

CREDIT AGREEMENT

among

CENTURION CREDIT OPPORTUNITIES, LLC
as Lender

KHORRAMI, POLLARD & ABIR, LLP
as Borrower

and

SHAHIN KHORRAMI (AKA SHAWN KHORRAMI)
as Guarantor

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of June 17, 2009 (this "Agreement"), is among KHORRAMI POLLARD & ABIR, LLP, a California limited liability partnership as borrower ("Borrower"), SHAHIN KHORRAMI (AKA SHAWN KHORRAMI), an individual residing at 4255 Oakwood Avenue, La Canada, California 91011 as guarantor ("Guarantor" and together with Borrower, collectively, "Loan Parties" and each individually a "Loan Party"), and CENTURION CREDIT OPPORTUNITIES, LLC ("Lender").

RECITALS

A. Borrower desires to borrow funds from Lender for working capital purposes, which borrowings and other Obligations (as defined herein) are to be secured by the Collateral (as defined herein).

B. Subject to the terms and conditions hereinafter set forth, Lender has indicated its willingness to make loans to Borrower; provided, however, that Lender is only willing to make loans to Borrower subject to satisfaction of certain conditions as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

ARTICLE I

CERTAIN DEFINITIONS AND TERMS

As used herein, the following terms shall have the meanings herein indicated:

1.1 **Account** means each of the Funding Account and the Collection Account.

1.2 **Account Bank** means Capital One, N.A. or such other bank which maintains one or more of the Accounts as may be selected by Borrower, subject to Lender's approval.

1.3 **Account Control Agreements** means, collectively, the Account Control Agreements, dated as of the date hereof, between Borrower, Lender and the Account Bank pertaining to the Funding Account and the Collection Account, and each other Account Control Agreement, if any, entered into among Borrower, Lender and a bank in connection herewith; provided that each such Account Control Agreement shall be in form and substance satisfactory to Lender.

1.4 **Advance** has the meaning set forth in Section 2.1.

1.5 **Advance Date** has the meaning set forth in Section 2.2.

1.6 **Advance Period** means the period commencing on the Closing Date and ending on the earlier of (a) March 31, 2012 (or such later date as determined by Lender in its sole and absolute discretion) and (b) the Termination Date.

1.7 **Advance Request** has the meaning set forth in Section 2.2.

1.8 **Affected Party** means Lender and its respective successors and assigns.

1.9 **Affiliate** means, in respect of any Person, (a) any other Person directly or indirectly holding 10% or more of any class of Capital Stock of that Person, (b) any other Person 10% or more of any class of whose Capital Stock is held directly or indirectly by that Person, and (c) any other Person that, directly or indirectly, controls or is controlled by or is under common control with such Person; and for the purpose of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") means the power to direct, or cause to be directed, the management and policies of a Person whether through the ownership of securities or interests or by contract or otherwise.

1.10 **Agreement** means this Credit Agreement, including any Schedules and Exhibits hereto.

1.11 **Applicable Law** means all provisions of statutes, laws, rules, regulations, ordinances, writs, interpretations, injunctions and orders of any Governmental Authority applicable to any Person, property, transaction or event, and all orders and decrees of all courts and arbitrators in proceedings or actions in which the Person in question is a party or which such property, transaction or event is the subject including applicable federal, state and local laws and regulations.

1.12 **Borrowing Certificate** means a certificate from an authorized Officer of Borrower relating to a proposed Advance, in the form attached hereto as Exhibit A, which certificate shall contain the following certifications of an Officer on behalf of Borrower: (a) as to Borrower's compliance with all covenants set forth in the Transaction Documents; (b) that all representations and warranties of Borrower set forth in the Transaction Documents are true and correct in all material respects as if made on the date thereof (except to the extent already qualified by materiality or Material Adverse Effect, in which case such representations and warranties shall be true and correct in all respects as if made on the date thereof); (c) that no Default or Event of Default shall have occurred and be continuing or would result from the proposed Advance; (d) the Funding Requirements have been satisfied in full (as determined by Lender in its sole and absolute discretion); and (e) as to such other information as Lender may request in connection with any proposed borrowing hereunder.

1.13 **Business Day** means any day other than (a) a Saturday or Sunday, (b) Rosh Hashanah (both days), Yom Kippur, Sukkot (first two (2) days), Shmini Atzeret, Simchat Torah, Passover (first two (2) days and last two (2) days), Shavuot (both days) or any other day upon which "work" is prohibited under Jewish law, or (c) a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to be closed.

1.14 **Capital Stock** means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock or

partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests.

1.15 **Case and Cases** means any pending litigated matter or arbitration where Borrower is the attorney of record for the plaintiff or plaintiffs.

1.16 **Case Status Report** has the meaning set forth in Section 5.1(s).

1.17 **Change of Control** means an event or series of events by which Guarantor, ceases to have majority ownership and voting control, directly or indirectly Borrower free and clear of all Liens, rights, options, warrants or other similar agreements or understandings.

1.18 **Closing Date** means the date hereof.

1.19 **Code** means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated and rulings issued thereunder.

1.20 **Collateral** means all property and proceeds thereof now owned or hereafter acquired by Borrower or any other Person who has granted a Lien to Lender, in or upon which a Lien now or hereafter exists in favor of Lender, as security for the Obligations.

1.21 **Collection Account** means the account of Borrower that is located at the Account Bank, control of which is provided for in an Account Control Agreement, and which account is acknowledged and agreed to in writing by Lender as being the "Collection Account" for the purpose of this Agreement.

1.22 **Collections** means, with respect to each Receivable, the Gross Revenue and all other Collateral, all cash collections and other cash proceeds of such Receivable, the Gross Revenue or such other Collateral, including, without limitation, all (a) payments or repayments of any nature, and any applicable late fees, in any such case, received and collected on such Receivable, (b) proceeds received by virtue of the liquidation of such Receivable, net of expenses incurred in connection with such liquidation, (c) proceeds received under any insurance policy with respect to such Receivable, (d) other proceeds, including recoveries or collections of any deficiency balance, relating to such Receivable, (e) payments received in connection with the Gross Revenue, and (f) all cash proceeds of the Collateral.

1.23 **Conditions Precedent** means all of the conditions set forth in Article III.

1.24 **Default** means any event that with the passage of time or the giving of notice or both would be an Event of Default.

1.25 **Default Rate** has the meaning set forth in Section 2.5(d).

1.26 **Dollars and \$** means United States dollars.

1.27 **Early Termination** has the meaning set forth in Section 2.11.

1.28 **Early Termination Fee** has the meaning set forth in Section 2.11.

1.29 **Environmental Laws** means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and Administrative orders) relating to public health and safety and protection of the environment.

1.30 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated and rulings issued thereunder.

1.31 **ERISA Affiliate** means any Person who is a member of any Loan Party's control group, or who is under common control with any Loan Party, within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code) and the regulations promulgated and rulings issued thereunder.

1.32 **ERISA Event** means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or receipt by any Loan Party or any ERISA Affiliate of notice that a Multiemployer Plan is, or is expected to be in endangered or critical status within the meaning of Section 305 of ERISA; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (f) a determination that any Pension Plan is, or is expected to be, in "at-risk" status (as defined in Section 303(i)(4)(A) of ERISA or Section 430(i)(4)(A) of the Code); or (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Borrower or any ERISA Affiliate.

1.33 **Event of Default** has the meaning set forth in Article VII of this Agreement or in any other Transaction Documents.

1.34 **Exchange Act** means the Securities Exchange Act of 1934, as amended.

1.35 **Excluded Taxes** means, with respect to Lender, Taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which Lender is organized or in which its principal office is located, and branch profits or similar taxes.

1.36 **Expenses** means all documented out of pocket costs and expenses of Lender (including, without limitation, accounting fees, audit fees, attorneys' fees, UCC search fees, appraisal fees, underwriting fees, documentation costs and expenses and filing fees and

expenses) incurred in connection with this Agreement, the other Transaction Documents or the transactions contemplated hereby.

1.37 **Facility** has the meaning set forth in Section 2.1.

1.38 **Facility Limit** means \$6,000,000.

1.39 **Fees** mean all costs, payments, expenses and amounts, other than principal and interest, owing to Lender under the Transaction Documents.

1.40 **Financial Report Certificate** means a certificate of an Officer of Borrower, in the form of Exhibit B hereto.

1.41 **Financial Statements** means balance sheets, profit and loss statements, statements of cash flows and statements of equity holders' equity prepared in comparative form with respect to the corresponding period of the preceding fiscal year and prepared in accordance with a method of accounting to be determined by Lender in its reasonable discretion.

1.42 **Funding Account** means that certain deposit account # [REDACTED] 6668 of Borrower maintained with Capital One, N.A.

1.43 **Funding Conditions** has the meaning assigned to such term in Section 3.2.

1.44 **Funding Requirements** has the meaning assigned to such term in Section 3.2.

1.45 **GAAP** means all applicable generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board.

1.46 **Governmental Authority** means the government of the United States of America or any political subdivision thereof, whether state, federal or local, and any agency, authority, instrumentality, regulatory body, court, administrative court or judge, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

1.47 **Gross Revenue** means all payment, remuneration, proceeds, rents, fees, funds, receipts, cash, money and/or compensation of any type or kind received by or owed to Borrower or to which Borrower becomes entitled to and/or allocated to Borrower pursuant to the terms of any engagement letter, retainer agreement or similar agreement in whole or in part (irrespective of when Borrower actually receives it, whether the exact dollar amounts have been fixed or how Borrower accounts for such amounts on its financial statements) and all other revenues and income from any source, whether earned, accrued or received, provided, however, that any such amounts to which Borrower may become entitled to pursuant to the terms of any engagement letter, retainer agreement or similar agreement entered into after June 12, 2012 shall not be included as part of Gross Revenue for purpose of Section 2.7(ii); provided, further, that in no event shall Gross Revenue include (i) expenses that are (a) reimbursed directly by a client after the receipt by the Borrower of all payments, remunerations, proceeds, rents, fees, funds, receipts, cash, money and/or compensation of any type or kind in connection with such client's Case or (b)

approved by a court or (ii) payments to co-counsel pursuant to and in accordance co-counsel, joint venture, joint prosecution or similar agreements. In the event an expense is not an expense that must be approved by a court or is not being paid directly by the client, then the exclusion of such reimbursement shall be subject to Lender's approval.

1.48 **Guaranty** means that certain Guaranty, dated as of the Closing Date, by Guarantor in favor of Lender.

1.49 **Indebtedness** means, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as capital leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any Lien on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person; (h) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements and collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values; (i) all obligations owed by such Person under license agreements with respect to non-refundable, advance or minimum guarantee royalty payments; (j) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law and (k) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP.

1.50 **Indemnified Party** has the meaning assigned to such term in Section 6.1.

1.51 **Indemnified Taxes** means Taxes other than Excluded Taxes.

1.52 **Indemnity Claim** has the meaning set forth in Section 6.1.

1.53 **Indemnity Matter** has the meaning set forth in Section 6.1.

1.54 **Investment Property** means all "investment property" (as defined in the Code) including, without limitation, (a) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (b) all securities entitlements of Borrower (or if referring to another Person, of such other Person), including the rights of Borrower (or if referring to another Person, of such other Person) to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (c) all securities accounts held by Borrower (or if referring to another Person, by such other Person); (d) all commodity contracts held by Borrower (or if referring to another Person, by such other Person); and (e) all commodity accounts held by Borrower (or if referring to another Person, by such other Person).

1.55 **Keyman Policy** means that certain key executive life insurance policy owned by Borrower insuring the life of Guarantor in the aggregate amount of \$6,000,000 issued by an insurance company acceptable to Lender in its reasonable discretion.

1.56 **Lender-Related Persons** has the meaning set forth in Section 6.1(a).

1.57 **Lien** means any mortgage, debenture, pledge, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by a Person or arising by operation of law, in respect of any Person's property or assets, or any consignment or capital lease of property by such Person as consignee or lessee or any other security agreement, trust or arrangement, having the effect of security for the payment or performance of any debt, liability or obligation.

1.58 **Loan Parties** has the meaning set forth in the introduction to this Agreement.

1.59 **Material Adverse Effect** means any event, condition, obligation, liability or circumstance or set of events, conditions, obligations, liabilities or circumstances or any change(s) which:

(a) has or reasonably could be expected to have a material adverse effect upon or change in the collectibility of the Receivables generally;

(b) has been or reasonably could be expected to be material and adverse to the value of any of the Collateral, or to the business, operations, prospects, properties, assets, liabilities or condition (financial or otherwise) of (i) any Loan Party individually, or (ii) the Loan Parties taken as a whole;

(c) has or reasonably could be expected to have a material adverse effect upon or change in (i) the legality, validity or enforceability of any Transaction Document or (ii) the perfection or priority of any Lien granted to Lender under any of the Security Documents; or

(d) has materially impaired or reasonably could be expected to materially impair the ability of any Loan Party to perform any of the Obligations or its obligations, or to consummate the transactions, under the Transaction Documents.

1.60 **Maturity Date** means June 12, 2012.

1.61 **Maximum Rate** means the maximum rate or amount of interest that Lender is allowed to contract for, charge, take, reserve or receive under Applicable Law.

1.62 **Multiemployer Plan** means a "multiemployer plan," within the meaning of Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

1.63 **Note** has the meaning set forth in Section 2.3.

1.64 **Obligations** shall mean, without duplication, all present and future obligations, Indebtedness and liabilities of any Loan Party to Lender or any of its affiliates at any time and from time to time of every kind, nature and description arising under any Transaction Document, whether direct or indirect, secured or unsecured, joint and/or several, absolute or contingent, due or to become due, matured or unmatured, now existing or hereafter arising, contractual or tortious or liquidated or unliquidated, including, without limitation, the Revenue Interest, all interest, fees, charges, expenses and indemnities, all amounts paid or advanced by Lender to, on behalf of or for the benefit of any such Loan Party in accordance with the terms of the Transaction Documents, for any reason at any time, and all obligations of performance as well as obligations of payment and all interest, fees and other amounts that accrue after the commencement of any receivership, insolvency or bankruptcy proceeding by or against any such Loan Party or its Properties.

1.65 **Officer** means Manager of Borrower.

1.66 **Officer's Certificate** means a certificate executed by an Officer and delivered to Lender as required by this Agreement or any other Transaction Document.

1.67 **Opinion of Counsel** means a written opinion of counsel in form and substance acceptable to Lender.

1.68 **Other Taxes** means all present or future stamp or documentary taxes or any other excise, goods and services, sales or property taxes, charges or similar levies arising from any payment made hereunder or under any other Transaction Document or from the execution, delivery, performance or enforcement of, or otherwise with respect to, this Agreement or any other Transaction Document.

1.69 **Payment Date** means the first day of each calendar month.

1.70 **PBGC** means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

1.71 **Pension Plan** means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA (other than a Multiemployer Plan) which any Loan Party or any ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

1.72 **Permitted Liens** has the meaning assigned to such term in Section 5.3(c).

1.73 **Person** means any individual, corporation, partnership, joint venture, limited liability company, joint venture, association, joint-stock company, trust, banking association, unincorporated organization or Governmental Authority or any agency or political subdivision thereof or any other entity.

1.74 **Plan** means an employee benefit plan (as defined in Section 3(3) of ERISA) that any Loan Party or any of its ERISA Affiliates sponsors or maintains or to which any Loan Party or any of its ERISA Affiliates makes, is making, or is obligated to make contributions other than a Pension Plan or Multiemployer Plan.

1.75 **Quarterly Certificate** means a certificate from an authorized Officer of Borrower delivered pursuant to Section 5.1(s), in the form attached hereto as Exhibit C.

1.76 **Receivable** means an account as defined in the UCC.

1.77 **Reportable Event** means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the thirty (30) day notice requirement under ERISA has been waived in regulations issued by the PBGC.

1.78 **Revenue Interest** means has the meaning set forth in Section 2.7.

1.79 **Right** means, with respect to any Person, any rights, remedies, powers, privileges and/or benefits of such Person whether at law or in equity.

1.80 **Security Agreement** means that certain Security Agreement, dated as of the Closing Date, from Borrower in favor of Lender.

1.81 **Security Documents** means (a) the Guaranty, (b) the Security Agreement, (c) the Account Control Agreements, (d) the collateral assignment of Keyman Policy and (e) all other documents, certificates and instruments from time to time securing or guaranteeing the Obligations, or relating to the perfection or priority of any such security interest or guaranty, including, without limitation, all security agreements, financing statements, fixture filings and chattel mortgages, title insurance policies and endorsements, segregated account and depository account agreements, blocked account agreements, control agreements, copies of leases, landlord waivers, bailee agreements, and other agreements affecting the Collateral, insurance certificates and endorsements, and other documentation relative to the liens and security interests in the Collateral as Lender may request.

1.82 **Settled Not Resolved Cases** means Cases which have been settled pursuant to a stipulation, settlement agreement, or other document to the similar effect, or by court order, with respect to which there is an agreement by the defendant(s) to pay a specific amount to the plaintiff(s), but no resolution as to the amount of the fee payable to Borrower for its legal services.

1.83 **Settled Resolved Cases** shall mean Cases which have been settled pursuant to a stipulation, settlement agreement, or other document to the similar effect, or by court order, with respect to which there is both an agreement (i) by the defendant(s) to pay a specific amount to the plaintiff(s), and (ii) to pay a specific amount to Borrower, as a fee for its legal services.

1.84 **Solvent** means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair market value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond the ability of such Person to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and such Person is not about to engage in business or a transaction, for which the property of such Person would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

1.85 **Stillwater** means The Stillwater Asset-Backed Fund LP, a Delaware limited partnership having an office at 41 Madison Avenue, New York, New York 10010.

1.86 **Stillwater Loan Documents** means, collectively, that certain Credit Agreement dated as of October 31, 2007 between Stillwater, as lender, and Borrower, as borrower, and all other agreements, notes, guaranties, certificates, instruments or other documents delivered pursuant to or therewith, as each may be amended, modified, replaced or restated from time to time.

1.87 **Subordination Agreement** means that certain Subordination Agreement, dated as of the Closing Date, among Borrower, Stillwater and Lender.

1.88 **Subsidiary** means, with respect to any Person, any other Person of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions of such corporation, limited liability company, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, limited liability company, partnership or other entity shall have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person.

1.89 **Taxes** means all taxes, assessments, fees, levies, imposts, duties, deductions, withholdings, or other charges of any nature whatsoever from time to time or at any time imposed by any Applicable Law or Governmental Authority.

1.90 **Termination Date** means earlier of (a) the Maturity Date, (b) date on which the Obligations, or any part thereof, are accelerated (or deemed accelerated) in accordance with Article VIII and (c) the date on which Borrower voluntarily terminates this Agreement pursuant to Section 2.11 hereof.

1.91 **Transaction Documents** means this Agreement, the Note, the Security Documents, the Subordination Agreement and any other agreements, notes, guaranties, certificates, instruments or other documents delivered pursuant to or therewith, as each may be amended, modified, replaced or restated from time to time.

1.92 **UCC** means the Uniform Commercial Code as in effect in the relevant jurisdiction, as amended from time to time.

1.93 **Unfunded Pension Liability** means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

1.94 **Welfare Plan** means a "welfare plan," as such term is defined in Section 3(1) of ERISA

ARTICLE II

CREDIT FACILITY.

2.1 **Credit Facility.** Subject to and in reliance upon the terms, conditions, representations and warranties contained in this Agreement, Lender hereby establishes a revolving credit facility (the "**Facility**") for Borrower pursuant to which Lender may, in Lender's sole discretion, make loans during the Advance Period to Borrower in one or more advances (the "**Advances**") for uses expressly permitted under Section 2.12 hereto; provided, however, that in no event shall (a) the aggregate principal balance of all Advances exceed the Facility Limit or the amount of any Advance be less than \$1,000,000 (or such lesser amount as determined by Lender in its sole discretion), (b) any Advance be available after the Advance Period, and (c) any Advance be made until the Funding Requirements for such Advance have been satisfied. The existing indebtedness ("Existing Indebtedness") under the Note and Security Agreement between Lender and Borrower dated June 16, 2009 ("Existing Agreement") shall be deemed to constitute an Advance hereunder. Notwithstanding any else contained in the Existing Agreement to the contrary, the execution and delivery of this Agreement and the other Transaction Documents, however, does not evidence or represent a refinancing, repayment, accord and/or satisfaction or novation of the Existing Indebtedness. All liens and security interests previously granted to Lender, pursuant to the Existing Agreement are acknowledged and reconfirmed and remain in full force and effect and are not intended to be released, replaced or impaired.

2.2 **Borrowing Procedures.** Borrower shall request each Advance by delivering to Lender a written notice (by facsimile or an electronic format acceptable to Lender) (an "**Advance Request**") to Lender specifying (i) the amount of the requested Advance, and (ii) the proposed date of funding of the Advance (which shall be a Business Day) (the "**Advance Date**").

Each Advance Request shall be in substantially the form attached hereto as Exhibit D, shall be delivered together with an executed Borrowing Certificate and must be received by Lender no later than noon (New York City time) ten (10) Business Days prior to the applicable Advance Date. In the event that Lender elects to fund the Advance and the Funding Requirements are satisfied, Lender shall remit the amount of the Advance in immediately available funds to the Funding Account by 3:00 p.m. (New York City time) on the Advance Date. Unless otherwise agreed in writing by Lender, Advances will only be made once during any calendar quarter.

2.3 **Promissory Note.** All Advances made by Lender shall be evidenced by a promissory note in the original face amount of the Facility Limit executed by Borrower in favor of Lender in form and substance satisfactory to Lender (the "Note").

2.4 **Manner of Payments.** All payments made by or on behalf of Borrower to Lender under this Agreement or the other Transaction Documents on account of principal, interest or otherwise shall, unless otherwise specified in this Agreement or by Lender in writing, be made directly by Borrower or via wire transfer on behalf of Borrower to Lender and shall be received by Lender on each related due date not later than noon (New York City time), in immediately available funds, in the Collection Account or such other account or place as Lender shall direct, in immediately available funds. If any payment by or on behalf of Borrower under this Agreement or the other Transaction Documents is to be made on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time will in such case be included in computing interest in connection with such payment. All payments shall be made by Borrower to Lender without offset, deduction, defense or counterclaim.

2.5 **Interest and Other Payments.**

(a) Borrower shall pay to Lender interest on the outstanding principal amount of the Advances at a rate equal to the lesser of 24% per annum and the Maximum Rate (which interest accruing at the Maximum Rate shall compound at the maximum frequency permitted under Applicable Law).

(b) On each Payment Date, Borrower shall pay to Lender, with respect to each Advance, all accrued and unpaid interest on the outstanding Obligations.

(c) At all times after the occurrence and during the continuation of any Event of Default, interest shall be payable on demand. If interest in excess of the Maximum Rate is at any time received by Lender, as determined by a court of competent jurisdiction, such excess shall be applied against other outstanding Obligations.

(d) At the option of Lender, following any Event of Default and to the extent permitted by Applicable Law, all Obligations shall bear interest at the per annum rate set forth in Section 2.5 plus 11% (the "Default Rate") until paid, regardless of whether such payment is made before or after entry of a judgment, provided that the Default Rate shall never exceed the Maximum Rate.

2.6 **Computation of Interest.** Interest shall be calculated on the basis of a three hundred sixty (360) day year and the actual number of days elapsed and compounded on a daily

basis. Further, for the purpose of computing interest, all items of payment in immediately available funds received by Lender shall be applied by Lender against the Obligations on the Business Day immediately following the date on which such payment is received, and (subject to final payment of all drafts and other items) any other items of payment received by Lender shall be applied by Lender against the Obligations on the Business Day such payment constitutes good funds in Lender's account. The determination of when a payment is received by Lender will be made in accordance with Section 2.4.

2.7 Revenue Interest. As additional compensation to Lender for entering into this Agreement and extensions of credit under this Agreement, Lender shall have fully earned and be entitled to the greater of (i) 10% of Borrower's Gross Revenues between the Closing Date and the third anniversary of the Closing Date or (ii) 10% of Borrower's Gross Revenues until such time as the total amount of Gross Revenues equals \$100,000,000 (the "**Revenue Interest**") and Borrower shall pay to Lender on a monthly basis in arrears in each Payment Date an amount equal to 10% of the Gross Revenues since the last Payment Date (and in the case of the initial payment since the Closing Date) until the later of third anniversary of the Closing Date or such time as the total amount of all Revenue Interest payments equals 10% of \$100,000,000. Borrower shall be obligated to make the Revenue Interest payments provided for in this Section 2.7 regardless of whether (x) this Agreement has been terminated, (y) there are any other Obligations outstanding at the time of such request or at any other time and (z) there are any claims, defenses or offsets, it being understood that said obligation is not subject to any rights, claims defenses or offsets each of which are knowingly, expressly and unequivocally waived by Borrower with respect to the obligations contained in this paragraph.

2.8 Principal Payments. Notwithstanding anything to the contrary contained herein, any unpaid principal balance of the Advances and any accrued and unpaid interest and all other Obligations shall be due and payable on the Termination Date.

2.9 Cash Management; Distribution of Funds. (a) Borrower shall establish and maintain, at its expense, the Funding Account and the Collection Account. Borrower shall instruct, or shall cause all payments in respect of Receivables and Gross Revenue to be deposited in the Collection Account (either directly by wire transfer or electronic funds transfer). In addition, Borrower shall promptly (and in any event not later than one (1) Business Day following receipt thereof) remit to the Collection Account all Collections, if any, received by Borrower. Borrower shall not permit funds other than Collections to be deposited into the Collection Account. If any such funds are nevertheless deposited into the Collection Account, Borrower shall promptly identify such funds for segregation. Borrower shall not, and shall not permit any Person to, commingle Collections or other funds to which Lender is entitled with any other funds. The Collection Account, and all funds on deposit therein, shall, at all times, be subject to an Account Control Agreement pursuant to which Lender has "control" (within the meaning of the applicable UCC) over such Accounts and all funds on deposit therein. Borrower shall have no right of access to or withdrawal from the Collection Account.

(b) (i) Subject to Section 2.9(b)(ii), On each Payment Date, Lender shall distribute, or cause to be distributed, the funds on deposit in the Collection Account representing the cash proceeds of Collateral in the following order:

first, to Lender all amounts owing under Section 2.5 herein;

second, to Lender an amount equal to all costs and expenses then owing to Lender;

third, to Lender an amount equal to the Revenue Interest, provided, however, that, for purposes of calculating the amount of funds to be distributed to Lender pursuant to this clause *third*, any funds distributed to Lender pursuant to *first* or *second* of this Section 2.9(b)(i) shall be subtracted from Revenue Interest;

fourth, to Lender an amount equal to the aggregate principal amount of the outstanding Obligations;

fifth, unless otherwise required by Applicable Law, to the Borrower's operating account, an amount equal to any surplus after giving effect to the distributions made pursuant to clauses *first* through *fourth* of this Section 2.9(b)(i), for use by the Borrower.

(ii) In accordance with the Subordination Agreement, Borrower shall not make any payments under the Stillwater Loan Documents, including payments of principal, interest, penalties or other fees, other than from funds available to the Borrower under Section 2.9(b)(i) *fifth*.

(iii) Notwithstanding anything to the contrary contained in Section 2.9(b)(i) or in any other provision of this Agreement or the other Transaction Documents, during the existence of an Event of Default, Lender may apply all payments and proceeds of Collateral to the Obligations in any order as determined by Lender in its sole discretion

(iv) Notwithstanding anything to the contrary contained in Section 2.9(b)(i) or in any other provision of this Agreement or the other Transaction Documents, in the event the Borrower, Stillwater or any other person purchases from or repays to the Lender the outstanding Obligations, (i) the order of distribution set forth in Section 2.9(b)(i) shall be revised such that clause *third* shall become first, clause *first* shall become second, clause *second* shall become third, clause *fourth* shall remain fourth and clause *fifth* shall remain fifth and (ii) the proviso at the end of *third* shall be disregarded and of no effect.

2.10 No Termination. This Agreement shall not be deemed to be terminated solely because the Obligations may from time to time be paid in full.

2.11 Voluntary Principal Prepayments; Early Termination Fee. Advances may be prepaid in whole or in part prior to the applicable Payment Dates. In the event that Borrower proposes to make any prepayment, Borrower shall give Lender at least five (5) Business Days prior written notice thereof. Borrower may terminate this Agreement at any time subject to the terms and conditions contained herein (including, without limitation, under this Section 2.11 and Sections 2.7 and 9.14). In the event this Agreement is terminated and the Obligations are repaid prior to the first anniversary of the Closing Date ("**Early Termination**"), Borrower shall be unconditionally obligated, in addition to full payment of all of the Obligations of any kind, to pay

to Lender an early termination fee ("**Early Termination Fee**") equal to the amount of interest that would have been paid to the Lender pursuant to Section 2.5 had the full Facility Amount been outstanding between the date of the Early Termination and the first anniversary of the Closing Date. Borrower acknowledges that the Early Termination Fee is designed to compensate Lender by way of liquidated damages for the loss of anticipated profit and additional administrative expenses attendant to the early termination of the credit facility described herein.

2.12 Use of Proceeds. Borrower shall use the proceeds of each Advance solely for legal and proper purposes (duly authorized by its governing body) that are consistent with all Applicable Laws and not prohibited by the Agreement, including, without limitation, Section 5.3(u).

2.13 Borrower's Loan Account.

(a) Lender shall maintain one or more loan account(s) on its books in which shall be recorded (i) all Advances and other Obligations and the Collateral, (ii) all payments made by or on behalf of Borrower and (iii) all other appropriate debits and credits as provided in this Agreement, including interest, costs and expenses. All entries in the loan account(s) shall be made in accordance with Lender's customary practices as in effect from time to time.

(b) Lender shall render to Borrower each month a statement setting forth the balance in the Borrower's loan account(s) maintained by Lender for Borrower pursuant to the provisions of this Agreement, including principal, interest and Fees. Each such statement shall be subject to subsequent adjustment by Lender but shall, absent manifest errors or omissions, be considered correct and deemed accepted by Borrower and conclusively binding upon Borrower as an account stated except to the extent that Lender receives a written notice from Borrower of any specific exceptions of Borrower thereto within thirty (30) days after the date such statement has been mailed by Lender. Until such time as Lender shall have rendered to Borrower a written statement as provided above, the balance in Borrower's loan account(s) shall be presumptive evidence of the amounts owing to Lender by Borrower.

ARTICLE III

CONDITIONS PRECEDENT.

3.1 Initial Advance. Lender has indicated that it does not intend to make the initial Advance unless Lender has received all of the following items described in this Section 3.1, in each case, in form and substance satisfactory to Lender, and unless Borrower has complied with all of the following conditions and terms described in this Section 3.1, in each case, to the satisfaction of Lender (unless waived in writing in any instance):

(a) Lender shall have received a fully executed copy of (i) this Agreement, (ii) the Note, (iii) the Subordination Agreement, (iv) each other Transaction Document and (v) such other documents and instruments as Lender may request;

(b) Lender shall have received a good standing certificate issued by the Secretary of State or comparable officer of the jurisdiction of formation, as applicable, as of a recent date acceptable to Lender, evidencing the legal existence and good standing of Borrower;

(c) Lender shall have received a certificate of the secretary of Borrower certifying the names and true signatures of the officers authorized on Borrower's behalf to execute this Agreement and the other Transaction Documents;

(d) Lender shall have received copies of the formation documents of Borrower, duly certified by the Secretary of State or comparable officer of the jurisdiction of formation as of a recent date acceptable to Lender, together with copies of the limited liability partnership agreement of Borrower, duly certified by the secretary of Borrower;

(e) Lender shall have received a copy of the authorizing resolutions of partners of Borrower approving and authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, certified by the secretary of Borrower;

(f) Lender shall have received an Opinion of Counsel to the Loan Parties in form and substance satisfactory to Lender;

(g) Lender shall have received copies of the UCC financing statements required to be filed pursuant to the Security Agreement and any UCC termination statements required, or deemed by Lender to be necessary or desirable, to release any security interest in the Collateral;

(h) Lender shall have received a certificate, dated the date hereof of each of the Loan Parties certifying that, as of the date of such certificate: (A) all of the representations and warranties of the Loan Parties under this Agreement, each other Transaction Document and each other document, certificate or other instrument delivered in connection herewith or therewith are true and correct as of such date or such other date as specified in such representation or warranty, (B) each of the Loan Parties is in compliance with all of its covenants hereunder and in the other Transaction Documents and (C) no Event of Default or Default has occurred and is continuing, or would result from the making of the initial Advance;

(i) Lender shall have received copies of UCC, tax and judgment lien reports (the expense of which shall be paid directly by Borrower) from all jurisdictions requested by Lender, covering such periods as Lender may request and listing effective financing statements and tax and judgment liens filed against Borrower, together with copies of all financing statements or liens disclosed in such reports, and none of such financing statements (except those filed in favor of Lender and the holders of Permitted Liens) or liens shall refer to the Collateral, unless releases therefor, in form and substance satisfactory to Lender, have been obtained, and UCC-3 termination statements have been filed, on or prior to the Closing Date;

(j) Since December 31, 2008, no Material Adverse Effect shall have occurred;

(k) there shall be no pending or threatened material litigation, investigations or other matters affecting any Loan Party or the transactions contemplated by the Transaction Documents;

(l) any fees or expenses required to be paid to Lender on or before the Closing Date (including, without limitation, the Expenses) shall have been paid;

(m) Lender shall have received evidence satisfactory to it that all security interests in favor of Lender in the Collateral are fully perfected, first priority security interests and are subject to no other liens or adverse claims other than Permitted Liens;

(n) Lender shall have received a fully executed copy of an Account Control Agreement in respect of the Collection Account;

(o) Lender shall have received copies of all governmental or other third-party consents and approvals required by Applicable Law in any relevant jurisdiction or under applicable agreements for each Loan Party to execute, deliver and perform the Transaction Documents, and to consummate the transactions contemplated thereby;

(p) Lender shall have received updated Case Status Reports from Borrower; and

(q) all other terms and conditions of this Agreement and the other Transaction Documents and each other document executed in connection herewith or therewith shall have been complied with, except to the extent expressly waived in writing by Lender.

3.2 **Each Advance.** Lender shall not be obligated to make any Advance (including the initial Advance) unless the following conditions have been satisfied (such conditions the "**Funding Conditions**"):

(a) Lender shall have received an Advance Request with respect to such proposed Advance together with a completed Borrowing Certificate, and each statement or certification made by Borrower in the Advance Request and the Borrowing Certificate shall be true and correct on the Advance Date;

(b) At the time of each Advance (i) the representations and warranties made in the Transaction Documents shall be, in the case of the initial Advance, true and correct in all respects as of the date of the initial Advance, and in the case of any subsequent Advance, true and correct in all material respects as of the date of such Advance (except to the extent already qualified by materiality or Material Adverse Effect, in which case such representations and warranties shall be true and correct in all respects, and except for representations and warranties that are only made as of a specific earlier date), and (ii) no Default or Event of Default shall have occurred and be continuing, or would result from the making of the Advance;

- (c) The making of each Advance shall be permitted by all Applicable Law;
- (d) All conditions related to any Advance shall have been met in a manner satisfactory to Lender, and, if requested by Lender, Borrower shall have delivered to Lender evidence in form and substance satisfactory to Lender substantiating any of the conditions contained in this Agreement that are necessary to enable Borrower to qualify for any Advance;
- (e) From the date of the Borrower's most recent monthly financial statements delivered to Lender, no Material Adverse Effect shall have occurred;
- (f) Lender shall be satisfied, in its sole discretion, with the information provided by the Borrower pursuant to Section 5.1(s); and
- (g) Lender shall have received such other items, in form and substance satisfactory to Lender, as Lender may request.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Each of the Loan Parties represents and warrants to Lender as follows:

4.1 Due Organization and Qualification. Borrower (A) is duly organized and validly existing as a limited liability partnership under the laws of the State of California, (B) is in good standing under such laws and (C) is duly qualified and authorized to transact business and is in good standing in each jurisdiction where Borrower operates. Guarantor is the holder of a 95% percent partnership interest in Borrower and is the general partner of Borrower.

4.2 Power and Authority; Due Authorization; Enforceability. Borrower has full limited liability partnership power and authority to own its property and assets, to carry on its business as now conducted and as proposed to be conducted. Borrower has full limited liability partnership power and authority to perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party and has duly authorized the execution, delivery and performance under this Agreement and each of the other Transaction Documents to which it is party by all necessary action. This Agreement and each of the other Transaction Documents to which any Loan Party is a party have been duly authorized, executed and delivered by such Loan Party and constitute the legal, valid, binding and enforceable obligations of such Loan Party except as the same may be limited by insolvency, bankruptcy, reorganization or other laws relating to or affecting the enforcement of creditors' rights or by general equity principles.

4.3 No Violation. No Loan Party nor any Subsidiary of any Loan Party is in default under any indenture, mortgage, deed of trust, loan agreement, contract, document, guarantee, lease financing agreement or similar agreement or instrument to which any Loan Party or Subsidiary is a party, as borrower or guarantor. Neither the execution, delivery or performance of this Agreement and the other Transaction Documents, nor the consummation of the transactions contemplated hereby and thereby, will conflict with or result in a breach of any of

the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property, assets or revenue of any Loan Party or Subsidiary pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement, contract, document, guarantee, lease financing agreement or similar agreement or instrument, or the articles of organization or incorporation or any other constituting organizational documents of any Loan Party or Subsidiary.

4.4 Name; Prior Names. The complete and exact legal name of each Loan Party is set forth on the signature page to this Agreement. Borrower has not transacted business under any other corporate or trade name, been a party to any merger, combination or consolidation or acquired all or substantially all of the assets of any Person other than as set forth on Schedule 4.4.

4.5 Licenses, Registrations and Approvals. Borrower possesses all necessary authority and has obtained all the licenses, registrations and approvals necessary for the conduct of Borrower's in each jurisdiction where Borrower operates, and to continue to conduct its business as presently conducted and as expected to be conducted in each jurisdiction and for the performance of Borrower's obligations hereunder and under each of the Transaction Documents to which Borrower is a party and all such licenses, registrations and approvals are in full force and effect, except, in each case, as could not reasonably be expected to have a Material Adverse Effect.

4.6 Ability to Perform. No Loan Party believes, nor does any Loan Party nor have any reason or cause to believe, that it cannot perform each and every one of its obligations under this Agreement and under the other Transaction Documents.

4.7 No Consent Required. Except as set forth on Schedule 4.7, no Loan Party is required to obtain any order, consent, license, approval, permit waiver, exemption, validation or authorization of, or make any registration, filing, recording or declaration with, any Governmental Authority or any other Person in order to authorize, in connection with the execution, delivery, performance, legality, validity, binding effect or enforceability of, this Agreement or any of the other Transaction Documents to which such Loan Party is a party.

4.8 No Litigation; No Proceedings. No Loan Party is a party to any action, suit, proceeding or investigation, and there is no action, suit, proceeding or investigation pending or, to any Loan Party's knowledge, threatened against any Loan Party other than as set forth on Schedule 4.8. There are no outstanding or unpaid judgments against any Loan Party. There are no actions, suits, investigations or administrative proceedings of or before any bar association or other body responsible for the professional conduct of attorneys, pending or threatened against Borrower or Guarantor or any of their respective properties or assets which with respect to Guarantor or any attorney in the employ of Borrower, question such Person's ethical conduct in the course of his or her practice of law, or seek to impose professional sanctions or his or her suspension or disbarment from the practice of law.

4.9 No Material Adverse Effect. From the date of the Borrower's most recent monthly financial statements delivered to Lender, no Material Adverse Effect has occurred,

including, without limitation, (i) the existence of any pending or threatened (a) class action lawsuit or other material litigation against any Loan Party, or (b) any investigation or proceeding challenging the legality of any Loan Party's business or any aspect thereof, or (ii) the enactment or modification of any Applicable Law, or the entry of a judgment or decision by any court or tribunal in any state or jurisdiction in which such Loan Party does business, that could affect the ongoing viability of its respective business.

4.10 Solvency. Each Loan Party is Solvent and has reasonably adequate capital to carry on its business. No Loan Party is, and, with the passage of time, no Loan Party expects to become, insolvent or bankrupt, and no liquidation of any Loan Party or any of its Subsidiaries is contemplated.

4.11 Capitalization and Control. The capitalization of Borrower as set forth on Schedule 4.11 is true, correct and complete. All of the issued and outstanding equity interests of Borrower have been duly and validly issued in accordance with Borrower's organizational documents and all applicable requirements of law and, to the extent applicable, are fully paid and nonassessable. Except as set forth on Schedule 4.11, there are no options, rights, calls, commitments, plans, contracts or other agreements granted or issued regarding the equity interests of Borrower and none are authorized.

4.12 General. There are no facts or conditions relating to the Transaction Documents, any of the Collateral or the financial condition and business of any Loan Party that would, individually or collectively, cause a Material Adverse Effect. All writings heretofore or hereafter exhibited or delivered to Lender by or on behalf of any Loan Party are and will be genuine and in all respects what they purport and appear to be. No information furnished to Lender by or on behalf of any Loan Party contains any material misstatement of fact or omits to state any fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

4.13 Anti-Money Laundering. No Loan Party nor any Affiliate: (i) is a person named on the Executive Order No. 13224 on Terrorist Financing (effective September 24, 2001) or the list of Specially Designated Nationals or Blocked Persons maintained by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") (available at <http://www.treas.gov/offices/enforcement/ofac/sdn/> or as otherwise published from time to time); (ii) is (A) an agency of the government of a country, (B) an organization controlled by a country, or (C) a person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC (and available at <http://www.treas.gov/offices/enforcement/ofac/sanctions> or as otherwise published from time to time), as such program may be applicable to such agency, organization or person; or (iii) does business in such country or with any such agency, organization, or person in violation of the economic sanctions of OFAC.

4.14 Agreements Enforceable. Each agreement that each Loan Party has entered into and each other agreement with respect to which such Loan Party is a party or by which its assets may be bound has been duly authorized, executed and delivered by such Loan Party, and each such agreement is a legal, valid and binding obligation of each party thereto enforceable against each such party in accordance with its terms (except as enforcement thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of

creditors' rights generally and equitable principles relating to or affecting enforcement of creditors' rights generally or relief of debtors generally). Schedule 4.14 hereto correctly and completely identifies each material agreement or contract to which each Loan Party or any of its Subsidiaries is a party or by which any of its or any of its Subsidiaries' assets may be bound. Borrower's retainer agreements for its Cases were duly and validly authorized, executed and delivered by Borrower and the client and constitute the legal, valid and binding obligation of each party thereto, have not been amended, modified or rescinded, are lawful and in accordance with all legal and ethical requirements applicable to Borrower, and unless otherwise specifically stated therein, Borrower is the only counsel engaged by the plaintiff(s) with respect to each of the Cases.

4.15 Compliance with Laws and Documents. No Loan Party nor any Subsidiary of a Loan Party is, nor will the execution, delivery and the performance of and compliance with the terms of the Transaction Documents cause any Loan Party or any of its Subsidiaries to be, in violation of any Applicable Law or any constituting or organizational documents of such Loan Party or Subsidiary. The business of each Loan Party and each of its Subsidiaries, as currently conducted and as contemplated to be conducted by the Transaction Documents, complies with all Applicable Law.

4.16 Taxes. All tax returns and reports of each Loan Party and each of its Subsidiaries required to be filed have been filed, and all Taxes imposed upon each Loan Party and each of its Subsidiaries that are due and payable have been paid, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been established. There are no tax Liens on any Loan Party's or any of its Subsidiaries' now-existing or future assets.

4.17 Investment Company Act. No Loan Party nor any Subsidiary of a Loan Party is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended from time to time, or any successor statute.

4.18 Properties; Liens. Each Loan Party and each of its Subsidiaries has good and marketable title to or a valid leasehold, license or other interest in all of its property. Except for Permitted Liens, there is no Lien on any of the Loan Parties' or any of their Subsidiaries' property or income.

4.19 Indebtedness. No Loan Party nor any Subsidiary of a Loan Party has any Indebtedness other than Indebtedness expressly permitted under Section 5.3(a).

4.20 Accounts. Except as set forth on Schedule 4.20, no Loan Party has any deposit accounts or securities accounts. The Accounts and all amounts or other property deposited or on deposit therein are not subject to, and are free and clear of, any Liens except for Liens in favor of Lender.

4.21 Partnerships; Joint Ventures. No Loan Party nor any Subsidiary of a Loan Party is a partner or joint venturer in any partnership or joint venture.

4.22 Registrations and Filings. All filings, recordings, notifications, registrations or other actions under all Applicable Laws have been made or taken, and all approvals obtained, in each jurisdiction where necessary or appropriate (and where permitted by Applicable Laws) to give legal effect to the transactions contemplated by this Agreement and to validate, preserve, perfect and protect the security interest in the Collateral as security for the obligations of the Loan Parties under this Agreement and the other Transaction Documents.

4.23 Transaction Document Representations. All of the representations and warranties made in the other Transaction Documents are true and correct in all material respects (except to the extent already qualified by materiality or Material Adverse Effect, in which case such representations and warranties shall be true and correct in all respects).

4.24 Labor. There are no existing or threatened labor controversies or disputes affecting any of the Loan Parties or any of its Subsidiaries.

4.25 Ownership of Intellectual Property. Each Loan Party and each of its Subsidiaries possesses, owns and has good and marketable title to or a valid right to use all trademarks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property that are used by such Loan Party or Subsidiary, as applicable, and that are material to the conduct of its business as now operated.

4.26 Environmental Laws. Each Loan Party and each of its Subsidiaries is in compliance with all applicable environmental requirements and Environmental Laws.

4.27 Security Interest. Upon execution and delivery of the Security Agreement and the Subordination Agreement and filing of the UCC financing statement referred to therein, Lender will have a valid and perfected first priority security interest in Borrower's rights in the Collateral as security for the obligations of the Loan Parties under this Agreement and the other Transaction Documents, subject to no prior Lien.

4.28 Affiliates. All Affiliates are set forth on Schedule 4.28.

4.29 Employee Benefit Plans. No Loan Party, Subsidiary of a Loan Party nor any ERISA Affiliate currently sponsor or contribute to, nor has any contract or other obligation to contribute to (nor has any Loan Party, Subsidiary or any ERISA Affiliate in the preceding sixty (60) calendar months sponsored or contributed to, or contracted to or become otherwise obligated to contribute to) any Plan, Pension Plan or any Multiemployer Plan.

4.30 Purpose of Loan. The proceeds of the Facility will be used only for the purposes set forth in Section 2.12 and shall not be used (a) to purchase or carry any "Margin Stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), or (b) for any purpose in violation of Regulations T, U or X of said Board of Governors.

4.31 Default; Event of Default. No Default or Event of Default has occurred and is continuing.

4.32 Real Property. No Borrower nor Subsidiary of a Loan Party owns any real property.

4.33 **Subsidiaries.** Except as set forth on Schedule 4.33, Borrower has no Subsidiaries.

4.34 **Corrective Measures.** No Borrower nor any Subsidiary has entered into any settlement agreement, discontinuance agreement, assurance of discontinuance, letter agreement or other similar agreement with any Governmental Authority regarding such entity's business or any aspect thereof.

4.35 **Insurance.** Borrower is insured with financially sound and reputable insurance companies which are not Affiliates of any Loan Party, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Person operates. Borrower, Guarantor, and each other attorney employed by Borrower or appearing "of counsel" to Borrower, is insured in accordance with the requirements of Section 5.1(a). A true and complete listing of such insurance, including issuers, coverages and deductibles, has been provided to Lender.

4.36 **Attorneys.** Guarantor and each other attorney employed by or appearing "of counsel" to Borrower is duly admitted to practice, and in good standing as an attorney in the State of California and is not subject to any sanction or proceeding by or before any court of the State of California or any Bar Association, or any similar organization.

4.37 **Brokers.** Except for a fee equal to 1.5% of the Facility Limit to be paid to Paratum, Inc., no broker, finder or other intermediary has brought about the obtaining, making or closing of the transactions contemplated by the Transaction Documents, and no Loan Party has or will have any obligation to any Person in respect of any finder's or brokerage fees, commissions or other expenses in connection herewith or therewith. All brokerage and finder's fees, commissions and other expenses payable in connection with the transactions contemplated by the Transaction Documents have been paid in full by Borrowers contemporaneously with the execution of the Transaction Documents.

ARTICLE V

COVENANTS.

5.1 **Affirmative Covenants.** Each Loan Party covenants and agrees with Lender, so long as this Agreement or any of the other Transaction Documents shall remain in effect and the principal of or interest on the Notes, or any other Obligation, shall be unpaid, as follows:

(a) **Insurance.** Borrower shall, and shall cause each of its Subsidiaries to, (i) maintain or cause to be maintained in full force and effect all policies of insurance of any kind with respect to the property and businesses of the Borrower and such Subsidiaries with financially sound and reputable insurance companies or associations (in each case that are not Affiliates of any Borrower) of a nature and providing such coverage as is sufficient and as is customarily carried by businesses of the size and character of the business of the Borrower and (ii) cause all such insurance relating to any property or business of Borrower to name Lender as additional insured or lender loss payee, as appropriate. All policies of insurance on real and personal property of the Borrower will

contain an endorsement, in form and substance acceptable to Lender, showing loss payable to Lender and extra expense and business interruption endorsements. Such endorsement, or an independent instrument furnished to Lender, will provide that the insurance companies will give Lender at least thirty (30) days prior written notice before any such policy or policies of insurance shall be altered or canceled and that no act or default of any Loan Party or any other Person shall affect the right of Lender to recover under such policy or policies of insurance in case of loss or damage. Borrower shall direct all present and future insurers under its "All Risk" policies of property insurance to pay all proceeds payable thereunder directly to Lender. Lender reserves the right at any time to require additional forms and limits of insurance in the exercise of its reasonable credit judgment. In addition to the foregoing, Borrower and/or Guarantor will maintain at its expense, with financially sound and reputable insurers reasonably acceptable to Lender, professional malpractice insurance with claim limits of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate.

(b) **Inspection.** Borrower shall, and shall cause each of its Subsidiaries to, permit any representative of Lender to visit and inspect any of its property, including the Collateral, to examine its books and records and to make copies and take extracts therefrom (except for files relating to the Cases), and at Lender's request at any time to discuss its affairs, finances and accounts with its officers and directors (each an "Inspection"); provided, however, that, unless an Event of Default has occurred and is continuing, Lender shall give Borrower reasonable notice of such Inspection and such Inspection shall occur during normal business hours. Borrower shall reimburse Lender for any fees, costs or expenses incurred in connection with each such Inspection.

(c) **Books and Records.** Borrower shall, and shall cause each of its Subsidiaries to, keep and maintain proper and complete books, records and accounts and, such books, records and accounts shall be maintained in accordance with GAAP.

(d) **Taxes.** Borrower shall, and shall cause each of its Subsidiaries to, file or cause to be filed when due all federal, state and local returns, filings, elections and reports that are required to be filed by it in respect of all Taxes, and shall pay all such Taxes as may be required by law and in accordance with any assessment or demand for payment received by it as and when such Taxes become due and payable (except to the extent that any such Taxes are being contested in good faith and by appropriate and lawful proceedings diligently conducted and for which adequate reserves shall have been made); and each Loan Party shall, and shall cause each of its Subsidiaries to, provide evidence of payment of any Taxes if so requested by Lender.

(e) **Payment of Obligations.** Borrower shall, and shall cause each of its Subsidiaries to, promptly pay all of its Indebtedness as it becomes due except, to the extent that any such Indebtedness is being contested in good faith and by appropriate and lawful proceedings diligently conducted and for which adequate reserves shall have been made; provided, however, that no Loan Party shall, directly or indirectly, make (i) any prepayment of principal of or interest on any Indebtedness (other than as expressly permitted hereunder) or (ii) any payment of principal of or interest on any Indebtedness subordinated to the Obligations. Notwithstanding the foregoing, Borrower may make

payments to Stillwater as expressly permitted pursuant to the terms of the Subordination Agreement.

(f) **Compliance with Agreements.** Borrower shall, and shall cause each of its Subsidiaries to, do or cause to be done all things necessary to comply with, and not cause a default or breach under, this Agreement, each of the Transaction Documents and each other agreement to which any Loan Party is a party or by which it or its assets may be bound.

(g) **Compliance with Law; Maintenance of Properties.** Borrower shall, and shall cause each of its Subsidiaries to, do or cause to be done all things necessary (i) to preserve and keep in full force and effect at all times its existence as a company in good standing under the laws of its jurisdiction of formation or incorporation and each jurisdiction in which it operates, and its rights, licenses and franchises, (ii) to continue to conduct its business as now conducted, (iii) to comply in all material respects with all Applicable Law, (iv) to maintain all material licenses and approvals necessary for the conduct of such Borrower's or Subsidiary's business and the performance of such Borrowers Obligations, and (v) to preserve all material property in use in the conduct of its business and keep the same in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make, or cause to be made, all necessary and proper repairs, renewals and replacements, betterments and improvements thereto so its respective business carried on in connection therewith may be properly conducted at all times.

(h) **Further Assurances.** Borrower shall, and shall cause each applicable Person to, execute any and all further documents and instruments and take all further actions that may be required under Applicable Law, or that Lender may reasonably request, to more fully effect the purposes, and carry out the terms, of this Agreement and to grant, preserve, protect and perfect the first priority Lien granted by Borrower against the Collateral, including without limitation, those actions required to perfect Liens on and assignment of any interest of Borrower in any Collateral in accordance with the laws of the jurisdiction governing such Liens.

(i) **Proceeds of Collateral.** In the event Borrower receives any proceeds of Collateral (including amounts owing to it with respect to any Case) or if any Borrower withdraws funds from any trust account for payment of amounts constituting Gross Revenue, such Borrower shall cause such funds to be immediately transferred and deposited into the Collection Account.

(j) **Notification of Certain Events.** As soon as possible but in no event later than one (1) Business Day after any Loan Party's knowledge of any fact, event or circumstance that constitutes or could reasonably be expected to constitute a Material Adverse Effect, a Default or an Event of Default, such Loan Party shall notify Lender in writing of such fact, event or circumstance, which notice shall set forth in reasonable detail all material information regarding such fact, event or circumstance. As soon as possible but in no event later than one (1) Business Day after any Loan Party's knowledge of any event described in Section 7.4 occurring with respect to any Loan

Party, Borrower shall notify Lender in writing of the occurrence of such event, which notice shall set forth in reasonable detail all material information regarding such event.

(k) **Notification of Litigation.** Each Loan Party shall promptly notify Lender in writing of the commencement of any litigation, action, suit, dispute, assertion, arbitration, proceeding, investigation or other circumstance against or affecting such Loan Party or any of its Subsidiaries, and such Loan Party shall from time to time provide Lender with all information reasonably requested by Lender concerning the status thereof.

(l) **Information Regarding Collateral.** Promptly following any request therefore from Lender, each Loan Party shall provide to Lender any information regarding the Collateral that Lender may reasonably request (except for files relating to the Cases), including, without limitation, schedules, certificates and reports in such form and detail as Lender may reasonably specify.

(m) **Preservation of Rights.** Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain all of its material rights, privileges, licenses and franchises.

(n) **Form of Documents.** Unless otherwise specified herein, or in any relevant Transaction Document, each Loan Party shall, and shall cause each of its Subsidiaries to, cause all copies of documents delivered to Lender pursuant to any Transaction Document to be delivered in an electronic or digital format reasonably satisfactory to Lender.

(o) **Perfection.** Borrower shall cause Lender to have a first priority, perfected security interests in the Collateral and shall take all action necessary to maintain the first priority, perfected status of such security interests. In furtherance of the foregoing, each Loan Party shall from time to time and within the time limits established by law, prepare and present to Lender for Lender's authorization and approval all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement or other filings necessary to continue, maintain and perfect Lender's security interests as first-priority interests. Lender's approval of such filings shall authorize Borrower to file such documents under the UCC. Notwithstanding anything else in the Transaction Documents to the contrary, no Loan Party shall have any authority to file a termination, partial termination, release, partial release, or any amendment of any such financing statements. Each Loan Party hereby authorizes Lender to file such UCC financing statements naming such Loan Party as debtor as Lender shall deem to be necessary or desirable, and each Loan Party hereby further authorizes the use of an "All Assets" collateral description therein.

(p) **Environmental Laws.** Borrower shall, and shall cause each of its Subsidiaries to, comply with all applicable environmental requirements and Environmental Laws.

(q) **Intellectual Property.** Borrower shall, and shall cause each of its Subsidiaries to, at all times maintain possession and ownership of good and marketable title to, or, with respect to all trademarks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property not owned by such Person on the date hereof, at all times maintain all necessary and appropriate licenses to use, all trademarks, trade names, copyrights, patents, patent rights, franchises licenses and other intellectual property that are used by such Person or that are material to the conduct of its business as now operated.

(r) **Withholding.** Borrower shall, and shall cause each of its Subsidiaries to, from time to time withhold and remit all amounts required to be withheld (including without limitation, in respect of income tax, withholding taxes on payments to non-residents, any plan and employment insurance) from all payments made to officers and employees or to all non-residents and to all other applicable Persons and each Loan Party shall, and shall cause each of its Subsidiaries to, (i) hold all such withheld funds in trust for the benefit of the appropriate authority and (ii) pay all such amounts, together with any interest and penalties due, to the appropriate authority when due as required by law.

(s) **Reporting Requirements.** Borrower shall furnish, or cause to be furnished, to Lender such information as may be requested by Lender. In addition, Borrower shall cause the following to be furnished to Lender:

1. As soon as available, but no later than the date that is forty-five (45) days after the last day of each fiscal year of Borrower, (1) consolidated and consolidating Financial Statements showing the financial condition and result of operations of Borrower and its consolidated Subsidiaries as of, and for the year ended on, such last day, prepared in accordance with a method of accounting to be determined by Lender in its reasonable discretion, together with the related notes thereto, setting forth in each case in comparative form corresponding figures for the preceding fiscal year, all of which shall be correct and complete in all material respects and shall present fairly in all material respects the financial position of Borrower and its consolidated Subsidiaries and the results of its operations and changes in financial position as of the time and for the period then ended, and accompanied by a Financial Report Certificate for such fiscal year and a discussion and analysis, including highlights, trends and breakdown, of the financial condition and result of operations of the Borrower;
2. As soon as available, but no later than forty-five (45) days after the last day of each fiscal quarter of Borrower, unaudited consolidated and consolidating Financial Statements showing the financial condition and result of operations of Borrower and its consolidated Subsidiaries as of, and for the quarter ended on, such last day, prepared in accordance with a method of accounting to be determined by Lender in its reasonable discretion (including, but not limited to, profit and loss statement, balance sheet, actual versus plan with variance commentary for such quarter and

for the year to date, and cash flow, all of which shall be prepared in accordance with a method of accounting to be determined by Lender in its reasonable discretion, and accompanied by a Financial Report Certificate for such fiscal quarter and a discussion and analysis, including highlights, trends and breakdown, of the financial condition and result of operations of the Borrower;

3. As soon as available, but no later than ten (10) days after the last day of each calendar month, (i) unaudited consolidated and consolidating Financial Statements (balance sheet, income statement cash flow statement, and monthly bank reconciliation only) showing the financial condition and results of operations of Borrower and its consolidated Subsidiaries as of, and for the period from the beginning of the current fiscal year, to such last day, for the same time period, prepared in accordance with a method of accounting to be determined by Lender in its reasonable discretion and accompanied by a Financial Report Certificate for such fiscal quarter and a discussion and analysis, including highlights, trends and breakdown, of the financial condition and result of operations of the Borrower and (ii) Borrower shall provide Lender with copies of all banking statements, including to any trust account for payment of amounts constituting Gross Revenue. In addition, Borrower shall provide at all times electronic access to banking information, including balances and activity, relating to all of Borrower's accounts, including all trust accounts.
4. As soon as available, but no later than ten (10) Business Days after the last day of each calendar month, a summary of all Receivables originated during such month together with an aging report for all Receivables;
5. Notice, promptly after any Loan Party knows or has good faith reason to believe, of (1) the existence and status of any litigation with respect to any Loan Party that could have a Material Adverse Effect, or (2) any change in any material fact or circumstance represented or warranted in any Transaction Document;
6. As soon as available, but no later than ten (10) Business Days following any request therefor by Lender, such information (not otherwise required to be furnished under the Transaction Documents) respecting the business affairs, assets and liabilities of the Loan Parties and their Affiliates as Lender may reasonably request;
7. Within fourteen (14) days after the Closing Date, and monthly thereafter, a budget and summary of the business plans and financial projections for Borrower on a monthly basis for the next six (6) month period (including monthly balance sheets, statements of income and of cash flow) prepared by management and in form, substance and detail (including, without

limitation, principal assumptions) satisfactory to Lender, in its reasonable discretion, and executed by Guarantor;

8. Within thirty (30) days after the end of each calendar quarter, Borrower shall provide Lender with a Quarterly Certificate signed by an authorized Officer of Borrower indicating that (1) all representations and warranties of each Loan Party are true and correct as if made on that date, and (2) no Default or Event of Default shall have occurred and be continuing;
9. Within ten (10) days after the end of each month, Borrower shall provide Lender with a report which shall identify and describe in detail satisfactory to Lender, (i) all new Cases undertaken by the Borrower, and the fee arrangements with respect thereto, (ii) a status report and projection for all pending Cases which are included in the calculation of Gross Revenue in a report in form and substance satisfactory to Lender (such report, a "**Case Status Report**"), (iii) the basis on which any Case was terminated (i.e. won, settled, or dismissed) and the terms thereof, or with respect to which Borrower withdrew or was removed as counsel, and (iv) each Case which is a Settled Not Resolved Case or a Settled Resolved Case, and with respect thereto the terms of each settlement and a time estimate to conclusion, with respect to Settled Not Resolved Cases the value affixed to the Borrower's client's claims and the amount of the fee sought by Borrower, and with respect to the Settled Resolved Cases the amount of the fee awarded to Borrower..
10. Within two (2) days of the end of each month, Borrower shall provide Lender with copies of all banking statements relating to any trust account for payment of amounts constituting Gross Revenue. In addition, Borrower shall provide at all times electronic access to banking information, including balances and activity, relating to such trust accounts.
11. Borrower shall submit to Lender, within ninety (90) days of the end of each calendar year, a personal financial statement for Guarantor, prepared on Lender's form of personal financial statement;
12. Borrower shall submit to Lender a copy of the federal income tax return of Guarantor within thirty (30) days of the filing thereof; and
13. With reasonable promptness, such other information respecting the business, operations and financial condition of Borrower or Guarantor as the Lender may reasonably from time to time request (including bank statements related to all trust accounts maintained by Loan Parties).

(t) **Expenses of Lender.** Borrower shall pay on demand all documented out-of-pocket Expenses of Lender (including, without limitation, fees and expenses of counsel and other third party service providers for Lender), including, without limitation,

such Expenses incurred in connection with (i) the negotiation, preparation and execution of the Transaction Documents and (ii) the filing, recording, refile, re-recording, amendment, modification, release, supplement, waiver and enforcement of the Transaction Documents and the making, servicing, administering and collection of the obligations pursuant to the Transaction Documents. In addition, and not in limitation of the foregoing, Borrower shall pay the actual out of pocket third party expenses of Lender (including expenses of Lender's representatives) incurred in connection with the accounting, auditing and making of Advances and the accounting, auditing and monitoring of the Collateral. Such expenses shall be payable on each Payment Date, or on such other basis as may be determined by Lender in its sole discretion. Borrower's Obligations under this Section 5.1(t) are subject to Section 9.14 hereof.

(u) **Agreements Enforceable.** Each agreement that Borrower enters into will be, at the time of execution thereof, duly authorized, executed and delivered by Borrower and each other party thereto and each such agreement will be, at the time of execution thereof, a legal, valid and binding obligation of each party thereto enforceable against each such party in accordance with its terms (except as enforcement thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally and equitable principles relating to or affecting enforcement of creditors' rights generally or relief of debtors generally).

(v) **Qualification to Do Business.** At all times, Borrower shall be qualified to do business in each state in the United States, other than states where the failure to so qualify does not have, and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect

(w) **Compliance with ERISA.** Each Loan Party shall, and shall cause its ERISA Affiliates to: (a) maintain each Plan, Pension Plan and Multiemployer Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan and Pension Plan that is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan and Pension Plan subject to Section 412 of the Code.

(x) **Notification of ERISA Event.** Each Loan Party shall notify Lender in writing (and provide copies of all related documentation) immediately upon becoming aware of (i) the institution of any steps by such Loan Party or any other Person to terminate any Pension Plan, (ii) the failure to make a required contribution to a Pension Plan if such failure is sufficient to give rise to a lien under Section 303(k) of ERISA or Section 430(k) of the Code, (iii) the taking of any action with respect to a Pension Plan that could result in the requirement that such Loan Party or any ERISA Affiliate furnish a bond or other security to the PBGC or such Pension Plan, (iv) the occurrence of any event with respect to any Plan, Pension Plan or Multiemployer Plan that could result in such Loan Party or any ERISA Affiliate incurring any material liability, fine or penalty, or (v) any material increase in the contingent liability of such Loan Party or any ERISA Affiliate with respect to any post-retirement Welfare Plan benefit.

(y) **Supplemented Schedules.** Each Loan Party shall as soon as possible and in any event no later than the earlier of (i) the next succeeding date on which an Advance is to be made and (ii) the date that is thirty (30) days after the occurrence thereof, supplement in writing and deliver to Lender revisions of the Schedules annexed to this Agreement to the extent necessary to disclose new or changed facts or circumstances after the Closing Date so as to cause the representations and warranties set forth herein to remain accurate and not misleading; provided that subsequent disclosures shall not constitute a cure or waiver of any Default or Event of Default resulting from the matters disclosed.

(z) **Use of Proceeds.** Borrower shall use the proceeds of the Facility solely for the purposes identified in Section 2.12. Borrower shall not use the proceeds from the Facility for any activities that are in violation of any Applicable Law, including the United States' Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, effective as of October 25, 2001, and other anti-money laundering laws.

(aa) **Keyman Policy.** Within 60 days of the Closing Date, as further security for the payment of the Obligations and the satisfaction by Borrower of all covenants and undertakings contained in this Agreement and the other Transaction Documents, Lender shall receive a collateral assignment of a Keyman Policy, and in connection therewith, Borrower shall deliver to Lender all forms and agreements required by the insurer issuing the Keyman Policy in order to have such assignment of the Keyman Policy in favor of Lender acknowledged and reflected on the records of such insurer (all of which such forms shall have been executed by Borrower and any other party necessary thereto and shall be satisfactory to Lender). Borrower shall maintain the Keyman Policy in full force and effect at all times.

(bb) **Attorneys' Good Standing.** Borrower shall use its best efforts to cause Guarantor, and each attorney in its employ, to take such action as shall be necessary to maintain his or her license to practice law in the State of California.

(cc) **Separate Corporate Existence.** Borrower shall take all reasonable steps specifically required by this Agreement to continue Borrower's identity as a separate legal entity and to make it apparent to third Persons that Borrower is an entity with assets and liabilities distinct from those of any Affiliate and any other Person, and is not a division of any other Person. Without limiting the generality of the foregoing and in addition to and consistent with any other covenants contained herein, Borrower shall take such actions as shall be required in order that:

(i) Borrower's books and records will be maintained separately from those of any Affiliate;

(ii) All financial statements of any Affiliate that are consolidated to include Borrower will contain detailed notes clearly stating that (A) all of Borrower's assets are owned by Borrower, and (B) Borrower is a separate entity

with creditors who have received ownership and/or security interests in Borrower's assets;

(iii) Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of any Affiliate;

(iv) Borrower will strictly observe corporate formalities in its dealings with any Affiliate, and, other than any limited and temporary commingling permitted under the Transaction Documents, funds or other assets of Borrower will not be commingled or pooled with those of any Affiliate. Borrower shall not maintain joint bank accounts or other depository accounts to which any Affiliate has independent access;

(v) Borrower shall pay to each Affiliate the marginal increase in (or, in the absence of such increase, the market amount of its portion of) the premium payable with respect to any insurance policy that covers Borrower and such Affiliate, but Borrower shall not, directly or indirectly, be named or enter into an agreement to be named, as a direct or contingent beneficiary or loss payee, under any such insurance policy, with respect to any amounts payable due to occurrences or events related to such Affiliate; and

(vi) Borrower will maintain arm's-length relationships with each Affiliate. Any Person that renders or otherwise furnishes services to Borrower will be compensated by Borrower at market rates for such services it renders or otherwise furnishes to Borrower except as otherwise provided in this Agreement and/or the other Transaction Documents. Except as contemplated in the Transaction Documents, neither Borrower nor any Affiliate will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other

(dd) **LitFunding USA.** Within 15 days following the Closing Date, Borrower shall deliver to Lender fully executed amendments to its underlying agreements with LitFunding USA and file stamped UCC Amendments with State of California to reflect that the maximum debt secured by the Collateral provided to LitFunding USA in the aggregate for all liens will not exceed \$74,000. In the event LitFunding USA demands payment of the amounts owed to it by Borrower under its agreement with Borrower dated November 13, 2004, relating to the lawsuit Rebel Aitchison, et. al. v. Wyeth, Inc, et. al., Borrower shall immediately make an Advance Request for up to \$37,000 to pay LitFunding USA under that agreement. In the event Lender determines, in its sole discretion, to fund such an Advance Request, Borrower may advance such funds directly to LitFunding in payment of such amounts.

5.2 **Audits.** Each Loan Party covenants and agrees with Lender, so long as this Agreement or any of the other Transaction Documents shall remain in effect and the principal of or interest on the Note, or any other Obligation, shall be unpaid, that each Loan Party shall, and shall cause each of its Subsidiaries to, permit Lender or its designated representative to enter

upon such Loan Party's or Subsidiary's premises (at any of such Loan Party's or Subsidiary's business locations) to conduct periodic audits of such Loan Party's or Subsidiary's books, accounts, inventory and operations (except for files relating to the Cases). Such audits shall be conducted during each calendar quarter during the term of this Agreement; provided, the frequency of such audits may be increased or decreased within the sole discretion of Lender. Notwithstanding provisions to the contrary in this Credit Agreement and other Transaction Documents, Borrower shall not bear the costs of more than two (2) accounting audits by an outside accounting firm per calendar year. If no Default or Event of Default has occurred and is continuing, each such Person shall provide reasonable notice to Borrower of such audits and shall conduct such audits during regular business hours.

5.3 Negative Covenants. Each Loan Party covenants and agrees with Lender, so long as this Agreement or any of the other Transaction Documents shall remain in effect and the principal of or interest on the Note, or any other Obligation, shall be unpaid, as follows:

(a) **Indebtedness.** Borrower shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Indebtedness, other than (i) Indebtedness of the Loan Parties under the Transaction Documents and (ii) Indebtedness of Borrower under the Stillwater Loan Documents as of the Closing Date.

(b) **Modification of Organizational Documents.** Borrower shall not amend, restate, supplement or otherwise modify, or enter into any agreement to amend, restate, supplement or otherwise modify, its articles of organization or limited liability partnership agreement or any other constituting or governing documents, provided however that so long as Shawn Khorrami maintains a majority interest and voting control of the partnership, the partnership agreement may be amended to add additional partners to the partnership change the terms and conditions of the partnership agreement..

(c) **Liens.** Borrower shall not permit any of its Subsidiaries to, (i) adversely affect, or permit anything to adversely affect, the priority, perfection or validity of the security interest of Lender in any of the Collateral, or (ii) create, incur, assume or suffer to exist any Lien upon any of the Collateral except for Liens in favor of Lender and Liens listed on Schedule 5.3(c) ("**Permitted Liens**").

(d) **Transactions with Affiliates.** Borrower shall not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction (including, but not limited to, the sale or exchange of property or the rendering of service) with any Affiliate, other than in the ordinary course of business of such Loan Party and upon fair and reasonable terms no less favorable than such Loan Party could obtain or could become entitled to in an arm's-length transaction with a Person that was not a Affiliate.

(e) **Acquisitions, Mergers and Dissolutions.** Borrower shall not permit any of its Subsidiaries to, directly or indirectly (i) acquire all or any substantial portion of the assets or stock of, or interest in, any Person, (ii) merge or consolidate with any Person or (iii) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution).

(f) **Sale or Disposition of Assets.** Borrower shall not permit any of its Subsidiaries to, directly or indirectly, sell, lease or otherwise dispose of or offer to sell, lease or otherwise dispose of any of its assets other than in the ordinary course of business.

(g) **Compliance with Laws and Documents.** Borrower shall not permit any of its Subsidiaries to, directly or indirectly, violate the provisions of any Applicable Laws, its articles of organization or its limited liability partnership agreement, other constituting or governing documents or any material indenture, mortgage, lease, deed of trust, agreement, contract, instrument or document to which such Loan Party or Subsidiary is a party or by which such Loan Party or Subsidiary or any of such Loan Party's or Subsidiary's respective property, assets or revenue is or may be bound or to which it is subject.

(h) **Business Locations; Jurisdiction of Organization.** All present business locations of Loan Parties are set forth on Schedule 5.3(h), including, without limitation, Borrower's principal place of business. No Loan Party shall conduct its business operations or store or otherwise locate any of the Collateral at any other location except as set forth on Schedule 5.3(h). Each Loan Party is "located" in the jurisdiction of formation within the meaning of Section 9-307 of the UCC. Borrower shall not establish a new registered location, chief executive office or principal place of business or change its jurisdiction of organization without giving written notice to Lender ninety (90) days prior to such establishment and executing and delivering to Lender any documents considered necessary or desirable by Lender, in its discretion, to perfect or continue perfection of its interest in the Collateral or the Liens created hereunder or under the other Transaction Documents.

(i) **Change of Name.** Borrower shall not change its name, identity, or organizational structure in any manner, including in any manner that would, could, or might make any financing statement or continuation statement filed by Lender or Borrower seriously misleading within the meaning of Section 9-506(b) of the UCC, unless Borrower shall have given Lender at least ninety (90) days prior written notice thereof and shall have taken such steps as may be required to maintain the perfection of the security interest in the Collateral granted to Lender or the Liens created hereunder or under the other Transaction Documents in connection with such change, including, without limitation, promptly filing appropriate amendments to all previously filed financing statements or continuation statements. Borrower hereby gives Lender the authority to file, without the signature of Borrower to the extent permitted by law, any financing statements or continuation statements or amendments to financing statements or any similar document in any jurisdictions and with any filing offices as Lender may determine, in its sole discretion, are necessary or advisable to perfect, protect, continue or amend the security interest granted to Lender herein and in the Security Documents.

(j) **Ordinary Course Business.** Borrower shall not permit any of its Subsidiaries to, enter into any partnership, joint venture or other similar structure, or enter into any agreement outside the ordinary course of such Loan Party's or Subsidiary's business.

(k) **New Business.** Borrower shall not engage in any business other than the Business or enter into any agreements other than the Transaction Documents and the documents expressly contemplated by the Transaction Documents.

(l) **Operation of Business.** Borrower shall not permit any of its Subsidiaries to, operate its business in a manner that would reasonably be expected to lead to a Material Adverse Effect.

(m) **Use of Name; Confidentiality.** No Loan Party shall, and no Loan Party shall permit any of its Subsidiaries to, use the name or trademark of Lender or any of Lender's affiliates in its business, including, but not limited to, any advertising undertaken by any Loan Party or Subsidiary, and each Loan Party shall, and shall cause each of its Affiliates to, keep confidential the terms and conditions of the Transaction Documents except as required to satisfy disclosure requirements of a supervising governmental agency.

(n) **Fiscal Year and Accounting Methods.** No Loan Party shall, and no Loan Party shall permit any of its Subsidiaries to, change its fiscal year, which currently ends each December 31, or method of accounting, other than immaterial changes in methods to which its independent certified public accountants concur.

(o) **Solvency.** Borrower shall not permit any of its Subsidiaries to, fail to be Solvent at any time.

(p) **Employee Benefit Plans.** No Loan Party shall, and no Loan Party shall permit any of its ERISA Affiliates to, directly or indirectly, sponsor or contribute to, or create or suffer to exist any contractual or other obligation to contribute to, any Pension Plan or Multiemployer Plan. No Loan Party shall, and no Loan Party shall permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan or Pension Plan which has resulted or could reasonably be expected to result in any material liability of Borrower; or (b) engage in a transaction that would be subject to Section 4069 or 4212(c) of ERISA.

(q) **Waiver of Rights.** Borrower shall not waive or otherwise diminish or release any of its rights under any indenture, mortgage, lease, deed of trust, agreement, contract, instrument or document to which Borrower is a party or by which Borrower's property, assets or revenue is or may be bound or to which it is subject, or permit any of such rights to be waived or otherwise diminished or released.

(r) **Accounts.** Borrower shall not open any account other than the Funding Account and the Collection Account. No Loan Party shall move or close the Funding Account or the Collection Account.

(s) **Investment Property; Bank Accounts, Etc.** Borrower shall not purchase, own, hold, invest in or otherwise acquire any Investment Property (except deposit accounts with financial institutions as required by this Agreement, which deposit accounts shall be subject to an Account Control Agreement). Borrower shall not make or permit to exist any loans, advances, investments or guarantees to, in or for the benefit of

any Person or assume, guarantee, endorse, contingently agree to purchase or otherwise become liable for or upon or incur any obligation of any Person.

(t) **Retainers.** Borrower shall not amend or modify its retainer agreements for its Cases except in the ordinary course of its business.

(u) **Distributions.** Borrower shall not make any dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock or any other payment whatsoever to its partners (including salary, draws or other compensation arrangements); provided, however, so long as no Event of Default or Default has occurred Borrower may make distributions to its partners in an aggregate amount for all partners not to exceed \$600,000 in any calendar year. Borrower shall not return any capital to Guarantor or the other partners of Borrower.

(v) **Monthly expenditures.** Borrower has represented and warranted to Lender that it will not and hereby agrees that it shall not spend, use, pay or otherwise expend funds for any purpose, including without limitation, salaries, rent, utilities, travel, or professional fees, in excess of \$1,000,000 per calendar month.

(w) **Dissolution.** Borrower shall not liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution).

ARTICLE VI

INDEMNIFICATION; INCREASED COSTS

6.1 **Indemnity.** Each Loan Party shall, jointly and severally, indemnify Lender and its affiliates and each of their respective partners, members, managers, successors, assignees and participants, and each of their respective directors, officers, agents, attorneys, employees, managers, controlling persons and representatives (each, a "**Lender-Related Person**"), and each party that is a lender to or investor in any Lender-Related Person or has a controlling interest, or equity investment, in any of the foregoing (each, an "**Indemnified Party**") from, hold each of them harmless against and promptly upon demand pay or reimburse each of them with respect to, any and all actions, suits, proceedings (including any investigations, litigation or inquiries), claims, demands, causes of action, costs, losses, liabilities, damages, penalties, fines, forfeitures, judgments or fees or expenses of any kind or nature whatsoever (collectively, the "**Indemnity Matters**"), which may be incurred by or asserted against or involve any of them (whether or not any of them is designated a party thereto) as a result of, in connection with, arising out of or in any way related to the execution or delivery of this Agreement, the other Transaction Documents or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby or the administration of this Agreement and the other Transaction Documents, including, without limitation, (i) any actual or proposed use by Borrower of the proceeds of any of the Advances, (ii) the breach of any representation or warranty, covenant or other agreement of any Loan Party set forth in any Transaction Document or (iii) any other obligation of a Loan Party or Affiliate under this Agreement, the other

Transaction Documents or the transactions contemplated hereby or thereby, including, without limitation, the reasonable fees and disbursements of counsel (including allocated costs of internal counsel), and all other expenses incurred in connection with investigating, defending or preparing to defend any such Indemnity Matter; provided, however, that no indemnification shall be provided hereunder with respect to any such amounts that are finally judicially determined to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct. Each Loan Party shall be obligated to pay or reimburse each Indemnified Party for all out-of-pocket costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by such Indemnified Party in connection with any Indemnity Matter at the time such costs and expenses are incurred and such Indemnified Party has given Borrower written notice thereof. In the event that any claim, demand, investigation, litigation or inquiry (an "**Indemnity Claim**") is brought against any Indemnified Party, the Indemnified Party agrees to give written notice to Borrower, on behalf of the Loan Parties, with respect to same, together with a copy of such Indemnity Claim; provided that the failure of such Indemnified Party to notify Borrower of such Indemnity Claim shall not relieve any Loan Party from any liability that it may have to any Indemnified Party.

6.2 Tax Indemnification.

(a) Distributions and Payments Free of Taxes. Any and all payments to be made to Lender hereunder and any other payments by or on account of any obligation of Borrower hereunder or under any other Transaction Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided, however, that if Borrower or any other Person shall be required by Applicable Law to deduct any such Indemnified Taxes (including any such Other Taxes), then (i) the sum to be distributed or paid shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower or such other Person, as applicable, shall make such deductions and (iii) Borrower or such other Person, as applicable, shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) Payment of Other Taxes by Borrower. Without limiting the provisions of paragraph (a) above, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with all Applicable Law.

(c) Indemnification. (a) Each Loan Party shall, jointly and severally, indemnify each Lender-Related Person, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts paid under this Section) payable by such Lender-Related Person and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower, on behalf of the Loan Parties, by such Lender-Related Person shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower or another Loan Party to a Governmental Authority, Borrower, on behalf of the Loan Parties, shall deliver to the applicable Lender-Related Person the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to such Lender-Related Person.

(e) Status of Lender. Lender, to the extent it is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Transaction Document, shall deliver to Borrower, on or prior to the Closing Date, and at such other time or times prescribed by Applicable Law or reasonably requested by Borrower, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding, including, but not limited to, Forms W-8ECI, W-8BEN, W-8IMY, W-9 (as applicable) or other applicable form, certificate or document prescribed by the United States Internal Revenue Service. In addition, Lender, if requested by Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Borrower shall not be required to pay any additional amounts to Lender pursuant to Section 6.2(a) or (c) to the extent that the obligation to pay such additional amounts would not have arisen but for the failure of Lender to comply with this paragraph. Notwithstanding the foregoing, this Section 6.2(e) shall only apply to Lender, to the extent that Lender is not a United States person under and as defined in Section 7701(a)(30) of the Code.

(f) Treatment of Certain Refunds. If Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Loan Parties, or with respect to which any Loan Party has paid additional amounts pursuant to this Section 6.2, it shall pay to the applicable Loan Parties an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Loan Parties under this Section 6.2 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of Lender, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Loan Parties, upon the request of Lender, agrees to repay the amount paid over to the Loan Parties (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Lender in the event Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person. The Loan Parties' Obligations under this Section 6.2 are subject to Section 9.14.

6.3 Increased Costs. If any change occurring after the date hereof in any Applicable Law (or in the interpretation, application or effectiveness thereof) shall increase the cost to (or impose a cost on) an Affected Party funding or making or maintaining any Advance, reduce the

amount of any sum payable to or received by an Affected Party under this Agreement or the Note or in the good faith determination of such Affected Party, reduce the rate of return of an Affected Party in connection herewith to a level below that which such Affected Party would otherwise have achieved, then upon the written demand by such Affected Party to Borrower (which demand shall be delivered no more than three months after a responsible officer of the applicable Affected Party has actual knowledge of such increased cost, and shall be accompanied by a written statement setting forth the basis of such demand), Borrower shall promptly pay to the Affected Party such additional amount or amounts as will (in the reasonable determination of such Affected Party) compensate such Affected Party for such increased cost or such reduction. Such written statement (which shall include calculations in reasonable detail) shall be conclusive and binding for all purposes, absent manifest error. Borrower's Obligations under this Section 6.3 are subject to Section 9.14.

6.4 Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, each Loan Party shall not assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby or thereby, or the transactions contemplated hereby or thereby.

ARTICLE VII

EVENTS OF DEFAULT

The term "**Event of Default**" means the occurrence of any one or more of the following events:

7.1 Payment of Obligations. The failure or refusal of any Loan Party to pay (i) any Advance on the applicable Payment Date, or (ii) any portion of the Obligations as the same becomes due in accordance with the terms of the Transaction Documents and, other than with respect to payments of principal, such failure or refusal continued for more than one (1) Business Day;

7.2 Misrepresentations. Any certification, statement, representation, or warranty in any Transaction Document or in any writing delivered by any Loan Party, or any other party to any Transaction Document or on behalf of any Loan Party, or any other party to any Transaction Document to Lender pursuant to any Transaction Document shall have been incorrect, false, misleading or erroneous in any material respect when made or when deemed to be repeated (except to the extent already qualified by materiality or Material Adverse Effect, in which case such certification, statement, representation, or warranty shall be true and correct in all respects;

7.3 Covenants. Any Loan Party or any other party to any Transaction Document (other than Lender) shall breach or fail to perform or observe, or there shall be a default with respect to, any covenant or obligation set forth in this Agreement or any other Transaction Document other than Sections 5.1(d), (e), (g), (m), (p), (q), and (w) of this Agreement; Any Loan Party or any other party to any Transaction Document (other than Lender) shall breach or fail to perform or observe, or there shall be a default with respect to, any covenant or obligation set

forth in Sections 5.1(d), (e), (g), (m), (p), (q), and (w) of this Agreement and such failure or default continues for a period of ten (10) days after the earlier of (i) the date on which such failure first becomes known to an Officer of the Borrower or (ii) notice thereof is given to the Borrower by the Lender;

7.4 Bankruptcy. (a) Any Loan Party (each, a "**Specified Party**") shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto, (b) an involuntary case is commenced against any Specified Party and the petition is not controverted within ten (10) days, or is not dismissed within thirty (30) days, after commencement of the case, (c) a custodian is appointed for, or takes charge of, all or any substantial part of the property of any Specified Party, or any material portion of any Specified Party's assets are attached, (d) any Specified Party commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to such Specified Party, as the case may be, or there is commenced against such Specified Party, as the case may be, any such proceeding that remains undismissed for a period of thirty (30) days, (e) any Specified Party is adjudicated insolvent or bankrupt, (f) any Specified Party makes a general assignment for the benefit of creditors, (g) any Specified Party shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due, (h) any Specified Party shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts, or (i) any Specified Party shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing;

7.5 Material Adverse Effect. The occurrence of any event or events that in the reasonable judgment of Lender has had or could reasonably be expected to have or cause a Material Adverse Effect or be material and adverse to the business, operations, prospects, properties, assets, liabilities or condition (financial or otherwise) of any Loan Party, including, without limitation, (i) the existence of any pending or threatened class action lawsuit or other material litigation affecting any Loan Party, or the business of any Loan Party, or (ii) the enactment or modification of any Applicable Law or the entry of a judgment or decision by any court or tribunal in any state or jurisdiction in which any Loan Party does business, which, in the case of any and all such occurrences within either clause (i) and/or clause (ii) above, either individually or taken as a whole, could reasonably be expected to materially adversely affect the ongoing viability of any Loan Party's business;

7.6 Adverse Judgments; Litigation. (a) One or more final (non-interlocutory) judgments, orders or decrees shall be entered against any Loan Party involving in the aggregate a liability as to any single or related series of transactions, incidents or conditions, for which such Loan Party's uninsured liability is in excess of the Borrower's deductible under its malpractice insurance policy, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of thirty (30) days after the entry thereof, (b) one or more final (non-interlocutory) judgments, orders or decrees shall be entered against any Loan Party or (c) any case, claim, litigation or action is filed against any Loan Party that, if successful, could, in the reasonable business judgment of Lender, reasonably be expected to have a Material Adverse Effect or reasonably could be expected to be material and adverse to the business, operations, prospects, properties, assets, liabilities or condition (financial or otherwise) of any Loan Party (except to the

extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and remains pending for a period of thirty (30) days;

7.7 Perfection. Lender shall for any reason cease to have a valid and perfected first priority security interest in any portion of the Collateral;

7.8 ERISA Event. (i) The occurrence of an ERISA Event with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA to any Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$10,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$10,000; (iii) any Loan Party or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$10,000; or (iv) any contribution failure occurs with respect to any Pension Plan sufficient to give rise to a lien under Section 412(b) or 430(k) of the Code;

7.9 1940 Act. Any Loan Party becomes subject to regulation by the Securities and Exchange Commission as an "investment company" within the meaning of the Investment Company Act of 1940;

7.10 Denial of Obligations. Any Loan Party, or any other party to any Transaction Document denies or disaffirms or contests the validity or enforceability of any Transaction Document;

7.11 Transaction Documents. Any Transaction Document shall cease to be in full force and effect or any Loan Party, or any other party to any Transaction Document shall assert in writing the invalidity of any Transaction Document or any obligation thereunder;

7.12 Change of Control; Key Man. (a) A Change of Control shall occur or (b) Guarantor shall cease to be general partner of Borrower or hold one or more of his current positions with Borrower or cease to be actively involved in the business of Borrower on a day-to-day basis;

7.13 Stillwater Loan Documents. The occurrence of any breach, default or event of default (after the giving of any required notice and the expiration of all grace and cure periods or other conditions provided for in such contract) under any Stillwater Loan Document;

7.14 Cross-Default. The occurrence of any breach, default or event of default by any Loan Party (after the giving of any required notice and the expiration of all grace and cure periods or other conditions provided for in such contract) under any other agreement governing the Indebtedness of such Loan Party or any other material agreement to which such Loan Party is a party or by which such Loan Party may be bound, or any Loan Party fails to pay any of its Indebtedness when due if the effect of such default is to cause or permit, with the giving of notice or lapse of time or both, the holder or trustee of such Indebtedness to accelerate the maturity of any such Indebtedness (including by way of any consensual re-scheduling of principal payments);

7.15 **Taxes.** Any payment required to be made by any Loan Party to Lender hereunder shall become subject to any Indemnified Tax or Other Tax, or any Governmental Authority shall impose or assert any Indemnified Tax or Other Tax on Lender and is not cured within a period of thirty (30) days from the time Borrower is given written notice of the foregoing;

7.16 **Business Operation.** If Borrower shall suspend or have suspended (voluntarily or involuntarily and for whatever reason) the operation of a material portion of its business for a period of twenty (20) Business Days; or

7.17 **Guarantor.** If Guarantor shall be disbarred or suspended from the practice of law.

ARTICLE VIII

RIGHTS AND REMEDIES.

8.1 **Remedies.** Upon and after the occurrence of an Event of Default, Lender may, in addition to all remedies then available under the Transaction Documents, do any one or more of the following without notice of any kind, including, without limitation, notice of acceleration or of intention to accelerate, presentment and demand or protest, all of which are hereby expressly waived by each Loan Party: (a) declare the entire unpaid balance of the Obligations, or any part thereof, immediately due and payable, whereupon it shall be due and payable; (b) exercise the Rights of offset or banker's lien against the interest of any Loan Party in and to every account and other property of such Loan Party that is in the possession of Lender to the extent of the full amount of the Obligations; (c) foreclose any or all Liens held by Lender or otherwise realize upon any and all of the Rights Lender may have in and to the Collateral, or any part thereof, and (d) exercise any and all other legal or equitable Rights afforded by the Transaction Documents or under Applicable Law. Upon and after the occurrence of an Event of Default specified in Section 7.4, the entire unpaid balance of the Obligations shall automatically become immediately due and payable, all without presentment, demand, protest or notice of any kind, and the Facility shall automatically terminate. Upon and after the occurrence of a Default, Lender may, in addition to all remedies then available under the Transaction Documents, cease making Advances.

8.2 **Performance by Lender.** If any covenant, duty or agreement of any Loan Party is not performed in accordance with the terms of the Transaction Documents, Lender may perform or attempt to perform, such covenant, duty or agreement on behalf of such Loan Party. In such event, any amount expended by Lender in such performance or attempted performance shall be payable by the Loan Parties to Lender on demand, shall become part of the Obligations and shall bear interest at the Default Rate from the date of such expenditure by Lender until paid. Notwithstanding the foregoing, it is expressly understood that Lender does not assume nor shall have any liability or responsibility for the performance of any covenant, duty or agreement of any Loan Party.

8.3 Delegation of Duties and Rights. Lender may perform any of its duties or exercise any of its Rights under the Transaction Documents by or through its affiliates, officers, directors, employees, attorneys, agents or other representatives.

8.4 Expenditures by Lender. Borrower shall indemnify Lender for all court costs, documented attorneys' fees, other documented costs and expenses of collection and other sums spent by Lender pursuant to the exercise of any Right provided herein (including, without limitation, any effort to collect or enforce the Note), and all such amounts shall be payable to Lender on demand, shall become part of the Obligations and shall bear interest at the Default Rate from the date spent until the date repaid. For the avoidance of doubt, Borrower's obligations under this Section 8.4 shall not be limited by any provision of Section 5.1(t).

8.5 Saving. Lender shall not be under any obligation to any Loan Party or any other Person to realize on any Collateral, enforce Lender's security interest or any part thereof or to require the enforcement by Loan Parties, or any of them, of its rights in the Collateral or any part thereof or to allow any of such Collateral to be sold, dealt with or otherwise disposed of. Lender shall not be responsible or liable to any Loan Party or any other Person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce such Collateral or any part thereof or the failure to allow any such Collateral to be sold, dealt with or otherwise disposed of or for any act or omission on its part or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing.

8.6 Remedies Cumulative. The Rights of Lender under the Transaction Documents are cumulative and are in addition to and not in substitution for any Rights provided by law. Any single or partial exercise by Lender of any Right for a default or breach of any term, covenant, condition or agreement contained herein or in any of the other Transaction Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other Right to which Lender may be lawfully entitled for the same default or breach. Any waiver by Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained herein or in any of the other Transaction Documents, and any indulgence granted by Lender shall be deemed not to be a waiver of any subsequent default.

8.7 Set-off or Compensation. In addition to and not in limitation of any rights now or hereafter granted under Applicable Law, at any time after an Event of Default has occurred and is continuing, Lender may at any time and from time to time without notice to any Loan Party or any other Person, any notice being expressly waived by the Loan Parties, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by Lender to or for the credit of or the account of any Loan Party, against and on account of the Obligations hereunder notwithstanding that any of them are contingent or unmatured.

ARTICLE IX

MISCELLANEOUS.

9.1 Notices. All notices, requests and other communications to be given hereunder shall be in writing and shall be given to such party at its address or fax number set forth below or

such other address or fax number as such party may hereafter specify by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by fax during the business hours of the party receiving notice, when transmitted to the fax number specified in this Section and, on the day of transmittal thereof, a confirmation of receipt (which may be telephonic) is given by the recipient and in any event no later than the next Business Day (provided, however, that no fax notice shall be effective unless notice is simultaneously given by another permitted method), (ii) if given by mail, on the third Business Day after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means (including, without limitation, by air courier), when delivered at the address specified in this Section; provided that notices given under this subsection (iii) shall not be effective until received by the respective addressee.

To any Loan Party:

Khorrami Pollard & Abir, LLP
444 S. Flower Street, 33rd Floor
Los Angeles, California 90071
Attn: Shawn Khorrami, Esq.
Facsimile: (213) 596-6010

To Lender:

Centurion Credit Opportunities, LLC
152 West 57th Street, 54th Floor
New York, New York 10019
Attention: Mr. Jack Simony
Facsimile: (212) 581-0500

With a copy to:

Blank Rome LLP
405 Lexington Avenue
New York, NY 10174
Attention: Eliezer M. Helfgott, Esq.
Facsimile: (917) 332-3065

9.2 Amendments; Waiver. No amendment or waiver of any provision of this Agreement or any other Transaction Document, nor consent to any departure by Borrower or any other Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by Loan Parties and Lender; *provided* that any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9.3 No Waiver; Remedies Cumulative. No failure or delay on the part of Lender in exercising any Right hereunder and no course of dealing between Loan Parties, or any of them, and Lender shall operate as a waiver thereof, nor shall any single or partial exercise of any Right hereunder preclude any other or further exercise thereof or the exercise of any other Right hereunder. The Rights herein expressly provided are cumulative and not exclusive of any Rights which Lender would otherwise have.

9.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each Loan Party and Lender and their respective successors and permitted assigns. No Loan Party may assign or transfer any of its rights or obligations hereunder. Any purported assignment in violation of the foregoing shall be null and void.

9.5 Construction. Whenever in any Transaction Document the singular number is used, the same shall include the plural where appropriate, and vice versa; and words of any gender in any Transaction Document shall include each other gender where appropriate. The words "herein," "hereof," and "hereunder," and other words of similar import refer to the relevant Transaction Document as a whole and not to any particular part or subdivision thereof. The terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." Any reference in this Agreement or in any other Transaction Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein or in the other Transaction Documents). Any reference herein or in any other Transaction Document to the satisfaction or repayment in full of the Obligations shall mean the repayment in full in cash of all Obligations. Any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein or in the other Transaction Documents).

9.6 Headings. The headings, captions, and arrangements used in any of the Transaction Documents are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify, or modify the terms of the Transaction Documents, nor affect the meaning thereof.

9.7 Exhibits and Schedules. If any Exhibit or Schedule, which is to be executed and delivered, contains blanks, the same shall be completed correctly and in accordance with the terms and provisions contained and as contemplated herein prior to, at the time of, or after the execution and delivery thereof. Each of the Exhibits and Schedules are incorporated herein by this reference.

9.8 Form and Number of Documents. Each agreement, document, instrument, or other writing to be furnished to Lender under any provision of this Agreement must be in form and substance and in such number of counterparts as may be satisfactory to Lender.

9.9 Conflicts. Except as otherwise provided in this Agreement and except as otherwise provided in the other Transaction Documents by specific reference to the applicable provisions of this Agreement, if any provision contained in this Agreement is in conflict with or is inconsistent with any provision in the other Transaction Documents, the provision contained in this Agreement shall govern and control.

9.10 WAIVERS BY BORROWER. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EXCEPT AS OTHERWISE PROVIDED FOR IN THIS AGREEMENT, EACH LOAN PARTY WAIVES (A) PRESENTMENT, DEMAND AND

PROTEST AND NOTICE OF PRESENTMENT, NOTICE OF INTENT TO ACCELERATE THE MATURITY OF THE OBLIGATIONS AND NOTICE OF SUCH ACCELERATION, PROTEST, DEFAULT, NON-PAYMENT, MATURITY, RELEASE, COMPROMISE, SETTLEMENT, EXTENSION, OR RENEWAL; AND (B) ALL RIGHTS TO NOTICE OF A HEARING PRIOR TO LENDER'S TAKING POSSESSION OR CONTROL OF, OR LENDER'S REPLEVY, ATTACHMENT OR LEVY UPON, THE COLLATERAL OR ANY BOND OR SECURITY WHICH MIGHT BE REQUIRED BY ANY COURT PRIOR TO ALLOWING LENDER TO EXERCISE ANY OF LENDER'S REMEDIES. EACH LOAN PARTY ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL WITH RESPECT TO THIS AGREEMENT AND THE TRANSACTIONS EVIDENCED BY THIS AGREEMENT.

9.11 **WAIVER OF JURY.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH OF THE PARTIES HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO ENTER INTO THE TRANSACTIONS CONTEMPLATED HEREBY. THIS PROVISION SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY LENDER'S ABILITY TO PURSUE ITS REMEDIES AS SET FORTH IN THIS AGREEMENT.

9.12 **GAAP.** All accounting and financial terms used in any of the Transaction Documents and the compliance with each covenant contained in the Transaction Documents which relates to financial matters shall be determined in accordance with GAAP, except to the extent that a deviation therefrom is expressly stated in such Transaction Documents.

9.13 **Exceptions to Covenants.** No Loan Party shall take any action or fail to take any action that is permitted as an exception to any of the covenants contained in any of the Transaction Documents if such action or omission would result in the breach of any other covenant contained in any of the Transaction Documents.

9.14 **Survival.** All covenants, agreements, undertakings, representations, and warranties made in any of the Transaction Documents shall survive all closings under the Transaction Documents and, except as otherwise indicated, shall not be affected by any investigation made by any party. Borrower's obligations under Section 2.7, Section 5.1(t), Article VI and Section 9.23 hereof shall remain operative and in full force and effect regardless of the termination of this Agreement, the repayment of the Note, or the existence of any investigation made on behalf of Lender regarding the representations and warranties made by Loan Parties, or any of them, in connection with the Transaction Documents.

9.15 Governing Law. This Agreement and all other Transaction Documents and Security Documents shall be construed in accordance with and governed by the laws of the State of New York without regard to conflict of law principles that would result in the application of other law, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the laws of the State of New York.

9.16 Maximum Interest Rate. It is the intention of the parties hereto to comply with applicable usury laws (now or hereafter enacted); accordingly, notwithstanding any provision to the contrary in this Agreement, the Note, the other Transaction Documents, or any other document relating hereto, in no event shall this Agreement or any such other document require the payment or permit the collection of interest in excess of the maximum amount permitted by such laws. If from any circumstances whatsoever, fulfillment of any provision of this Agreement or of any other document pertaining hereto or thereto, shall involve transcending the limit of validity prescribed by law for the collection or charging of interest, then, *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstances Lender shall ever receive anything of value as interest or deemed interest by Applicable Law under this Agreement, the Note, the other Transaction Documents, or any other document pertaining hereto or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the obligations or on account of any other Indebtedness of Borrower to Lender, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of such indebtedness, such excess shall be refunded to Borrower.

9.17 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable, such provision shall be fully severable, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected thereby.

9.18 The Lender is not in Control. None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lender the Right or power to exercise control over the Cases or any of the affairs or management of any Loan Party, the power of Lender being limited to the Right to exercise the remedies provided in Section 8.

9.19 Assignments; Participations; Information Sharing. Lender may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights or obligations under this Agreement or any Transaction Document, or syndicate all or any part of its rights or obligations under this Agreement or any Transaction Document, to one or more purchasers whether or not related to such Lender (including, without limitation, to any of its affiliates and/or partners or any other finance company, financial institution, accredited investor or other similar entity), in each case without the consent of or notice to Borrower. Borrower hereby agrees to cooperate with Lender in order to consummate any proposed participation, assignment or other transfer by Lender of any of its rights or obligations under this Agreement or any Transaction Document and to take all further actions which may be required under Applicable Law, or which Lender may request, to consummate any such proposed participation, assignment or other transfer. Lender may provide any information Lender may have about Loan Parties or about any matter relating to this Agreement, the Transaction Documents or the Obligations hereunder to any one or more transferees, assigns or participants, or one or more potential transferees, assigns or participants, in any of Lender's rights or obligations hereunder.

9.20 **Entirety and Amendments.** This Agreement and the other Transaction Documents represent the final agreement among the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements by the parties. There are no unwritten oral agreements among the parties. This Agreement and the other Transaction Documents embody the entire agreement among the Loan Parties and Lender and supersede all prior proposals, agreements and understandings relating to the subject matter hereof. Each Loan Party and Lender certifies that it is relying on no representation, warranty, covenant or agreement except for those set forth herein and the other Transaction Documents of even date herewith.

9.21 **Multiple Counterparts, etc.** This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. For the purposes of this Section, the delivery of a facsimile or electronic copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering a facsimile or electronic copy shall deliver an original copy of this Agreement as soon as possible after delivering the facsimile or electronic copy but the failure to deliver an original executed counterpart shall not affect the validity, enforceability and binding effect of this Agreement. The foregoing shall apply to each other Transaction Document *mutatis mutandis*.

9.22 **SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY:**

(a) **SUBMITS ITSELF AND ITS PROPERTY TO THE EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY OTHER FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND APPELLATE COURTS FROM ANY THEREOF; PROVIDED THAT NOTHING CONTAINED IN THIS AGREEMENT WILL PREVENT LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST ANY LOAN PARTY OR AGAINST ANY PROPERTY WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION;**

(b) **CONSENTS THAT ANY ACTION OR PROCEEDING RELATING TO THE TRANSACTIONS CONTEMPLATED BY OR ARISING FROM, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT IN RESPECT OF, THE TRANSACTION DOCUMENTS MAY BE BROUGHT IN SUCH COURTS;**

(c) **WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;**

(d) AGREES THAT ANY SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH HEREIN OR AT SUCH OTHER ADDRESS OF WHICH EACH OF THE OTHER PARTIES HERETO SHALL HAVE BEEN NOTIFIED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT; AND

(e) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

9.23 **Reinstatement.** If the incurrence or payment of the Obligations by any Loan Party or the transfer to Lender of any property should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "**Voidable Transfer**"), and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that Lender is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of the Loan Parties automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

9.24 **Specific performance.** The parties hereto hereby agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the Loan Parties acknowledge and hereby agree that in the event of any breach or threatened breach by the the Loan Parties of any of its covenants or obligations set forth in this Agreement, the Lender shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement by the Loan Parties, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement, in addition to any other remedy that may be available at law or in equity.

9.25 **Interpretation.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against Lender, on one hand, or the Loan Parties, on the other hand, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

LENDER:

CENTURION CREDIT OPPORTUNITIES, LLC

By: 

Name: JACK SHADY

Title: PM

BORROWER:

KHORRAMI POLLARD & ABIR, LLP

By: 

Name: Shahin Khorrami (aka Shawn Khorrami)

Title: Managing Partner

GUARANTOR:

Witness: 

Name: DANNY ABIR

 (SEAL)
Shahin Khorrami (aka Shawn Khorrami)

SCHEDULE 4.4
Prior Names and Trade Names of Borrower

Law offices of Shawn Khorrami

SCHEDULE 4.7

Consents

Consent required pursuant to that certain Credit Agreement dated October 31, 2007 and other documents evidencing that certain loan made by The Stillwater Asset-Backed Fund LP, as Lender, to Khorrami Pollard & Abir, LLP.

SCHEDULE 4.8
Pending Litigation Involving Borrower

Currently there aren't any pending or on-going litigation involving Borrower or Shawn Khorrami.

SCHEDULE 4.11

Borrower Capitalization

This schedule does not apply – as Borrower is a limited liability partnership.

SCHEDULE 4.14

Borrower Contracts and Agreements

Currently Borrower has entered into co-counsel agreements on the following cases:

Kabateck Brown Kellner, LLP

644 South Figueroa Street

Los Angeles, CA 90017

(213) 217-5000

Cases: Prempro; Vioxx; Avandia; Fosamax; Celebrex/Bextra; Ortho Evra; Kugel Patch; Prempro; Paxil; NSF; Smilecare; Actonel.

John Quisenberry

The Quisenberry Law Firm

2049 Century Park East, Suite 2200

Los Angeles, CA 90067

(310) 785-7966

Case: Wal-Mart; Sam's Club; Abercrombie & Fitch; Maric College; El Torito; Allstate; Mercury Insurance; AAA.

Mikel Jones, Esq.

The Mikel Jones Law Firm

1831 Chestnut Street

Philadelphia, PA 19103

(215) 751-0011

Case: Sky Caps

HEPWORTH, GERSHBAUM and ROTH, PLLC

192 Lexington Avenue, Ste 802

New York, NY 10016

(212) 425-1020

Case: JP Morgan Chase Bank; West Telemarketing; Nationwide Insurance Company; Stroehmann's; Rite Aide Pharmacy; Precision Financial Inc.; HWA (under review); Marshalls.

The following firms are co-counsels on the Katrina/Barge cases:

Wiedemann & Wiedemann

821 Barone

New Orleans, LA 70113

(504) 581-6180

Brian Gilbert

Law Offices of Brian Gilbert

821 Baronne Street

New Orleans, LA 70113

(504) 885-7700

Richard T. Seymour
Law Offices of Richard T. Seymour
1150 Connecticut Avenue NW, Ste 900
Washington, DC 20036
(202) 862-4320

Patrick Sanders
The Law Offices of Patrick Sanders
(504) 834-0646

The following two law firms are co-counsels in the Pain Pump Cases:

Tobias Millrood
Pogust Braslow & Millrood
8 Tower Bridge, Suite 1520
16 Washington Street
Conshohocken, PA 19428

Danziger & De Llano, LLP
Lyric Centre
440 Louisiana, Suite 1212
Houston, Texas 77002
(713) 222-9998

SCHEDULE 4.20

Accounts

Borrower currently has the following accounts:

First Republic Bank KPA GEN1	0473
First Republic Bank KPA GEN2	0481
First Republic Bank JV-KBK	0499
First Republic Bank JV-SC	0507
First Republic Bank JV-BP	0515
First Republic Bank IOLTA TRUST	0523
Wells Fargo Bank KPA GEN1	1812
Wells Fargo Bank KPA GEN2	2290
Wells Fargo Bank IOLTA Trust	6798
First Republic Bank Shawn Khorrami (Personal)	0531
Wells Fargo Bank Shawn Khorrami (Personal)	5367
Wells Fargo Bank Shawn Khorrami (Personal)	0337
Comerica Bank Shawn Khorrami (Personal)	1974

SCHEDULE 4.28
AFFILIATES

Borrower does not have any affiliates.

SCHEDULE 4.33
SUBSIDIARIES

Borrower does not have any subsidiaries.

SCHEDULE 5.1(dd)
KBK Agreements

1. Vioxx
2. Avandia
3. Prempro
4. Fosamax
5. Kugel
6. Bextra
7. Celebrex
8. Paxil
9. Smilecare
10. Gadolinium
11. Actonel

SCHEDULE 5.3(h)
Business Locations

444 South Flower Street, Suite 3300, Los Angeles, CA 90071