGENTS AND REPRESENTATIVES OF THE BUYER DO NOT HAVE AUTHORITY TO MAKE ANY STATEMENTS, PROMISES OR REPRESENTATIONS IN CONFLICT WITH OR IN ADDITION TO THE INFORMATION CONTAINED IN THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND BUYER HEREBY SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS. BY EXECUTION OF THIS AGREEMENT, EACH CREDIT PARTY ACKNOWLEDGES THAT HE/SHE/IT HAS NOT RELIED UPON SUCH STATEMENTS, PROMISES OR REPRESENTATIONS, IF ANY, AND WAIVES ANY RIGHTS, DEFENSES, OR CLAIMS ARISING FROM ANY SUCH STATEMENTS, PROMISES OR REPRESENTATIONS.**

**11.6 WAIVER OF JURY TRIAL. BUYER, THE CREDIT PARTIES, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, IRREVOCABLY, THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR ANY OF THE OBLIGATIONS HEREUNDER, THE COLLATERAL, OR ANY OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH BUYER AND THE COMPANY AND/OR THE GUARANTORS ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BUYER PURCHASING THE DEBENTURES.**

**11.7 MANDATORY FORUM SELECTION.** TO INDUCE BUYER TO PURCHASE DEBENTURES, EACH OF THE CREDIT PARTIES IRREVOCABLY AGREES THAT ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS AGREEMENT ANY OTHER TRANSACTION, OR THE COLLATERAL (WHETHER OR NOT SUCH CLAIM IS BASED UPON BREACH OF CONTRACT OR TORT) SHALL, EXCEPT AS HEREINAFTER PROVIDED, BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND/OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA; PROVIDED, HOWEVER, BUYER MAY, AT BUYER'S SOLE OPTION, ELECT TO BRING ANY ACTION IN ANY OTHER JURISDICTION. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. EACH OF THE CREDIT PARTIES HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING IT SITUS IN SUCH COUNTY (OR TO ANY JURISDICTION OR VENUE, IF BUYER SO ELECTS), AND EACH OF THE CREDIT PARTIES HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

**11.8 WAIVER OF PERSONAL SERVICE.** EACH CREDIT PARTY HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY FEDERAL EXPRESS, DIRECTED TO THE ISSUER, AS SET FORTH AND ACCORDING TO THE TERMS IN THE NOTICE PROVISIONS HEREIN. EACH OF THE CREDIT PARTIES AGREES THAT NO ACKNOWLEDGMENT OF ACTUAL RECEIPT OF PROCESS IS REQUIRED AND SERVICE WILL BE DEEMED EFFECTIVE PURSUANT TO TERMS OF NOTICE PROVISIONS CONTAINED HEREIN. SERVICE MAY ALSO BE MADE IN ANY MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.

11.9 Assignability. Buyer may at any time assign Buyer's rights in this Agreement, the Debentures, any Transaction Document, or any part thereof and transfer Buyer's rights in any or all of the Collateral, and Buyer thereafter shall be relieved from all liability with respect to such Collateral with written notice to the Credit Parties. In addition, with written notice to the Credit Parties Buyer may at any time sell one or more participations in the Debentures. No Credit Party may sell or assign this Agreement, any Transaction Document or any other agreement with Buyer, or any portion thereof, either voluntarily or by operation of law, nor delegate any of its duties or obligations hereunder or thereunder, without the prior written consent of Buyer, which consent may be withheld or conditioned in Buyer's sole and absolute discretion. This Agreement shall be binding upon Buyer, the Credit Parties and their respective legal representatives, successors and permitted assigns. All references herein to any Credit Party shall be deemed to include any successors, whether immediate or remote. In the case of a joint venture or partnership, the term "Company", "Companies", "Credit Party" or "Guarantor" shall be deemed to include all joint venturers or partners thereof, who shall be jointly and severally liable hereunder.

11.10 Publicity. Buyer shall have the right to approve, before issuance, any press release or any other public statement with respect to the transactions contemplated hereby made by the Company; provided, however, that the Company shall be entitled, without the prior approval of Buyer, to issue any press release or other public disclosure with respect to such transactions required under applicable securities or other laws or regulations. Notwithstanding the foregoing, the Company shall use their best efforts to consult Buyer in connection with any such press release or other public disclosure prior to its release and Buyer shall be provided with a copy thereof upon release thereof. Buyer shall have the right to make any press release with respect to the transactions contemplated hereby without Company's approval. In addition, with respect to any press release to be made by Buyer, the Company hereby authorize and grants blanket permission to Buyer to include the Company's stock symbols, if any, in any press releases. The Company shall, promptly upon request, execute any additional documents of authority or permission as may be requested by Buyer in connection with any such press releases.

11.11 Binding Effect. This Agreement shall become effective upon execution by the Company, the Guarantors and Buyer.

11.12 Governing Law. Except in the case of the Mandatory Forum Selection Clause in Section 11.6 above, which clause shall be governed and interpreted in accordance with Florida law, this Agreement and all other Transaction Documents shall be delivered and accepted in and shall be deemed to be contracts made under and governed by the internal laws of the State of Wyoming, and for all purposes shall be construed in accordance with the laws of such State, without giving effect to the choice of law provisions of such State.

11.13 Enforceability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by, unenforceable or invalid under any jurisdiction, such provision shall as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

11.14 Survival of the Credit Parties' Representations. All covenants, agreements, representations and warranties made by the Credit Parties herein shall, notwithstanding any investigation by Buyer, be deemed material and relied upon by Buyer and shall survive the making and execution of this Agreement and the Transaction Documents and the sale and purchase of the Debentures, and shall be deemed to be continuing representations and warranties until such time as the Credit Parties have fulfilled all of its Obligations to Buyer hereunder and under all other Transaction Documents, and Buyer has been indefeasibly paid in full.

11.15 Time of Essence. Time is of the essence in making payments of all amounts due Buyer under this Agreement and the other Transaction Documents and in the performance and observance by the Credit Parties of each covenant, agreement, provision and term of this Agreement and the other Transaction Documents. The parties agree that in the event that any date on which performance is to occur falls on a day other than a Business Day, then the time for such performance shall be extended until the next Business Day thereafter occurring.

**11.16 WAIVER AND RELEASE.** IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS MADE HEREIN, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, EACH CREDIT PARTY HEREBY AGREES TO FULLY, FINALLY AND FOREVER RELEASE AND FOREVER DISCHARGE AND COVENANT NOT TO SUE THE BUYER INDEMNITEES, AND EACH ONE OF THEM, FROM ANY AND ALL DEBTS, FEES, ATTORNEYS' FEES, LIENS, COSTS, EXPENSES, DAMAGES, SUMS OF MONEY, ACCOUNTS, BONDS, BILLS, COVENANTS, PROMISES, JUDGMENTS, CHARGES, DEMANDS, CLAIMS, CAUSES OF ACTION, PROCEEDINGS, SUITS, LIABILITIES, EXPENSES, OBLIGATIONS OR CONTRACTS OF ANY KIND WHATSOEVER, WHETHER IN LAW OR IN EQUITY, WHETHER ASSERTED OR UNASSERTED, WHETHER KNOWN OR UNKNOWN, FIXED OR CONTINGENT, UNDER STATUTE OR OTHERWISE, FROM THE BEGINNING OF TIME THROUGH THE EFFECTIVE DATE AND FROM THE EFFECTIVE DATE THROUGH THE FUTURE, INCLUDING ANY AND ALL CLAIMS RELATING TO OR ARISING OUT OF ANY FINANCING TRANSACTIONS, CREDIT FACILITIES, NOTES, DEBENTURES, SECURITY AGREEMENTS, AND OTHER AGREEMENTS, INCLUDING EACH OF THE TRANSACTION DOCUMENTS, ENTERED INTO BY THE CREDIT PARTIES WITH BUYER. WITHOUT IN ANY MANNER LIMITING THE GENERALITY OF THE FOREGOING RELEASE, EACH OF THE CREDIT PARTIES HEREBY AGREES AND ACKNOWLEDGES THAT THEY ARE RELEASING ANY CLAIMS THEY HAVE NOW WHICH HAVE ACCRUED OR WHICH MAY ACCRUE IN THE FUTURE, SPECIFICALLY INCLUDING BUT NOT LIMITED TO: (A) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE ENFORCEABILITY OF THE TRANSACTION DOCUMENTS AS AGAINST ANY OF THE CREDIT PARTIES; (B) ANY AND ALL CLAIMS REGARDING, RELATING TO, OR OTHERWISE CHALLENGING THE GOVERNING LAW PROVISIONS OF THE TRANSACTION DOCUMENTS ; (C) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE AMOUNT OF PRINCIPAL, INTEREST, FEES OR OTHER OBLIGATIONS DUE FROM ANY OF THE CREDIT PARTIES TO THE BUYER UNDER ANY OF THE TRANSACTION DOCUMENTS ; (D) ANY AND ALL CLAIMS REGARDING OR RELATING TO THE BUYER'S CONDUCT OR BUYER'S FAILURE TO PERFORM ANY OF BUYER'S COVENANTS OR OBLIGATIONS UNDER ANY OF THE TRANSACTION DOCUMENTS; (E) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY DELIVERY OR FAILURE TO DELIVER ANY NOTICES BY THE BUYER TO THE CREDIT PARTIES; (F) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY FAILURE BY THE BUYER TO FUND ANY ADVANCES OR OTHER AMOUNTS UNDER ANY OF THE TRANSACTION DOCUMENTS; (G) ANY AND ALL CLAIMS REGARDING OR RELATING TO ANY ADVISORY OR INVESTMENT BANKING SERVICES (OR THE LACK THEREOF) PROVIDED BY THE BUYER TO ANY OF THE CREDIT PARTIES FOR WHICH ANY ADVISORY OR INVESTMENT BANKING FEES MAY BE DUE AND OWING AND INCLUDED WITHIN THE OBLIGATIONS; AND (H) ANY AND ALL CLAIMS BASED ON GROUNDS OF PUBLIC POLICY, UNCONSCIONABILITY, OR IMPLIED COVENANTS OF FAIR DEALING AND GOOD FAITH – OTHER THAN THOSE DEEMED NON-WAIVABLE BY LAW OR APPLICABLE PUBLIC POLICY. THE CREDIT PARTIES FURTHER EXPRESSLY AGREE THAT THE FOREGOING RELEASE AND WAIVER IS INTENDED TO BE AS BROAD AND INCLUSIVE AS PERMITTED BY THE LAWS GOVERNING THE TRANSACTION DOCUMENTS, AND THESE RELEASED CLAIMS INCLUDE CLAIMS THAT THE CREDIT PARTIES DO NOT KNOW OR SUSPECT TO EXIST, WHETHER THROUGH IGNORANCE, OVERSIGHT, ERROR, NEGLIGENCE, OR OTHERWISE, AND WHICH, IF KNOWN, WOULD MATERIALLY AFFECT THEIR DECISION TO ENTER INTO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT. THE CREDIT PARTIES UNDERSTAND THAT THEY COULD HAVE CLAIMS ACCRUE IN THE FUTURE IN CONNECTION HERewith, BUT VOLUNTARILY ELECT TO RELEASE THOSE CLAIMS NOW AS AN INDUCEMENT TO THE FINANCIAL ACOMMODATIONS PROVIDED HERE BY THE BUYER. THE FOREGOING WAIVERS AND RELEASES BY THE CREDIT PARTIES ARE A MATERIAL INDUCEMENT FOR THE BUYER TO ENTER INTO THIS AGREEMENT, AND THE BUYER'S AGREEMENT TO ENTER INTO THIS AGREEMENT IS SEPARATE AND MATERIAL CONSIDERATION TO THE CREDIT PARTIES FOR THE WAIVERS AND RELEASES CONTAINED HEREIN, THE RECEIPT AND SUFFICIENCY OF SUCH CONSIDERATION IS HEREBY ACKNOWLEDGED BY THE CREDIT PARTIES. IN ADDITION, EACH OF THE CREDIT PARTIES AGREES AND ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO NEGOTIATE THIS SPECIFIC WAIVER AND RELEASE PROVISION OF THIS AGREEMENT, WITH AND THROUGH THEIR OWN COMPETENT COUNSEL. THE FOREGOING WAIVERS AND RELEASES SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS, AND REPAYMENT OF THE OBLIGATIONS.

11.15 Interpretation. If any provision in this Agreement requires judicial or similar interpretation, the judicial or other such body interpreting or construing such provision shall not apply the assumption that the terms hereof shall be more strictly construed against one party because of the rule that an instrument must be construed more strictly against the party which itself or through its agents prepared the same. The parties hereby agree that all parties and their agents have participated in the preparation hereof equally.

11.16 Compliance with Federal Law. Each Credit Party shall: (i) ensure that no Person who owns a controlling interest in or otherwise controls the Company is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury, included in any Executive Orders or any other similar lists from any Governmental Authority, foreign or national; (ii) not use or permit the use of the proceeds of the Debentures to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, or any other similar national or foreign governmental regulations; and (iii) comply with all applicable Lender Secrecy Act laws and regulations, as amended. As required by federal law and Buyer’s policies and practices, Buyer may need to obtain, verify and record certain customer identification information and documentation in connection with opening or maintaining accounts or establishing or continuing to provide services.

11.17 Termination. Upon payment in full of all outstanding Debentures purchased hereunder, together with all other Obligations, including any charges, fees and costs due and payable under this Agreement or under any of the Transaction Documents, the Company shall have the right to terminate this Agreement upon written notice to the Buyer.

11.18 Gender and Use of Singular and Plural. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the party or parties or their personal representatives, successors and assigns may require.

11.19 Execution. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed and considered one and the same Agreement, and same shall become effective when counterparts have been signed by each party and each party has delivered its signed counterpart to the other party. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format file or other similar format file, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

11.20 Headings. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of the Agreement.

11.21 Further Assurances. The Company and the Guarantors will execute and deliver such further instruments and do such further acts and things as may be reasonably required by Buyer to carry out the intent and purposes of this Agreement.

11.22 No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

[signature pages follow]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year set forth above.

COMPANY:

**PACIFIC VENTURES GROUP, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Pacific Ventures Group, Inc., a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

\_\_\_\_\_

BUYER:

**TCA SPECIAL SITUATIONS CREDIT STRATEGIES  
ICAV**

By: \_\_\_\_\_  
Name:  
Title:

## CONSENT AND AGREEMENT

The undersigned, referred to in the foregoing securities purchase agreement as a guarantor, hereby consents and agrees to said securities purchase agreement and to the payment of the amounts contemplated therein, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by it pursuant to or in connection with said securities purchase agreement to the same extent as if the undersigned were a party to said securities purchase agreement.

GUARANTOR:

**SEAPORT GROUP ENTERPRISES, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of Seaport Group Enterprises, LLC, a California limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Notary Public

My Commission Expires:

**CONSENT AND AGREEMENT**

The undersigned, referred to in the foregoing securities purchase agreement as a guarantor, hereby consents and agrees to said securities purchase agreement and to the payment of the amounts contemplated therein, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by it pursuant to or in connection with said securities purchase agreement to the same extent as if the undersigned were a party to said securities purchase agreement.

GUARANTOR:

**TCA ROYALTY FOODS I, LLC**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Manager

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, a Manager of TCA Royalty Foods I, LLC, a Florida limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

\_\_\_\_\_

**CONSENT AND AGREEMENT**

The undersigned, referred to in the foregoing securities purchase agreement as a guarantor, hereby consents and agrees to said securities purchase agreement and to the payment of the amounts contemplated therein, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by it pursuant to or in connection with said securities purchase agreement to the same extent as if the undersigned were a party to said securities purchase agreement.

GUARANTOR:

**SNOBAR HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of Snobar Holdings, Inc., a Delaware corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**CONSENT AND AGREEMENT**

The undersigned, referred to in the foregoing securities purchase agreement as a guarantor, hereby consents and agrees to said securities purchase agreement and to the payment of the amounts contemplated therein, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by it pursuant to or in connection with said securities purchase agreement to the same extent as if the undersigned were a party to said securities purchase agreement.

GUARANTOR:

**SNOBAR TRUST**

By: \_\_\_\_\_

Name: Azizollah Masjedi

Title: Trustee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Azizollah Masjedi, the Trustee of Snobar Trust, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said trust, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

**CONSENT AND AGREEMENT**

The undersigned, referred to in the foregoing securities purchase agreement as a guarantor, hereby consents and agrees to said securities purchase agreement and to the payment of the amounts contemplated therein, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by it pursuant to or in connection with said securities purchase agreement to the same extent as if the undersigned were a party to said securities purchase agreement.

GUARANTOR:

**INTERNATIONAL PRODUCTION IMPEX CORP.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of International Production Impex Corp., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**CONSENT AND AGREEMENT**

The undersigned, referred to in the foregoing securities purchase agreement as a guarantor, hereby consents and agrees to said securities purchase agreement and to the payment of the amounts contemplated therein, documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by it pursuant to or in connection with said securities purchase agreement to the same extent as if the undersigned were a party to said securities purchase agreement.

**GUARANTOR:**

**MAS GLOBAL DISTRIBUTORS, INC.**

By: \_\_\_\_\_  
Name: Shannon Masjedi  
Title: Chief Executive Officer

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that Shannon Masjedi, the Chief Executive Officer of MAS Global Distributors, Inc., a California corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

\_\_\_\_\_



FORM OF DEBENTURES

FORM OF SECURITY AGREEMENT

FORM OF GUARANTY

FORM OF PLEDGE AGREEMENT

FORM OF AFFIRMATION AND COMPLIANCE CERTIFICATE

FORM OF USE OF PROCEEDS CONFIRMATION

FORM OF VALIDITY CERTIFICATE

SCHEDULE 6.1

SUBSIDIARIES

Seaport Group Enterprises, LLC  
TCA Royalty Foods I, LLC  
Snobar Holdings, Inc.  
Snobar Trust  
International Production Impex Corp.  
MAS Global Distributors, Inc.



SCHEDULE 6.4  
CAPITALIZATION

Pacific Ventures Group, Inc.

Preferred stock, \$.001 par value, 10,000,000 shares authorized, 1,000,000 Series E, issued and outstanding Common stock, \$.001 par value, 900,000,000 shares authorized, and 477,226,000 issued and outstanding, respectively.

Each of Snobar Holdings, Inc., Snobar Trust, International Production Impex Corp., and MAS Global Distributors, Inc. are directly or indirectly wholly-owned by Pacific Ventures Group.

Seaport Group Enterprises, LLC is 90.01% owned by Pacific Ventures Group, Inc.

TCA Royalty Foods I, LLC is 95% owned by Pacific Ventures Group, Inc.

SCHEDULE 6.12

REAL PROPERTY

N/A

SCHEDULE 6.15

IP RIGHTS

Pacific Ventures Group, Inc.  
Seaport Group Enterprises, LLC  
TCA Royalty Foods I, LLC  
Snobar Holdings, Inc.  
Snobar Trust  
International Production Impex Corp.  
MAS Global Distributors, Inc.

All of the companies listed above have all enforceable rights to use all trademarks, trade names, service marks etc. NO IP rights are licensed.

SCHEDULE 6.21

BANK ACCOUNTS; BUSINESS LOCATIONS

[ISSUER TO PROVIDE IN THIS FORMAT FOR EACH ACCOUNT OF THE ISSUER AND GUARANTORS]

Bank:

Account Name:

Routing Number:

Account Number:

Authorized Signatories:

**Business Location(s):**

117 West 9th Street  
Suite 316  
Los Angeles, CA 90015

2533 Folex Way  
Spring Valley, CA 91978

**Exhibit 99.1****Pacific Ventures Group Closes Acquisition of a California  
Food Distribution Company OR Seaport Meat Company*****Resulting in a Combined Company with \$33 Million Annual Revenue***

**LOS ANGELES, CA - GlobeNewswire - December X, 2018** – Pacific Ventures Group, Inc. (OTC: PACV), a food and beverage holding company specializing in the distribution of consumer food, beverage and alcohol-related products, today announced the closing of its previously announced planned acquisition of a California food distribution company. The acquired business, Seaport Meat Company, generated approximately \$28 million revenue over the past year, while serving customers in California and nearby states. Seaport Meat is focused on food, frozen foods and other related products, primarily in southern California.

Ms. Shannon Masjedi, Pacific Venture Group’s Chief Executive Officer, commented, “We are extremely excited to enter this next phase for our business with the closing of the acquisition of Seaport Meat Company. We believe this transaction puts us at a major inflection point in building a significant food distribution platform company. We look forward to integrating the businesses, identifying operating efficiencies and accelerating our revenue growth.”

With the acquisition complete, the Company has a larger customer base, expanded range of products, an expanded network of retail and institutional accounts and an annual revenue base of \$33 million. Management believes that additional revenue opportunities will present themselves with the combination of the two companies, as synergies have already been identified for increased food product distribution.

**About Pacific Ventures Group, Inc.**

Pacific Ventures Group, Inc. (OTC: PACV) is focused on expansion within the consumer products, food, beverage and alcohol-related industries. For more information on PACV, please visit [www.pacvgroup.com](http://www.pacvgroup.com). (You need to be at least 21 years of age (legal age to consume alcohol) to visit the section of the web site dedicated to SnöBar.)

**Safe Harbor Statement**

Forward-Looking Statement: This press release may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors are cautioned that such forward-looking statements involve risks and uncertainties, which include but are not limited to, the inability of the company to obtain financing sufficient to maintain its operations and execute its acquisition strategy; the inherent uncertainties associated with smaller reporting companies; and other risks detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission.

**Investors Contact:**

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