MEMBERSHIP INTEREST LIQUIDATION AGREEMENT

[redacted], L.L.C.

****

[redacted]

[redacted], 2005

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MEMBERSHIP INTEREST LIQUIDATION AGREEMENT

This Membership Interest Liquidation Agreement (the "Agreement") is made and entered into on the date or dates written hereinbelow by and between [redacted], L.L.C., a limited liability company organized under the laws of the State of California ("[redacted]"), and [redacted], an individual ("[redacted]"), with reference to the following facts:

RECITALS

1. [redacted] is a limited liability company organized under the laws of the State of California. [redacted] is the owner in fee simple of a certain parcel of real property known commonly as [redacted], Newport Beach, California 92660, and more particularly described in Exhibit "A" attached hereto, the contents of which are hereby incorporated herein by this reference. Such real property is leased and occupied by [redacted], INC., a California corporation ("[redacted]"), which owns and operates the restaurant commonly known as "[redacted]" located on such real property.

2. The membership interests which comprise [redacted] are owned fifty percent (50%) by [redacted], and fifty percent (50%) by [redacted], an individual ("[redacted]").

3. [redacted] desires to redeem and acquire from [redacted], and [redacted] desires to sell, assign, transfer, and convey unto [redacted], subject at all times to the terms, provisions, and conditions contained within this Agreement, all of [redacted]'s right, title, and interest in and to [redacted] and in and to the assets and properties of [redacted].

4. Immediately after [redacted]'s redemption of [redacted]'s membership interest, [redacted] shall file a formal Statement of Intent to Dissolve, and shall thereafter be dissolved in accordance with

applicable California law as more particularly hereinafter provided in Section 14 hereinbelow. All of the assets and properties of [redacted], as distributed upon the winding up and liquidation of [redacted], shall be distributed to a new California limited liability company which is presently in organization, and which will be fully formed by not later than the time of the Closing (as such term is hereinafter defined), the name of which is or will be [redacted], L.L.C. ("[redacted]"). [redacted] and [redacted] shall each jointly and severally guarantee the obligations of [redacted] unto [redacted] as provided for in this Agreement as more particularly hereinafter set forth.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

SECTION 1

REDEMPTION AND LIQUIDATION OF [redacted] MEMBERSHIP INTEREST

1.1 Agreement to Liquidate and Redeem. Subject to the terms and conditions of this Agreement, [redacted] hereby agrees to acquire and redeem from [redacted] and [redacted] hereby agrees to assign, transfer, and convey unto [redacted] the fifty percent (50%) membership interest in and to [redacted] as owned by [redacted] The asset being acquired by [redacted] hereunder is hereinafter referred to as the "[redacted] Membership Interest." Immediately after the acquisition and redemption of the [redacted] Membership Interest by [redacted] the sole remaining outstanding membership interest in and to [redacted] shall be the membership interest owned by [redacted]

1.2 The Closing. The closing of the redemption and liquidation of the [redacted] Membership Interest shall be held at the offices of [redacted]H's attorney, the law offices of [redacted], Attorney at Law, located at [redacted], California [redacted], forthwith upon satisfaction or waiver of each of the conditions set forth in Sections 9 and 10 hereinbelow (the "Closing"). At the Closing, [redacted] will deliver the [redacted] Membership Interest to [redacted] against payment of the redemption price therefor in the manner described in Section 2 hereinbelow. The Closing shall take place at the earliest practicable time on a date and at a time mutually agreed upon by [redacted] and [redacted] (the "Closing Date") provided, however, that if [redacted] and [redacted] shall be unable to agree, the Closing shall take place on October 31, 2005. In the event that the Closing is unable to take place by not later than October 31, 2005 by reason of the failure or inability to procure and fully implement the New Financing (as such term is hereinafter defined) by such date, [redacted] may elect to unilaterally extend the Closing Date to a date not later than December 31, 2005 by giving [redacted] written notice of such election at any time prior to October 30, 2005.

1.3 Instruments of Transfer. At the Closing, [redacted] will deliver to [redacted] a written Assignment, in the same form as Exhibit "B" attached hereto, of all of [redacted] right, title, and interest in and to the fifty percent (50%) membership interest in and to [redacted] as owned by [redacted] At any time and from time to time after the Closing Date, on [redacted]H's reasonable request, [redacted] will execute, acknowledge, and deliver such further deeds, assignments, and transfers and take such actions as may be required in conformity with this Agreement for the adequate assignment, transfer, and grant to [redacted] of the [redacted] Membership Interest.

SECTION 2

REDEMPTION PRICE AND PAYMENT THEREOF

2.1 Amount of Redemption Price. The total Redemption Price payable by [redacted] unto [redacted] in return for the sale, transfer, assignment, and conveyance by [redacted] unto [redacted] of the [redacted] Membership Interest (the "Redemption Price") shall be the sum of one million two hundred thousand dollars (U.S. $1,200,000.00), payable in the manner provided for in Section 2.2 hereinbelow.

2.2 Payment of Redemption Price. The Redemption Price shall be payable by [redacted] unto [redacted] at the Closing, in the following manner:

(a) Cash Payment. [redacted] shall cause to be paid unto [redacted] a cash payment in the amount of three hundred thousand dollars (U.S. $300,000.00), payable in cash or via certified or bank cashier's check (the "Downpayment").

(b) Promissory Note. The balance of the Redemption Price remaining after the Downpayment, consisting of nine hundred thousand dollars (U.S. $900,000.00), shall be evidenced by a promissory note duly executed by [redacted] and delivered unto [redacted] which Promissory Note shall bear interest at the rate of six percent (6%) per annum, and which shall be in the same form as Exhibit "C" attached hereto, the contents of which are hereby incorporated herein by this reference (the "Promissory Note").

2.3 Attorney Trust Account Deposit. Within seven (7) days from and after the last date of execution and delivery of this Agreement, [redacted] as collateral for the full performance by [redacted] of all of [redacted]H's obligations under this Agreement, shall deposit or cause to be deposited into the Attorney Trust Account of [redacted], Attorney at Law, as maintained at a federally-insured commercial banking institution, the entire amount of the Downpayment, as evidence of [redacted]'s good faith in entering into this Agreement (the "Attorney Trust Account Deposit"). [redacted] shall provide [redacted] with evidence of the making of such deposit forthwith upon the making of the same. In the event that the Closing shall for any reason fail to occur, [redacted] shall be entitled to the return of the Attorney Trust Account Deposit from the holder thereof.

SECTION 3

COLLATERALIZATION OF PROMISSORY NOTE

The obligations represented by the Promissory Note shall be secured and collateralized in the following manner:

3.1 Pledge of Personal Property and Fixture Assets Owned by [redacted] [redacted] shall pledge, as collateral for the full performance by [redacted] of the obligations represented by the Promissory Note, unto [redacted] a security interest in and to all items of tangible and intangible personal property and fixtures as owned by [redacted] Such pledge shall be carried out through the execution and delivery by [redacted] and [redacted] of (i) a Security Agreement in the form attached to this Agreement as Exhibit "D", the contents of which are hereby incorporated herein by this reference, and (iii) a UCC-1 Financing Statement in the form attached to this Agreement as Exhibit "E", the contents of which are hereby incorporated herein by this reference.

3.2 Pledge of Real Property Owned by [redacted] shall further pledge, as collateral for the full performance by [redacted] of the obligations represented by the Promissory Note, unto [redacted] a lien upon all real property as owned by [redacted] Such lien shall be created and evidenced by a deed of trust duly executed and delivered by [redacted] unto [redacted] which deed of trust shall be in the form attached to this Agreement as Exhibit "F", the contents of which are hereby incorporated herein by this reference.

3.3 Guaranty and Pledge of Assets Owned by [redacted] [redacted] shall further cause [redacted] to pledge, as collateral for the full performance by [redacted] of the obligations represented by the

Promissory Note, unto [redacted] a security interest in and to all items of tangible and intangible personal property and fixtures as owned by [redacted] Such pledge shall be carried out through the execution and delivery by [redacted] and [redacted] of (i) a Guaranty Agreement in the form attached to this Agreement as Exhibit "G", the contents of which are hereby incorporated herein by this reference, (ii) a Security Agreement in the form attached to this Agreement as Exhibit "H", the contents of which are hereby incorporated herein by this reference, and (iii) a UCC-1 Financing Statement in the form attached to this Agreement as Exhibit "I", the contents of which are hereby incorporated herein by this reference.

3.4 Guaranty and Pledge of Assets Owned by [redacted] [redacted] shall further cause [redacted] to pledge, as collateral for the full performance by [redacted] of the obligations represented by the Promissory Note, unto [redacted] a security interest in and to all items of tangible and intangible personal property and fixtures as owned by [redacted] Such pledge shall be carried out through the execution and delivery by [redacted] and [redacted] of (i) a Guaranty Agreement in the form attached to this Agreement as Exhibit "J", the contents of which are hereby incorporated herein by this reference; (ii) a Security Agreement in the form attached to this Agreement as Exhibit "K", the contents of which are hereby incorporated herein by this reference; and (iii) a UCC-1 Financing Statement in the form attached to this Agreement as Exhibit "L", the contents of which are hereby incorporated herein by this reference.

3.5 Relative Priorities of Security Interests and Liens. [redacted] hereby recognizes and acknowledges that as a condition to the obligation of [redacted] to close and consummate the transactions contemplated hereby, [redacted] must receive the commitment of Wells Fargo Bank ("WFB") for the New Financing (as such term is hereinafter defined), and that such New Financing will require the creation of security interests and liens covering the assets and properties which are described in Sections 3.1, 3.2, 3.3, and 3.4 hereinabove which will be senior in priority to the security interests and liens to be granted unto [redacted] The parties hereby mutually agree that at the Closing, the instruments creating and perfecting the security interests and liens of [redacted] (specifically, the instruments set forth in Exhibits "D", "E", "F", "G", "H", "I", "J", and "K" attached hereto) shall be executed, delivered, filed, and recorded as of a time immediately subsequent to the time of execution, delivery, filing, and recordation of the instruments creating and perfecting the security interests and liens which will be created and perfected in favor of WFB incident to the procurement of the New Financing, in a manner such that the security interests and liens of WFB in connection with the New Financing shall have priority over the security interests and liens being created in favor of [redacted] The security interests and liens of WFB shall not contain any "future advance clauses" or similar clauses or provisions, by the terms of which WFB could, without the advance consent of [redacted] advance additional monies above and beyond the amounts of the original New Financing (as such term is hereinafter defined) which would have priority over the amounts owed by [redacted] unto [redacted]

SECTION 4

REPRESENTATIONS AND WARRANTIES OF [redacted]

As an inducement to [redacted] to enter into this Agreement and to consummate the transactions contemplated herein, [redacted] hereby makes (as of the date hereof and, as of the Closing Date except for those stated to be as of the date hereof) the following representations and warranties:

4.1 Title to [redacted] Membership Interest. [redacted] holds title to the [redacted] Membership Interest free and clear of any and all liens, encumbrances, charges, and claims of any nature or type whatsoever. [redacted] has not entered into any agreement, promise, or other commitment to sell, assign, transfer, convey, or encumber the [redacted] Membership Interest or any portion thereof except as expressly contemplated under the terms of this Agreement. No agreement, contract, or other commitment to which [redacted] is bound or by the terms of which any of [redacted] assets or properties is affected has or will have the effect of creating any lien, encumbrance, charge, or defect of title of any nature or type whatsoever in or to all or any portion of the [redacted] Membership Interest.

4.2 Authorization. This Agreement and the other documents or instruments executed and delivered or to be executed and delivered pursuant hereto have been duly authorized, executed, and delivered by [redacted] This Agreement constitutes and the other documents or instruments executed and delivered or to be executed and delivered when executed will constitute, the legal, valid, and binding obligations of [redacted] enforceable in accordance with their terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the rights of creditors generally and by general principles of equity.

4.3 Approvals and Consents. Neither the execution, delivery, and performance by [redacted] of this Agreement nor the consummation of the transactions contemplated herein will to [redacted] knowledge after due inquiry (i) conflict with, or result in a breach of the terms of, or constitute a default under, or violation of, any lease or agreement to which [redacted] is a party or by which [redacted] or any of her properties are bound, or (ii) result in a material violation of any material law, rule, regulation, order, writ, judgment, decree, determination, or award presently in effect or having applicability to [redacted] Such execution, delivery, performance, or consummation will not give to others any rights of termination, acceleration, or cancellation in or with respect to any leases or agreements of (or relating to the business of) [redacted]

4.4 Brokers' Fees. Neither [redacted] nor anyone on her behalf has retained any broker, finder, or agent or other intermediary or agreed to pay any brokerage fee, finder's fee, or commission with respect to the transactions contemplated in this Agreement.

4.5 Representations and Warranties. No representation or warranty made herein by [redacted] and no statement contained in any certificate or other instrument furnished or to be furnished by [redacted] to [redacted] in connection with the transactions contemplated in this Agreement contains or will contain any untrue statement of a material fact or, to the best of [redacted] knowledge, omits or will omit to state any facts or statements necessary in order to make the other facts or statements set forth herein or therein not misleading under the circumstances in which made.

SECTION 5

REPRESENTATIONS AND WARRANTIES OF [redacted]

[redacted] hereby makes (as of the date hereof and as of the Closing Date except for those stated to be as of the date hereof) the following representations and warranties:

5.1 Authorization of Agreement. The execution and delivery of this Agreement and all other instruments or documents executed or delivered by [redacted] in connection herewith as well as all action required to be taken hereunder or thereunder by [redacted] has been duly authorized by [redacted] and upon execution and delivery, each such document will constitute the legal, valid, and binding obligation of [redacted] enforceable upon and in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the rights of creditors generally and by general principles of equity.

5.2 No Default. The execution and delivery of this Agreement and all other instruments or documents executed or delivered by [redacted] in connection herewith and the consummation of the transactions contemplated herein will not violate any provision of or constitute a default under any provision of any agreement or instrument to which [redacted] is a party or which is otherwise applicable to [redacted] or result in the acceleration of any obligation or to the best of her knowledge, cause or give any reason for an adverse action to be taken by any person or governmental authority under any mortgage, lien, lease, agreement, instrument, order, judgment, or decree to which [redacted] is a party or by which it is bound and will not violate or conflict with any other restriction to which [redacted] is subject, including, to the best of [redacted]H's knowledge, federal, state, and local laws and regulations.

5.3 Brokers' Fees. Neither [redacted] nor anyone on its behalf has retained any finder, broker, agent, or other intermediary or agreed to pay any brokerage fee, finder's fee, or commission with respect to the transactions contained in this Agreement.

5.4 Representations and Warranties. No representation or warranty made herein by [redacted] and no statement contained in any certificate or other instrument furnished or to be furnished by [redacted] to [redacted] in connection with the transactions contemplated in this Agreement contains or will contain any untrue statement of a material fact or, to the best of [redacted]H's knowledge, omits or will omit to state any facts or statements necessary in order to make the other facts or statements set forth herein or therein not misleading under the circumstances in which made.

SECTION 6

CONDUCT OF BUSINESS PRIOR TO CLOSING

6.1 Restrictions on [redacted] With Respect to Operations Prior to Closing Date.

(a) Negative Covenants. From the date of execution of this Agreement until the Closing, [redacted] will not, without the prior written consent of [redacted] do or agree to do any of the following: (i) sell, assign, lease, or otherwise transfer or dispose of any of its assets or properties, except in the case of inventory in the ordinary course of business consistent with past practices; (ii) merge or consolidate with or into any other entity or enter into any agreements relating hereto; (iii) enter into or renew, amend, or modify any contracts or leases, commitments, or understandings, or other agreements or incur any obligation or liability relating to its business; provided, however, that [redacted] may enter into such other contracts, leases, commitments, understandings, or other agreements in the ordinary course of business consistent with [redacted]'s past business practices; (iv) with respect to the employees of [redacted] enter into or become subject to any employment, labor, or union contract not terminable at will, any professional service contract not terminable at will, or any pension, insurance, profit sharing, deferred compensation, retirement, hospitalization, employee benefit, or other similar plan not currently in effect or any renewal on different terms (other than renewals with normal premium increases, in the ordinary course of business); or increase the compensation payable to any employee other than in the ordinary course of business consistent with past practices, or increase the benefits payable under any Employee Benefit Plan.

(b) Affirmative Covenants. From the date of execution of this Agreement until the Closing Date, [redacted] has, and will continue, to: (i) preserve its existence and business organization intact, use its best efforts to preserve its relationships with suppliers, customers, employees, and others having business relations with it, and keep all of its assets and properties in their present condition, ordinary wear and tear excepted; (ii) operate its business in the normal and usual manner consistent with its ordinary and usual course of business and in compliance in all material respects with all applicable laws, rules, and regulations; (iii) maintain in full force and effect all of the insurance policies in effect as of the date of execution and delivery of this Agreement, or substantially similar policies, through the Closing Date in amounts not less than those in effect on the date hereof; (iv) timely make any and all payments of taxes owed by it to all taxing authorities having jurisdiction over its business, assets, and/or properties; and (v) give [redacted] prompt written notice of any material change in any of the information in the representations and warranties made in Section 4 hereof or the Exhibits hereto which occurs prior to the Closing.

6.2 Restrictions on [redacted] With Respect to Operations Prior to Closing Date.

(a) Negative Covenants. From the date of execution of this Agreement until the Closing, [redacted] will not, without the prior written consent of [redacted] do or agree to do any of the following: (i) cause [redacted] and/or [redacted] to sell, assign, lease, or otherwise transfer or dispose of any of their respective assets or properties, except in the case of inventory in the ordinary course of business consistent with past practices; (ii) cause [redacted] and/or [redacted] to merge or consolidate with or into any other entity or enter into any agreements relating hereto; (iii) cause [redacted] and/or [redacted] to enter into or renew, amend, or modify any contracts or leases, commitments, or understandings, or other agreements or incur any obligation or liability relating to their respective businesses; (iv) cause [redacted] and/or [redacted] to disburse unto [redacted] any amounts whatsoever from their cash receipts or bank accounts or otherwise, in any manner or fashion whatsoever, whether in the form of salary, draws, expense reimbursements, or otherwise; (v) with respect to the employees of [redacted] and/or [redacted] cause [redacted] and/or [redacted] to enter into or become subject to any employment, labor, or union contract not terminable at will, any professional service contract not terminable at will, or any pension, insurance, profit sharing, deferred compensation, retirement, hospitalization, employee benefit, or other similar plan not currently in effect or any renewal on different terms (other than renewals with normal premium increases, in the ordinary course of business); or increase the compensation payable to any employee other than in the ordinary course of business consistent with past practices, or increase the benefits payable under any Employee Benefit Plan.

(b) Affirmative Covenants. From the date of execution of this Agreement until the Closing Date, [redacted] has caused, and will continue to cause, [redacted] and [redacted] to: (i) preserve their respective existence and business organizations intact, use their best efforts to preserve their relationships with suppliers, customers, employees, and others having business relations with them, and keep all of their respective assets and properties in their present condition, ordinary wear and tear excepted; (ii) operate their respective businesses in the normal and usual manner consistent with their ordinary and usual course of business and in compliance in all material respects with all applicable laws, rules, and regulations; (iii) maintain in full force and effect all of the insurance policies in effect as of the date of execution and delivery of this Agreement, or substantially similar policies, through the Closing Date in amounts not less than those in effect on the date hereof; and (iv) give [redacted] prompt written notice of any material change in any of the information in the representations and warranties made in Section 4 hereof or the Exhibits hereto which occurs prior to the Closing.

6.3 Salary and Draw Provisions. Notwithstanding anything to the contrary contained within this Agreement, [redacted] and [redacted] agree that from and after the date of execution and delivery of this Agreement and through and including the Closing, (i) [redacted] shall not be entitled to take or demand any compensation in the form of salary or other payments from [redacted] and/or draws or other payments from [redacted] and (ii) [redacted] shall be entitled to take aggregate combined salary and/or draws from [redacted] and/or [redacted] in the total amount of twelve thousand dollars ($12,000.00) per month, prorated in accordance with the normal payroll and draw practices of [redacted] and [redacted] respectively.

SECTION 7

CONFIDENTIALITY OF INFORMATION

[redacted] and [redacted] each agree to keep confidential and to cause their respective employees, counsel, accountants, and other representatives to keep confidential, the documents and other information and data, whether written or oral, that is identified as confidential, relating to [redacted] [redacted] or the business and operations of [redacted] and [redacted] furnished such party and its representatives, subject in all respects to any exercise by the party keeping such information confidential of any of its rights or remedies hereunder. Nothing herein contained shall prevent [redacted] or [redacted] from disclosing such information or delivering any documents, information or data relating to [redacted] [redacted] the business and operations of [redacted] and/or [redacted] (i) in connection with any legal proceeding to which it is a party (or otherwise pursuant to a subpoena) or pursuant to the request or requirement of a government agency or to the extent required by law, or (ii) to [redacted]H's or [redacted] consultants, advisors, counsel, accountants, lenders, and potential lenders and its investors. The provisions of this Section shall survive any termination of this Agreement for a period of three (3) years.

SECTION 8

FURTHER ASSURANCES

Each of the parties hereto shall, subject to all of the terms and conditions of this Agreement and to the fulfillment at or before the Closing Date of each of the conditions to its performance set forth herein or the waiver thereof, perform such further acts and execute such documents as reasonably may be required to effectuate the transactions contemplated herein. Each of the parties hereto shall use all reasonable efforts to expeditiously fulfill or obtain the fulfillment of the conditions precedent to [redacted]H's and [redacted] obligations hereunder, which conditions are set forth below, provided that nothing herein shall be deemed to expand any parties' obligations hereunder.

SECTION 9

CONDITIONS PRECEDENT TO [redacted]H'S OBLIGATIONS

The obligations of [redacted] to consummate the transactions contemplated herein are subject to the fulfillment (or waiver in whole or in part by [redacted] in writing) on or before the Closing Date (or such sooner date as may be specified), of each of the following conditions:

9.l Compliance with Agreement. [redacted] shall have performed and complied in all material respects with all of her covenants, agreements, and obligations under this Agreement to be performed or complied with by her at or prior to Closing and there shall be no material uncured default of [redacted] under any term of this Agreement.

9.2 Correctness of Representations and Warranties. The representations and warranties of [redacted] contained in this Agreement, and in any certificates and papers delivered to [redacted] shall be true and correct in all material respects on the date hereof and on the Closing Date as though such representations and warranties were made on and as of the Closing Date, except for those stated to be as of a certain date.

9.3 Delivery of Documents. [redacted] shall have delivered to [redacted] or made available to [redacted] as specified in Section 8 hereof the documents referred to in Section 8.

9.4 No Adverse Change in Business or Properties. Since the execution and delivery of this Agreement, neither the business or operations of [redacted] and/or [redacted] or their respective assets, properties, prospects, or conditions, financial or otherwise, shall have been affected in the aggregate adversely to a material extent or interfered with in any material way.

9.5 Absence of Litigation. No suit, action, or other proceeding shall be pending, or to the knowledge of [redacted] threatened before any court or governmental agency to restrain or prohibit, or to obtain damages or other relief in connection with, this Agreement or the consummation of the transactions contemplated herein.

9.6 Consents. All consents or approvals of third parties which are required in connection with the transfer of the [redacted] Membership Interest to [redacted] (the "Required Consents") shall have been obtained in writing, in form and substance reasonably acceptable to [redacted] and such Required Consents shall (i) have become final and effective; and (ii) not contain the imposition of any adverse changes to the underlying documents for which consent was sought or impose any adverse conditions thereon; [redacted] shall have delivered to [redacted] copies of all such consents and approvals so obtained.

9.7 Deliveries. At the Closing, [redacted] shall have received the following: (a) the written Assignment in the form attached as Exhibit "B" hereto; (b) all other applicable assignments and other good and sufficient instruments of conveyance transfer and assignment, in form and substance satisfactory to [redacted] and (c) and such other documents as are to be delivered by [redacted] hereunder (which shall be in form and substance reasonably satisfactory to [redacted] consistent with the provisions hereof) or which may be reasonably requested by [redacted] to consummate the transactions contemplated herein.

9.8 New Financing. [redacted] shall have received a written commitment from WFB (the "WFB Commitment"), by the terms of which WFB shall have agreed to furnish new financing on terms acceptable to [redacted] (the "New Financing") for the purpose of paying off the existing loan in the approximate balance of $298,000 as presently owed by [redacted] [redacted] [redacted] and [redacted] to the SBA Division of U.S. Bank's San Diego, California branch (the "SBA Loan"). WFB shall have fully funded the New Financing, and the SBA Loan shall have been fully satisfied and paid off, immediately prior to the Closing.

9.9 Execution, Delivery, and Full Performance of Shares Redemption Agreement. [redacted] and [redacted] shall each have executed, delivered, and fully performed all of the obligations and conditions incumbent upon each of them to be performed under the terms of a Shares Redemption Agreement in substantially the same form as Exhibit "M" attached hereto, the contents of which are hereby incorporated herein by this reference.

SECTION 10

CONDITIONS PRECEDENT TO [redacted] OBLIGATIONS

The obligations of [redacted] to consummate the transactions contemplated herein are subject to fulfillment (or waiver in whole or in part by [redacted] in writing) on or before the Closing Date (or such sooner date as may be specified) of each of the following conditions:

10.1 Correctness of Representations and Warranties. The representations and warranties of [redacted] contained in this Agreement and in any certificates or papers delivered to [redacted] pursuant hereto shall be true and correct in all material respects on the date hereof and on the Closing Date as though such representations and warranties were made at and as of the Closing Date except for those stated to be as of the date hereof.

10.2 Compliance with Agreement. [redacted] shall have performed and complied in all material respects with all of its covenants, agreements, and obligations under this Agreement to be performed or complied with by it at or prior to Closing and there shall be no material uncured default of [redacted] under any term of this Agreement.

10.3 Absence of Litigation. No suit, action, or other proceeding shall be pending, or to the knowledge of [redacted] threatened, before any court or governmental agency to restrain or prohibit, or to obtain damages or other relief in connection with, this Agreement or the consummation of the transactions contemplated herein.

10.4 Deliveries.At Closing. [redacted] shall have received the following: (a) the Downpayment, in full; (b) the duly executed Promissory Note in the same form as Exhibit "C" attached hereto; (c) the duly executed Security Agreement in the same form as Exhibit "D" attached hereto; (d) the duly executed UCC-1 Financing Statement in the same form as Exhibit "E" attached hereto; (e) the duly executed Deed of Trust in the same form as Exhibit "F" attached hereto; (f) the duly executed Guaranty Agreement in the same form as Exhibit "G" attached hereto; (g) the duly executed Security Agreement in the same form as Exhibit "H" attached hereto; (h) the duly executed UCC-1 Financing Statement in the same form as Exhibit "I" attached hereto; (i) the duly executed Guaranty Agreement in the same form as Exhibit "J" attached hereto; (j) the duly executed Security Agreement in the same form as Exhibit "K" attached hereto; (k) the duly executed UCC-1 Financing Statement in the same form as Exhibit "L" attached hereto; and (l) such other documents as are to be delivered by [redacted] hereunder (which shall be in form and substance reasonably satisfactory to [redacted] consistent with the provisions hereof) or which may be reasonably requested by [redacted] to consummate the transactions contemplated herein.

10.5 Retirement of SBA Loan. The SBA Loan shall have been paid off and satisfied in full from the proceeds of the New Financing, and [redacted] shall have received the duly executed release from the U.S. Bank's San Diego, California branch, by the terms of which [redacted] shall be relieved of any and all obligations in connection with the SBA Loan.

10.6 Execution, Delivery, and Full Performance of Shares Redemption Agreement. [redacted] and [redacted] shall each have executed, delivered, and fully performed all of the obligations and conditions incumbent upon each of them to be performed under the terms of a Shares Redemption Agreement in substantially the same form as Exhibit "J" attached hereto, the contents of which are hereby incorporated herein by this reference.

SECTION 11

EXPENSES OF NEGOTIATION AND TRANSFER

Except as provided herein, each party shall pay its own expenses, taxes, and other costs incident to or resulting from this Agreement whether or not the transactions contemplated herein are consummated.

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SECTION 12

RIGHTS OF TERMINATION

12.1 Termination.

(a) This Agreement may be terminated prior to the Closing: (i) at any time by mutual written agreement of [redacted] and [redacted] (ii) by [redacted] if all the conditions set forth in Section 10 hereof have not been satisfied or waived by the Closing Date; and (iii) by [redacted] if all the conditions set forth in Section 9 hereof have not been satisfied or waived by the Closing Date.

(b) In the event of termination of this Agreement by either party pursuant to Section 12.1(a)(i) or Section 12.1(a)(ii), prompt written notice thereof shall be given to the other party and this Agreement shall terminate without further action by any of the parties hereto. If this Agreement is terminated as provided herein: (i) none of the parties hereto shall have any liability or further obligation to the other party, except as otherwise stated herein; and (ii) all filings, applications, and other submissions relating to the transfer of the [redacted] Membership Interest shall, to the extent practicable, be withdrawn from the agency or other person to which made.

12.2 Consequences of Breach. Notwithstanding anything to the contrary contained in this Agreement, if [redacted] or [redacted] is in breach under this Agreement prior to Closing, then and in that event, as appropriate, in addition to the right to terminate, and such breach is fraudulent or intentional, the non-breaching party may terminate this Agreement and shall also have the right to seek all legal and equitable remedies available to it as provided hereunder, at law or equity.

SECTION 13

INDEMNIFICATION

13.1 Indemnification by [redacted] From and after the Closing, [redacted] shall indemnify [redacted] against and hold it harmless from any and all damages, losses, or liabilities in respect of suits, proceedings, demands, judgments, damages, expenses, and costs (including, without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense, or settlement of any claims covered by this indemnity) (collectively the "Indemnifiable Damages") which [redacted] may suffer or incur by reason of (i) the inaccuracy of any of the representations and warranties of [redacted] contained in this Agreement, or any document, certificate, or agreement delivered pursuant hereto; (ii) any liability for claims made by third parties against [redacted] or the [redacted] Membership Interest, arising out of any conduct of [redacted] on or prior to the Closing Date; or (iii) the nonperformance by [redacted] of any of her covenants or agreements contained in this Agreement or any document, certificate, or agreement delivered pursuant hereto. Without limiting the generality of the foregoing, with respect to the measurement of Indemnifiable Damages, [redacted] shall have the right to be put in the same financial position as she would have been in had each of the representations and warranties of [redacted] been true and correct or had [redacted] not breached any such covenants, representations, warranties, or agreements. Notwithstanding anything contained in this Section 13.1 to the contrary, (1) if there is a claim for damages, [redacted] will use commercially reasonable efforts to mitigate the amount and nature of damages, and (2) [redacted] shall not knowingly take affirmative actions to initiate any claims made by third parties for which indemnification is sought. Each of the representations and warranties made by [redacted] in this Agreement or in any document, certificate, or agreement delivered pursuant hereto and all of [redacted] other covenants and agreements contained herein or in any document, certificate, or instrument delivered pursuant hereto shall survive for a period of two (2) years after the Closing Date, and thereafter all such representations and warranties shall be extinguished, and no action for the enforcement of the representations and warranties may be commenced with respect to any claim made more than two (2) years following the Closing Date.

13.2 <u>Indemnification by [redacted]</u> From and after the Closing, [redacted] shall indemnify [redacted] against and hold her harmless from any and all damages, losses, or liabilities in respect of suits, proceedings, demands, judgments, damages, expenses, and costs (including, without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by this indemnity) (collectively, the "Indemnifiable Damages") which [redacted] may suffer or incur by reason of (i) the inaccuracy of any of the representations and warranties of [redacted] contained in this Agreement, or any document, certificate or agreement delivered pursuant hereto, (ii) any liability for claims made by third parties against [redacted] arising out of the operation of the businesses of [redacted] and/or [redacted] after the Closing Date, or (iii) the nonperformance by [redacted] of any of her covenants or agreements contained in this Agreement or any document, certificate, or agreement delivered pursuant hereto. Without limiting the generality of the foregoing, with respect to the measurement of Indemnifiable Damages, [redacted] shall have the right to be put in the same financial position as she would have been in had each of the representations and warranties of [redacted] been true and correct or had [redacted] not breached any such covenants, representations, warranties, or agreements. Each of the representations and warranties made by [redacted] in this Agreement or pursuant hereto shall survive for a period of two (2) years after the Closing Date, and thereafter all such representations and warranties shall be extinguished, and no action for the enforcement of the foregoing obligation may be commenced with respect to any claim made more than two (2) years following the Closing Date.

13.3 Notice and Right to Defend Third Party Claims. Promptly, upon receipt of notice of any claim, demand, or assessment or the commencement of any suit, action, or proceedings by any party not a party to this Agreement in respect of which indemnity may be sought on account of an indemnity agreement contained in this Section, the party seeking indemnification (the"Indemnitee") will notify, within sufficient time to respond to such claim or answer or otherwise plead in such action, the party from whom indemnification is sought (the "Indemnitor"), in writing, thereof. The omission of such Indemnitee to notify promptly the Indemnitor of any such claim or action shall not relieve such Indemnitor from any liability which it may have to such Indemnitee in connection therewith on account of the indemnity agreements contained in this Section unless the Indemnitor is prejudiced thereby, and then only to the extent of the prejudice caused by such delay. In case any claim, demand, or assessment shall be asserted or suit, action, or proceeding commenced against an Indemnitee, and it shall notify the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate therein, and, to the extent that it may wish, to assume the defense, conduct, or settlement thereof, with counsel reasonably satisfactory to the Indemnitee; provided that no settlement may be made by an Indemnitor on behalf of an Indemnitee without the Indemnitee's express written consent if such settlement would impose continuing obligations or any liability upon the Indemnitee. After notice from the Indemnitor to the Indemnitee of its election so to assume the defense, conduct, or settlement thereof, the Indemnitor will not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense, conduct, or settlement thereof. The Indemnitee will cooperate with the Indemnitor in connection with any such claim, make personnel, books, and records relevant to the claim available to the Indemnitor, and grant such authorizations or powers of attorney to the agents, representatives, and counsel of the Indemnitor as such Indemnitor may reasonably consider desirable in connection with the defense of any such claim. In the event that the Indemnitor does not wish to assume the defense, conduct, or settlement of any claim, demand, or assessment, the Indemnitee will not settle such claim, demand, or assessment without the consent of the Indemnitor, which shall not be unreasonably withheld. It is understood and agreed that to the extent a claim for indemnification is made by [redacted] or [redacted] within the survival periods stated herein, the responsibility for indemnification with respect to such claim shall then survive until such claim is resolved.

SECTION 14

DISSOLUTION OF [redacted] FOLLOWING THE CLOSING

On the Closing Date, immediately following the Closing, [redacted] shall file with the California Secretary of State its formal Notice of Intent to Dissolve pursuant to the applicable provisions of California law. Thereafter, upon the satisfaction of all statutory requirements encumbent upon it to be satisfied, [redacted] shall file with the California Secretary of State its formal Articles of Dissolution pursuant to the applicable provisions of California law. All of the assets and properties of [redacted] as distributed upon the winding up and liquidation of [redacted] shall be distributed unto [redacted] and [redacted] shall undertake, pursuant to the provisions of Exhibits "J" (the aforementioned Guaranty Agreement), "K" (the aforementioned Security Agreement), and "L" (the aforementioned UCC-1 Financing Statement) attached hereto, to guaranty all of the obligations of [redacted] to [redacted] hereunder, jointly and severally with [redacted] and [redacted]

SECTION 15

GUARANTY OF [redacted] H's AND [redacted] OBLIGATIONS BY POWERS

By executing this Agreement in her individual capacity, [redacted] hereby agrees to fully guaranty the full and complete performance by [redacted] and [redacted] of each and all of their obligations and duties as incumbent upon either or both of them under the terms and provisions of this Agreement as well as under the terms and provisions of each and every exhibit and attachment hereto.

SECTION 16

TAXABLE INCOME CUT-OFF DATE

With respect to taxable income earned by [redacted] from its business operations for all accounting periods from and after September 1, 2005 and through and including the time of its dissolution and liquidation, the parties hereby agree that all such taxable income shall be payable, and allocable for income tax purposes, to [redacted]

SECTION 17

MISCELLANEOUS TERMS AND PROVISIONS

17.1 Survival. The representations, warranties, covenants and agreements of the parties set forth herein and in the documents or instruments delivered pursuant hereto shall survive the Closing.

17.2 Assignment. Neither this Agreement, nor any right hereunder, may be assigned by any of the parties hereto in the absence of the prior written consent of the other party hereto.

17.3 Successors. This Agreement shall be binding upon and inure to the benefit of [redacted] and its heirs, successors, or assigns, and [redacted] and her heirs, successors, or assigns.

17.4 Entire Agreement. This Agreement, including the exhibits attached hereto which are incorporated herein by reference and other agreements referred to herein or delivered pursuant hereto constitute the entire agreement of the parties.

17.5 Amendments in Writing. The terms of this Agreement may not be amended, modified, or waived except by written agreement between the parties. No waiver shall be deemed a waiver of any other provision or any subsequent breach or default of the same or similar nature.

17.6 Interpretation. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

17.7 Notices. All notices hereunder shall be in writing and shall be deemed given when delivered personally or by facsimile transmission, or when received when mailed by reputable overnight courier or by certified mail, return receipt requested, to such party at its address set forth below or such other address as either party may designate to the other in writing:

If to [redacted]

[redacted]
Newport Beach, California 92660

. . . . .

. . . . .

. . . . .

If to [redacted]

[redacted], L.L.C.
c/o [redacted], Esq.
Attorney at Law
[redacted]
[redacted], California [redacted]

17.8 Severability. Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

17.9 Headings. The headings appearing in this Agreement have been inserted solely for the convenience of the parties and shall be of no force and effect in the construction of provisions of this Agreement.

17.10 Counterparts. This Agreement may be executed in one or more counterparts and each executed copy shall constitute an original, but all of which together shall constitute one instrument.

17.11 Telecopy Execution and Delivery. A facsimile, telecopy, or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar instantaneous electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes.

17.12 Effectiveness. This Agreement shall be binding and enforceable upon the execution and delivery hereof by [redacted] and [redacted]

IN WITNESS WHEREOF, the parties hereunto have duly executed this Agreement as of the date or dates written hereinbelow opposite the respective signatures of the parties hereto.

[redacted]

[redacted], L.L.C., a
California limited liability company

Dated: [redacted], 2005

By___________________________________
[redacted],
Managing Member

[redacted]

Dated: [redacted], 2005

____
[redacted]

By subscribing this Agreement hereinbelow, [redacted] hereby agrees to be bound by all of the terms, provisions, and conditions contained herein relating to obligations and duties to be performed by [redacted] individually.

Dated: [redacted], 2005

____
[redacted]

By subscribing this Agreement hereinbelow, [redacted] hereby agrees to be bound by all of the terms, provisions, and conditions contained herein relating to obligations and duties to be performed by [redacted] in its entity capacity.

[redacted], a California limited liability company (In Organization)

Dated: [redacted], 2005

By_________________________________
[redacted],
Managing Member/Organizer