

02-11-1999



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RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other _____

Effective Date
Month Day Year
1 29 99

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name Touchtunes Music Corporation

1 29 99

Formerly Technical Maintenance Corporation

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____

Citizenship/State of Incorporation/Organization a Nevada corporation

Receiving Party

Mark if additional names of receiving parties attached

Name National Bank of Canada

DBA/AKATA _____

Composed of _____

Address (line 1) 600 de LaGauchetiere Street West

Address (line 2) _____

Address (line 3) Montreal

Quebec, Canada

H3B 4L2

City

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Other a Canadian chartered bank

Citizenship/State of Incorporation/Organization Quebec, Canada

02/10/1999 DCOATES 00000166 75239466

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 25.00 OP
03 FC:998 15.00 OP

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

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Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text" value="75239466"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75428481"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties Enter the total number of properties involved.

#

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment: Enclosed Deposit Account

Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Jennifer Post, Esquire

Name of Person Signing



Signature

February 4, 1999

Date Signed

MOVABLE HYPOTHEC made as of the twenty-ninth (29th) day of January, nineteen hundred and ninety-nine (1999).

IN FAVOUR OF:

NATIONAL BANK OF CANADA a chartered bank duly constituted and governed by the *Bank Act (Canada)* (S.C. 1991 c. 46), having its head office at 600 de La Gauchetière Street West, in the City of Montreal, Province of Quebec (H3B 4L2), herein acting and represented by Mr. Eric St-Louis, its Account Manager, Technology Group, duly authorized as he so declares;

(hereinafter referred to as the "**Lender**")

A notice of address of the Lender being published at the Register of Personal and Movable Real Rights under the number 000063;

BY:

TOUCHTUNES MUSIC CORPORATION (formerly known as **TECHNICAL MAINTENANCE CORPORATION**), a corporation duly incorporated under the *Laws of the State of Nevada, United States of America*, having its head office and principal place of business at 1800 East Sahara, Suite 107, in the city of Las Vegas, State of Nevada, 89104, United States of America, herein acting and represented by Mr. Tony Mastronardi, its President, duly authorized for the purposes hereof in virtue of a resolution of the Board of Directors of the Corporation, a certified copy of said resolution being annexed hereto;

(hereinafter referred to as the "**Guarantor**")

WHEREAS the Lender has granted to Juke-Box Numerique Touchtunes Inc./Touchtunes Digital Jukebox Inc. (hereinafter referred to as the "**Borrower**") several loans and advances in virtue of the offer of financing executed by the Bank on the seventh (7th) day of October, nineteen hundred and ninety-eight (1998) and accepted by the Borrower on the nineteenth (19th) day of October, nineteen hundred and ninety-eight (1998) regarding, *inter alia* (i) an operating credit facility in the amount of Two Hundred and Fifty Thousand Canadian dollars (Cdn. \$250,000) at an interest rate of one and twenty-five hundredths percent (1,25%) per annum, variable, above the Lender's Canadian prime rate, in order to finance the Borrower's usual operating requirements, (Facility "A"), and (ii) a demand loan in the amount of Five Hundred Thousand Canadian Dollars (Cdn. \$500,000) at an interest rate of one percent (1%) per annum, variable, above the Lender's Canadian prime rate, in order to finance up to seventy-five (75%) of the tax credits receivable for scientific research, experimental development and training for the fiscal years ended the thirty-first (31st) day of December, nineteen hundred and ninety-six (1996), and the thirty-first (31st) day of December, nineteen hundred and ninety-seven (1997) and for the fiscal years ending the thirty-first (31st) day of December, nineteen hundred and ninety-eight (1998) under the "Programme de financement des credits d'impôt remboursables pour la recherche scientifique et le développement experimental" sponsored by Investissement Quebec (Facility "B"), and (iii) a term loan in the amount of Two Hundred and Fifty Thousand Canadian Dollars (Cdn. \$250,000) at an interest rate of three percent (3%) per annum, variable, above the Lender's Canadian prime rate, in order to finance up to ninety percent (90%) of the



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Business Loans Program" sponsored by the Government of Canada) (Facility "C"), and (iv) a term loan in the amount of Five Hundred Thousand Canadian Dollars (Cdn. \$500,000) at an interest rate of three and seventy-five hundredths percent (3.75%) per annum, variable, above the Lender's Canadian prime rate in order to finance up to fifty percent (50%) of the acquisition costs and installation (before taxes) of new equipments and site improvements (Facility "D"), and (v) a term loan in the amount of Five Hundred Thousand Canadian Dollars (Cdn. \$500,000) at an interest rate of three and fifty hundredths percent (3.50%) per annum, variable, above the Lender's Canadian prime rate in order to finance up to seventy-five percent (75%) of the Borrower's research, development and marketing costs for the fiscal years ending the thirty-first (31st) day of December, nineteen hundred and ninety-eight (1998) and the thirty-first (31st) day of December, nineteen hundred and ninety-nine (1999), under the Canada Economic Development's "Programme de prêt pour les entreprises technologiques" (Facility "E") (hereinafter referred to as the "**Financing Agreement**").

WHEREAS the Guarantor, as personal guarantee, has entered into a deed of Guarantee (hereinafter referred to as the "**Guarantee**") on the ~~24~~ day of January, nineteen hundred and ninety-nine (1999) between the Bank and the Borrower in order to bind and oblige itself and guarantee severally the payment to the Bank, within the delays prescribed in the Financing Agreement and the security agreements thereto related, all debts and obligations of the Borrower, present and future, direct or indirect, conditional or not, due or not, incurred by the Borrower pursuant to the Facilities "A", "B", "C", "D" and "E" of the Financing Agreement (hereinafter referred to as the "**Facilities**") including any costs and fees incurred by the Bank to recover or attempt to recover said debts and obligations as well as any interest thereupon at the same interest rate specified in the Financing Agreement, up to an amount of One Million and Seven Hundred and Fifty Thousand Canadian Dollars (Cdn. \$1,750,000).

WHEREAS the hypothec and security created in virtue of this Agreement are in addition to and not in substitution of any other hypothec or security granted by the Borrower to the Lender.

WHEREAS as additional collateral security for the performance by the Guarantor of all of its obligations, towards the Lender under the terms and conditions of the Guarantee (hereinafter referred to as the "**Obligations**"), including without limitation, for the due and punctual payment of any and all amounts owing by the Borrower to the Lender in virtue of the Facilities of the Financing Agreement and the performance of all its Obligations under the terms and conditions of this Agreement and the Guarantee, the Guarantor has agreed to execute this movable hypothec agreement in favor of the Lender.

NOW THEREFORE, IN CONSIDERATION of the promises and respective covenants hereinafter contained and for other valuable consideration (the receipt and sufficiency of which are hereby acknowledge by each of the parties), the parties hereto have agreed as follows:

1. **MOVABLE HYPOTHEC**

- 1.1 As additional general and continuing security for the performance of all of the Obligations of the Guarantor towards the Lender, as personal guarantee, under the terms and conditions of the Guarantee and this Agreement covering in particulars, the loans and monies borrowed or



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effectively obtained from the Bank by the Borrower in virtue of the Facilities of the Financing Agreement as well as the payment of all interest therein, fees and accessories, and the performance of all its obligations towards the Lender as set out in the Financing Agreement and this Agreement, as the case may be, the Guarantor hereby hypothecates in favor of the Lender with effect as and from this date, up to the principal amount of One Million and Seven Hundred and Fifty Canadian Dollars (Cdn. \$1,750,000), with interest thereon at the rate of twenty-five percent (25%) per annum, calculated semi-annually and not in advance, all rights, title and interests of the Guarantor in and to the following movable property, assets and rights, present and future, as well as those acquired in replacement thereof and the fruits and revenues therefrom (all of which being hereinafter collectively called the "**Secured Property**"), namely: "the universality of all existing and future intellectual property rights, including as the case may be, any patents and patent applications, copyrights, including in any software, drawings and manuals, trademarks, registered or not, including any goodwill, confidential information, third party licences, usage licences as well as any permits or any other rights which the Guarantor possesses or later acquires, relating directly or indirectly thereto including, without limitation, any right pertaining to the registered and unregistered trademarks known as Touchtunes Digital Jukebox (without logo), Touchtunes Digital Jukebox (with the logo), Touchtunes and Touchtunes and design, to the following softwares Jukebox Software version 1.11, Server Software version 1.1 Beta and Real-Time Modular Multi-Process Kernel, and to the following patents and patent applications for inventions entitled: Intelligent Digital Audio Visual Playback System, Method of Communication for an Intelligent Digital Audiovisual Playback System, Motor Vehicle Air Conditioning Control System, Procedure for Selecting a Recording on a Digital Audiovisual Reproduction System and the System for Implementing the Procedure, Audiovisual Distribution System Home Digital Audiovisual Information Recording and Playback Apparatus, System for Distributing and Selecting Audio and Video Information and Method Implemented by said System, Digital Wireless Speakers, Secured Power Supply for Audiovisual Playback System, Audio Settings for Intelligent Digital Playback System, more fully described in Schedules "A", "B" and "C", as the case may be, attached hereto to form an integral part hereof (herein sometimes collectively called the "**Intellectual Property**").

For greater certainty, it is understood and agreed between the parties that the hypothec granted hereby by the Guarantor to the Bank, does secure the Obligations of the Guarantor in relation to the Guarantee.

1.2 Other Property

Without limiting the generality of the foregoing, the following existing and future property (the "**Other Property**"), to the extent that they are not already included in the foregoing descriptions, and which are also affected by the hypothec and the other rights constituted hereunder:

- 1.2.1 all claims, effects or sums of money from the rental, sale or other disposition of the Secured Property, as the case may be, as well as any property acquired in replacement thereof (it being understood that this provision shall not be interpreted as allowing the



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Guarantor to dispose of or charge the Secured Property in violation of the other provisions hereof or of the Guarantee);

- 1.2.2 all insurance and expropriation rights or indemnities pertaining directly or indirectly to the Secured Property;
- 1.2.3 all other rights relating directly or indirectly to the Secured Property as well as the fruits and revenues generated thereby;
- 1.2.4 all titles, registers, invoices, contracts, securities and other documents which the Guarantor shall receive or have the right to receive evidencing or relating directly or indirectly to the Secured Property, whatever the nature of their support or medium and whatever their form;
- 1.2.5 all claims, effects or sums of money from the sale or other alienation of permits, franchises, quotas or other similar authorizations which the Guarantor now possesses or may possess in the future. ''

1.3 Extent of the Hypothec

Notwithstanding the fact that no advance has yet been made by the Lender to the Guarantor and that the Lender is not obliged to make any advance if the Borrower be in default in virtue of the Financing Agreement and/or if the Guarantor be in default hereinunder and in virtue of the Guarantee, the hypothec and other charges created herein shall have effect from this date to secure the repayment of all sums which may have been advanced to the Borrower by the Lender pursuant to the Facilities of the Financing Agreement.

1.4 Additional Hypothec

Should the Lender so require, the Guarantor undertakes to grant to the Lender any additional hypothec which the Lender deems reasonable to specifically charge the future property or property acquired in replacement of the Secured Property or to maintain the value of the security granted hereunder.

1.5 Continuous Security

The hypothec and other charges created in virtue of this Agreement shall take effect as of the date hereof, in order to guarantee all the Obligations of the Guarantor towards the Lender in connection with the Guarantee and, in particular, the repayment of all the sums which may have been advanced or which may be advanced by the Lender to the Borrower in connection with the Facilities of the Financing Agreement.

A handwritten signature in black ink, consisting of a series of loops and strokes, located at the bottom right of the page.

The Borrower further agrees with the Lender that the hypothec and the other security created hereunder shall subsist until the payment in full of any monies due to the Bank by the Borrower or the Guarantor under the terms of Facilities of the Financing Agreement and any renewal, replacement, modification, addition or substitution thereof and in order to guarantee any other obligations of the Borrower, present or future, towards the Lender, in relation to Facilities of the Financing Agreement or the Guarantee for the Guarantor and in any event that the Borrower and/or the Guarantor should enter into new agreements towards the Lender relating to the Financing Agreement and to the Guarantee and any other security created hereunder, any other security created hereunder, the Financing Agreement and the Guarantee and the security will subsist and guarantee all Obligations of the Guarantor and the Borrower towards the Lender, including the Guarantee and/or the Facilities of the Financing Agreement or any of its renewal, replacement, modification, addition or substitution thereof, and each of said new agreement of the Guarantor, until total and final cancellation of the hypothec and the other rights granted hereunder.

1.6 Renewal and Conservation

The Guarantor undertakes to execute without delay, at the request of the Lender, any notice of renewal or conservation of the present hypothec as well as any other deed or document in order that the hypothec and the other rights constituted in virtue of this Agreement have full effect and remain at all times opposable to third persons.

2. ADDITIONAL HYPOTHEC

To secure the payment of all sums payable to the Lender by the Borrower under any provisions of the Facilities of the Financing Agreement or this Agreement as well as same to the Lender by the Guarantor under any provisions of the Guarantee or this Agreement and which are not secured by the other hypothec created herein, including without limitation, the interest, costs, expenses and accessories relating to the Facilities of the Financing Agreement and/or the Guarantee, all expenses and fees incurred by the Lender in order to protect or realize upon its rights and the performance of all Obligations herein set forth and in the Guarantee, with interest on all such amounts from the date of disbursement at the annual rate herein stipulated, the Guarantor hypothecates the Secured Property in favour of the Lender for a further additional sum of Three Hundred and Fifty Thousand Canadian Dollars (Cdn.\$350,000.) with interest thereon at the rate mentioned above in Article 1 hereof.

3. SPECIAL PROVISIONS WITH RESPECT TO THE CLAIMS AND THE OTHER PROPERTY

3.1 Until notice to the contrary, the Lender hereby authorizes the Guarantor to collect the Claims and the Other Property and the Guarantor undertakes to act with diligence and in accordance, as the case may be, with the instructions of the Lender. The Guarantor shall use the amounts collected for repayment of the Facilities of the Financing Agreement and of the Guarantee, in accordance with terms agreed upon with the Lender, and may use any excess amount to pursue its business activities.

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- 3.2 Upon the occurrence of an Event of Default (as hereinafter defined) by the Guarantor, the Lender may withdraw its authorization for the Guarantor to collect the Claims and the Other Property. The Lender shall inform the Guarantor all debtors of the Claims and the Other Property of such withdrawal by means of the notice required by law and duly registered. The debtors of all Claims shall comply with the notice received from the Lender and the Guarantor. The Lender may then, but shall not be obliged to, collect the Claims and the Other Property in capital and interest. The Guarantor shall grant open access to its premises, remit to the Lender all titles, documents or effects evidencing the Claims or which might be necessary or useful for the collection or recovery thereof and shall sign all documents necessary or useful for such purpose and collaborate, as the case may be, in the collection or recovery of the Claims.
- 3.3 Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, the Lender is irrevocably authorized, as the Guarantor's mandatary, to:
- 3.3.1 grant delays, take or abandon securities;
 - 3.3.2 grant acquittances, mainlevées, with or without consideration, and other cancellations;
 - 3.3.3 endorse all cheques, drafts, notes and other negotiable instruments issued in payment of the Claims and the Other Property;
 - 3.3.4 take conservatory measures and appropriate proceedings to obtain payment of the Claims;
 - 3.3.5 negotiate and settle out of Court with the debtors of the Claims, their trustee if there is a bankruptcy or insolvency, or any other legal representative, the whole as it deems appropriate; and
 - 3.3.6 deal with any other matter relating to the Claims in its discretion, without the intervention or the consent of the Guarantor, the Lender not being liable for any loss, damages, material damages or prejudice which may result from its fault, other than intentional or gross fault, or from the fault of one of its representatives in the collection or recovery of the Claims or the failure to collect or recover the Claims.
- 3.4 If, despite the withdrawal of authorization by the Lender, as provided for in Subsection 3.2 hereof, amounts payable in virtue of the Claims are paid to the Guarantor, the Guarantor shall receive such amounts as mandatary or depository of the Lender and shall deliver them to the Lender upon receipt.
- 3.5 If the Lender collects all or part of the Claims, it may, in its absolute discretion, impute the sums it collects in the manner stipulated in Article 4 of this Agreement, notwithstanding any legal provisions on imputation of payments.



- 3.6 If, following the failure of the debtor of a Claim to perform its obligations, the Guarantor does not promptly exercise the recourses and guarantees available to it by law or the rights relating to the Claims, the Lender may then, in its discretion, choose to exercise such recourses and guarantees. The Lender may require that the sums collected be remitted to it in order to be imputed in accordance with Article 4 of this Agreement.
- 3.7 The Lender may appoint an agent or agents to act on its behalf in connection with the collection of the Claims including, without limitation, any demand, mise en demeure, procedure, alienation or other transaction relating to the Claims, and may pay to such agent or agents reasonable fees (including legal fees), such fees to be added to and to be considered as forming part of the Loan.
- 3.8 If, according to legal provisions that might be applicable to them, certain Claims may not be hypothecated without the Guarantor incurring a default under said provision, or not conforming to certain formalities, the hypothecs constituted under this Agreement shall be deemed to have been granted under the suspensive condition of obtaining any consent or authorization required or the fulfilment of any required formality regarding said Claims and shall take effect retroactively as of the date of execution of this Agreement, at the exact time when said consent or authorization was obtained or the fulfilment of said formalities. The Guarantor covenants to obtain diligently any consent and authorization, when required, and to fulfil all formalities necessary so that the Claims herein mentioned be validly hypothecated without placing the Guarantor in default and by respecting all appropriate formalities.
- 3.9 The Guarantor shall ensure that all the formalities required for the publication provided for by law have been completed in order to render the hypothecs, prior claims or other rights, present and future, of the Guarantor, opposable towards third persons.
- 3.10 The Guarantor undertakes to inform the Lender without delay of any delay in the payment of one or another of the Claims and to provide the Lender with any information required regarding the hypothecs, prior claims or other rights which may benefit the Claims after the signature hereof.

4. APPLICATION OF PAYMENTS

Except as otherwise provided for under the terms and conditions of the Financing Agreement and notwithstanding any law, usage or custom to the contrary, the receipt by the Lender of any payment made to it for taxes, rents, indemnities under insurance policies and any other sums received from the Guarantor or collected by virtue of the Financing Agreement and of the Guarantee or this Agreement may be imputed to the repayment of any amounts disbursed by the Lender for the purpose of protecting its rights in the Secured Property or realizing its rights and shall not operate as payment of any sum whatsoever owing to it unless such payments are expressly applied by the Lender in reduction of the said sum owing and only to the extent of such application.



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5. **SCOPE OF THE SECURITY**

The hypothec and the security created hereunder are in addition to and not in substitution of any other hypothec or security held by the Lender in connection with the Facilities of the Financing Agreement and/or the Guarantee. The hypothecs and the security created hereunder are continuous security which shall subsist despite any acquittance, total or partial, of the obligations secured by this Agreement.

6. **REPRESENTATION AND WARRANTIES OF THE GUARANTOR**

6.1 In addition to the representations and warranties contained in the Guarantee, the Guarantor represents and warrants to the Lender that:

6.1.1 the head office and the principal place of business of the Guarantor are located at 1800 East Sahara, Suite 107, in the City of Las Vegas, State of Nevada, 90104, and the Guarantor does not do business anywhere else, save and except for certain places of business which shall be disclosed in writing to the Lender before their opening;

6.1.2 the Secured Property is located at its head office and principal place of business in the State of Nevada and is not to be used outside of the State of Nevada, save and except those certain places of business which shall be disclosed in writing to the Lender before any transfer;

6.1.3 the Guarantor is the sole and absolute owner of the Secured Property and there are no hypothecs, charges, security or other encumbrances whatsoever on the Secured Property;

6.1.4 the Guarantor has full corporate power and capacity to carry on the business presently carried on by it, own its properties and assets, and enter into and perform its Obligations under the Guarantee and this Agreement and has duly authorized, executed and delivered the Guarantee and this Agreement; and

6.1.5 any and all representations herein mentioned and in the Guarantee and this Agreement as well as any certificates or documents provided by or on behalf of the Guarantor for the benefit of the Lender are pertinent and shall remain in force without time limits. The Lender shall be deemed to have relied upon such representations and warranties of the Guarantor contained herein and in the Guarantee and this Agreement, notwithstanding any investigation conducted by the Lender.

6.2 Without limiting the generality of the foregoing, the Guarantor hereby represents and warrants, with respect to the Intellectual Property, the following:

6.2.1 as of this day, Schedule "A" annexed hereto, signed for identification by the Guarantor and the Lender, illustrates the complete list of all trademarks, registered or not, owned by the Guarantor, and Schedule "B", also signed for identification by the Guarantor and the Lender illustrates all copyrights, registered or not, including in any software, manuals,



drawings, patents, patent applications and confidential information owned by the Guarantor;

- 6.2.2 as of this day, Schedule "C", also signed for identification by the Guarantor and the Lender, illustrates all licences or other contracts, subscribed or granted by the Guarantor, which have not been modified and for which it is not in default;
- 6.2.3 the Intellectual Property and any applicable registration thereof is valid and enforceable;
- 6.2.4 no claim has been made to the effect that the use of the Intellectual Property infringes upon the rights of any person save and except for the current Arachnid infringement litigation;
- 6.2.5 with the exception of licences, if any, the Guarantor is the sole legal owner and holder of all rights in the Intellectual Property which is free and clear of any charge;
- 6.2.6 the Guarantor has transmitted the appropriate notices to substantiate its possession of the Intellectual Property and the rights of use thereof to the extent deemed reasonably required to protect the said Intellectual Property;
- 6.2.7 save for the filing hereof at the Canadian Intellectual Property Office (CIPO) and/or at the United States of America Patent and Trademark Office (USPTO), no authorization, consent or other procedure on the part of the Guarantor, and no notice to or filing with any governmental or relevant statutory authority is required (i) for the granting of the security or the execution, delivery and fulfilment of this Agreement by the Guarantor or (ii) for the realization or exercise by the Lender of its rights and recourses under this Agreement.

6.3 All representations and warranties of the Guarantor herein stipulated and all certificates or documents provided by or on behalf of the Guarantor for the benefit of the Lender are pertinent and shall remain in force without time limits. The Lender shall be deemed to have relied upon the representations and warranties of the Guarantor contained herein, notwithstanding any investigation conducted by the Lender.

6.4 The Guarantor shall hold harmless and indemnify the Lender for all claims alleging that the Intellectual Property fraudulently imitates or violates the rights of a third party, including all patent rights, copyrights, trademarks, trade secrets or any other intellectual property or contractual rights.

6.5 The Guarantor shall submit to the Lender a copy of all rights in the Intellectual Property issued or received in replacement of existing Intellectual Property or for the renewal, replacement or addition thereto, or which have been issued or received upon purchase, repurchase, conversion or cancellation thereof, or upon any other transformation of the Intellectual Property or otherwise, which shall form part of the Intellectual Property.



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7. **COVENANTS OF THE GUARANTOR**

In addition to the covenants undertaken by the Guarantor towards the Lender under the terms and conditions of the Guarantee, the Guarantor covenants to the Lender that:

- 7.1 it will inform the Lender, without delay, of any changes in its name, trade name, domicile, head office and place of business or in the content or the accuracy of the representations and declarations mentioned in Article 6 hereof;
- 7.2 it shall pay, when due, all rights, levies, taxes and charges, as well as any claim that may take rank before the hypothecs constituted under this Agreement; upon demand by the Lender, the Guarantor shall provide the Guarantor with the evidence that it has paid any amounts due under the terms and conditions of the Guarantee and this Agreement;
- 7.3 it shall keep the Secured Property free and unencumbered of any real right, hypothecs and suretyship;
- 7.4 it shall not dispose of the Secured Property otherwise than in the normal operation of its business, save and except if the Lender thereby agree in writing. Should the Guarantor dispose of the Secured Property outside of the normal course of business or operations of the Guarantor without the prior written consent of the Lender, the Guarantor shall automatically be in default under the terms and conditions of this Agreement and of the Guarantee and the Guarantor shall be entitled to demand the full and immediate repayment of the Facilities of the Financing Agreement and/or the Guarantee, even if said Facilities of the Financing Agreement and/or the Guarantee is not yet due. Notwithstanding any disposition, the Guarantor shall continue to be obligated to reimburse the Facilities of the Financing Agreement and/or the Guarantee and this Agreement shall remain in full force and effect; and
- 7.5 the Guarantor shall insure the Secured Property and shall keep it insured against any damages caused by theft and fire and against any other risk that a prudent administrator would protect through insurance, the whole for its full insured value. The Guarantor shall also obtain an insurance policy covering any loss of revenue resulting from any loss from or caused to the Secured Property. The Lender is hereby named beneficiary of all indemnities payable under any insurance policies. The Guarantor covenants to name the Lender as beneficiary of any insurance policy and said policy shall contain a mortgage clause or comparable provision with respect to hypothecary creditors according to the form established by the Insurance Bureau of Canada. The Guarantor shall provide the Lender with a copy of each policy and, at least thirty (30) days before the expiry date or cancellation date of said policy, the Guarantor shall provide to the Lender evidence that said policy has been renewed or replaced. The receipt of any indemnities paid or not to the Guarantor shall not be considered as payment nor operate novation or diminish, in any way, the rights and privileges of the Lender unless said indemnities be expressly applied by the Lender in reduction of any amounts due under the provisions of the Facilities of the Financing Agreement and of the Guarantee and this Agreement;



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- 7.6 it shall provide the Lender with any piece of information that the Lender may reasonably require regarding the Secured Property or to ascertain that the Guarantor does conform to its covenants herein mentioned and in the Guarantee. The Guarantor shall inform the Lender of any event that might substantially affect the value of the Secured Property or the financial situation of the Guarantor.
- 7.7 the Guarantor shall record a security interest on the Secured Property in any jurisdiction in which the Secured Property is located and covenants to execute all documents for and on the account of the Guarantor to do or to cause to have done anything that the Bank may, in its discretion, deem necessary, useful or appropriate in order to give full effect to the recording of said security interest in its favour. Should the Guarantor failed to record said security interest on the Secured Property and to execute the necessary documents as required by the Bank, the Guarantor shall automatically be in default under the terms and conditions of this Agreement and of the Guarantee as well as of the Financing Agreement.

8. **OBLIGATIONS OF THE GUARANTOR REGARDING MAINTENANCE OF RIGHTS IN THE INTELLECTUAL PROPERTY**

The Guarantor shall be diligent and do everything reasonably necessary or desirable to preserve and maintain the Intellectual Property. More particularly, the Guarantor shall proceed as follows:

- 8.1 register all existing and future Intellectual Property, when applicable and when deemed commercially reasonable by the Lender;
- 8.2 renew, if need be, all registrations regarding the Intellectual Property;
- 8.3 when applicable, file all necessary or desirable transfers to maintain the rights of the Borrower in the Intellectual Property;
- 8.4 pay all costs required for the maintenance of the Intellectual Property;
- 8.5 ensure that all persons having access to the confidential information be a party to a confidentiality agreement to the satisfaction of the Lender;
- 8.6 ensure that the concession of all licences adequately protects the rights of the Guarantor in the Intellectual Property;
- 8.7 initiate and institute, in its name, as interested party, for its benefit and at its expense, all legal proceedings or other actions in counterfeiting, unfair competition, depreciation or other damage which shall be, in the opinion of the Guarantor acting reasonably for the purposes of its business, necessary to protect its rights in the Intellectual Property rights. The Guarantor shall immediately inform the Lender in writing, of any legal proceedings instituted by it and shall provide the Lender with all information which the latter may reasonably require;



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- 8.8 the Guarantor shall not conclude or renew any agreement which could, in any manner whatsoever, interfere with the obligations of the Guarantor under the terms hereof, unless the Lender shall have given its prior written consent thereto;
- 8.9 the Guarantor shall stand in for and take up the defense of the Lender against any claim regarding the Intellectual Property alleging that it does infringe or contravene any right of any third party. The Guarantor shall pay all costs and charges with regard to any damages and any reasonable legal fees incurred by the Lender for any such infringement or contravention.

9. **EVENTS OF DEFAULT AND EXPIRY OF TERM**

- 9.1 Unless otherwise specifically provided by law, each of the following events shall constitute an event of default hereunder (herein referred to as "Event of Default"):
- 9.1.1 the occurrence of a default under the terms and conditions of the Guarantee, this Agreement or any other security agreement or document pertaining to the Facilities of the Financing Agreement and/or the Guarantee; or
- 9.1.2 the failure of the Guarantor to make any payment or reimbursement under the terms of the Facilities of the Financing Agreement and/or the Guarantee or this Agreement; or
- 9.1.3 the failure of the Guarantor to comply with any of its Obligations or undertakings under the terms and conditions of the Facilities of the Financing Agreement and/or the Guarantee, this Agreement or pursuant to the law; or
- 9.1.4 if any of the representations and warranties made by the Guarantor under the terms and conditions of this Agreement or the Facilities of the Financing Agreement and/or the Guarantee or any of the Other Security Agreements is erroneous; or
- 9.1.5 if the Guarantor does not comply with any of its undertakings under the terms of any other Obligations towards the Lender,
- 9.2 It is specifically understood between the parties that an event of default in virtue of the Guarantee or of any other loan granted by the Lender to the Borrower in virtue of the Facilities of the Financing Agreement or any other default in virtue of any of the Other Security Agreements shall constitute a default under the terms of this Agreement.
- 9.3 Subject to the terms and conditions of the Guarantee as well as the Facilities of the Financing Agreement, upon the occurrence of an Event of Default, the Lender may exercise, at its discretion, without any restriction or other prior notice except those provided by law, all rights and recourses to which it is entitled in virtue of the Facilities of the Financing Agreement and/or of the Guarantee and any security related thereto, the present Agreement and by law.
- 9.4 Upon the occurrence of an Event of Default, the Guarantor undertakes to voluntarily surrender the Secured Property to the Lender at the request of the Lender, in all cases where the Lender has

a right to such surrender, unless such surrender denies the Guarantor the right to exercise any of its rights under the *Civil Code of Quebec*. The Guarantor undertakes not to interfere in any way with the Lender in connection with its taking possession of the Secured Property surrendered by the Guarantor. Moreover, the Guarantor shall diligently execute all deeds and documents necessary for the surrender of the Secured Property to the Lender.

- 9.5 Any amount paid by the Lender in order to realize or preserve the securities created hereunder shall be payable upon demand and shall bear interest at the interest rate stipulated in the Guarantee and/or in the Facilities of the Financing Agreement.
- 9.6 The Lender shall be deemed to have acted in the best interest of the Guarantor and its assignees if the Lender has acted according to its normal evaluation and administration criteria of financial risk in the normal course of its business.
- 9.7 The Lender shall not be obliged to exercise the same hypothecary rights against all the Secured Property.
- 9.8 The representations and warranties, the undertakings and the performances of all the conditions and obligations provided for hereunder and under the Guarantee and/or the Facilities of the Financing Agreement constitute considerations in virtue of which the benefit of the term has been granted by the Lender to the Guarantor and, as a result, the Lender may, upon the occurrence of an Event of Default, deprive the Guarantor of the benefit of the term.

10. **LAPSE OF TIME**

Subject to the terms and conditions of the Facilities of the Financing Agreement with respect to notices, the mere lapse of time for the performance of any obligation in favour of the Lender, if such Obligation shall not have been performed, shall constitute a default of the Guarantor under the terms hereof without the necessity of any notice on the part of the Lender. The rights granted to the Lender may be exercised by the Lender before or after a default on the part of the Guarantor under the terms and conditions hereof and of the Guarantee and/or the Facilities of the Financing Agreement and any other Obligations towards the Lender.

11. **RIGHTS OF THE LENDER UPON THE OCCURRENCE OF AN EVENT OF DEFAULT**

- 11.1 The Guarantor hereby appoints the Lender as its irrevocable mandatary, with power of substitution, for the purposes of performing, at all times, all acts and to sign all deeds or documents necessary or useful in order to maintain and preserve the Secured Property and for the exercise of its rights hereunder. In particular, the Guarantor hereby waives its right to revoke the said mandate until final repayment of the Facilities of the Financing Agreement and/or of the Guarantee, in capital and interest, the fees and accessories.



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- 11.2 Upon the occurrence of an Event of Default, the Guarantor agrees that the Lender may, but is not obliged to, at the expense of the Guarantor and upon the occurrence of an Event of Default, for the purposes of protecting or realizing upon the value of the Secured Property:
- 11.2.1 continue or cease the exploitation of the Secured Property, including the transformation and sale of goods in stock;
 - 11.2.2 proceed with the operations carried out by the Guarantor in the ordinary course of its business, cease or proceed, in its discretion, with the operation of the business of the Guarantor; the Lender may use any equipment or furnishings relating to the operation of the business of the Guarantor, as well as its name or head office, its trade marks and any other right in the Intellectual Property and in any incorporeal property of the Guarantor;
 - 11.2.3 reimburse on behalf of the Guarantor any third person having a claim against the Secured Property;
 - 11.2.4 dispose of any of the Secured Property likely to rapidly depreciate or decrease in value;
 - 11.2.5 use the information it has concerning the Guarantor and information obtained during the exercise of its rights;
 - 11.2.6 exercise any right regarding the Secured Property and do anything or sign any document or deed regarding the Secured Property that the Guarantor may deem necessary to the exercise of its right;
 - 11.2.7 fulfil any of the undertakings of the Guarantor;
 - 11.2.8 use, administer and exercise any right pertaining to the Secured Property;
 - 11.2.9 use the premises where the Secured Property is located or any other place where the Guarantor operates its business or any other place it deems appropriate;
 - 11.2.10 appoint any representative to exercise its rights or perform its Obligations hereunder and provide such person with all information it has regarding the Guarantor or the Secured Property;
 - 11.2.11 when the Secured Property includes stock, the Lender may complete the manufacturing of such stock and do anything necessary or useful for its sale.
- 11.3 The Lender shall only be accountable to the Guarantor to the extent of commercial practice and within the delays normally observed by the Lender and the Lender shall not be obliged to make inventory, take out insurance or furnish any other security.



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- 11.4 The Lender may itself, directly or indirectly, become owner of the Secured Property.
- 11.5 The Lender may, at the time it exercises its rights, renounce to a right belonging to the Guarantor, transact and grant acquittances or mainlevées, even without consideration.
- 11.6 The Lender shall not be liable to maintain the use for which the Secured Property is ordinarily destined, to make it productive or to continue its use or destination. Any sum of money or effect remitted or held by the Lender may be invested, at its discretion, without the Lender being bound by the legislative provisions relating to the investment of property of others.
- 11.7 In the event of a waiver by the Lender of its recourses, hypothecary or otherwise, against the Secured Property, the Lender may, in its discretion, if the Secured Property has been surrendered to it, return the remaining Secured Property to the Guarantor, without any warranty or representation, express or tacit on its part, but without prejudice to its other rights and recourse.
- 11.8 In the event the Lender exercises its hypothecary recourse of taking-in-payment and the Guarantor requires the Lender to sell the Secured Property, the Guarantor acknowledges that the Lender shall not be required to renounce to its recourse of taking-in-payment unless, before the expiration of the time limit to surrender, the Lender: (i) shall have received security which the Lender deems satisfactory to the effect that the sale will be made at a price high enough for the Lender to be paid its debt in full, (ii) shall have been reimbursed the costs incurred, and (iii) shall have advanced all amounts necessary for the sale of the Secured Property.
- 11.9 In the event that the Lender sells the Secured Property on its own, it will not be required to obtain a prior appraisal from a third party.
- 11.10 The sale of the Secured Property may be made with legal warranty on the part of the Guarantor, or, at the option of the Lender, with total or partial exclusion of warranty.
- 11.11 The Lender shall not be liable or accountable for any failure or delay to exercise one or another of its rights and recourses, nor for any act or omission committed in good faith by any agent, mandatary, employee or servant of the Lender, and such failure or delay shall not be interpreted as a waiver of the rights and recourses of the Lender. The Lender is only required to exercise reasonable diligence in the exercise of its rights or the performance of its obligations and shall only be liable for its gross or intentional fault.

12. **CUMULATIVE RECOURSES AND WAIVER**

- 12.1 The acceptance by the Lender of any sum owing to the Lender or the exercise by the Lender of any rights or recourses under the terms of this Agreement, the Guarantee, the Facilities of the Financing Agreement or at law, following the occurrence of an Event of Default, shall not preclude the Lender from exercising any other rights or recourses, all rights and recourses of the Lender being cumulative and not alternative. The Lender shall be entitled to exercise its rights and recourses against all or any part of the Secured Property, simultaneously or successively and, without restricting the generality of the foregoing, the exercise of its rights and recourses under



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the terms and conditions of this Agreement by the Guarantor or against any part or class of Secured Property shall not be considered as depriving the Guarantor to exercise any of its other rights and recourses at its disposal.

12.2 Any waiver by the Lender to invoke a breach of any provision, Obligation or condition under the terms and conditions of this Agreement or the Guarantee and/or the Facilities of the Financing Agreement shall not be construed as a waiver of such provision, Obligation or condition, nor a waiver of any subsequent breach of any other provision, Obligation or condition provided for herein and therein. The subsequent acceptance of all amounts owing under the terms and conditions of this Agreement or the Guarantee and/or the Facilities of the Financing Agreement by the Lender or the payment of such sums by the Guarantor shall not be construed as a waiver to invoke any prior breach by the Guarantor of any provision, Obligation or condition under the terms and conditions of this Agreement or the Guarantee and/or the Facilities of the Financing Agreement even if the Lender was aware of a prior breach at the time of acceptance or payment of said sums. The Lender shall not be deemed to have waived any provision, Obligation or condition under the terms and conditions of this Agreement or the Guarantee and/or the Facilities of the Financing Agreement unless such waiver has been made in writing.

13. **ACQUITTANCES**

All acquittances and other deeds to which the Lender may become a party shall be approved by legal counsel for the Lender, the whole at the Guarantor's expense and the Guarantor shall furnish, at its expense, copies of such deeds to the Lender.

14. **SOLIDARY LIABILITY**

In the event that several persons are now or in the future designated as the Guarantor, each of such persons is solidarily liable for the obligations set out herein.

15. **INDIVISIBILITY**

Every divisible obligation in favour of the Lender arising out of this Agreement must be performed in its entirety by each heir or legal representative of any person who is liable to the same extent as if it were indivisible.

16. **NOTICES AND ELECTION OF DOMICILE**

16.1 Any notice, request or motion which may or must be done under this Agreement shall be given in writing and signified or personally delivered to the recipient or to an authorized representative of the recipient at the following addresses:



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16.1.1 to the Lender, at:

National Bank of Canada
600 de La Gauchetière Street West
Montreal, Quebec
H3B 4L2

Attention: Mr. Éric St-Louis, Account Manager

16.1.2 to the Guarantor:

Touchtunes Music Corporation
1800, East Sahara
Suite 107
in the city of Las Vegas
State of Nevada (U.S.A.)
89104

Attention: Mr. Tony Mastronardi, President

or to such other address as either party may from time to time advise the other by notice in writing.

The date of receipt of any such notice, request or motion shall be the date of its delivery or signification, as the case may be.

If the Lender is unable to find the Guarantor at the above-mentioned address, delivery or signification of the said notice, request or motion shall be valid if made to the office of the Prothonotary of the Superior Court for the Judicial District of Montreal where, in such a case, for the purposes hereof, the Guarantor elects domicile.

17. GENERAL

17.1 The intention of the parties hereto is that this Agreement create valid hypothecs and in the event a provision of this Agreement or a part of such provision or the application of such provision to a person or a particular circumstance has been declared or rendered invalid, inapplicable or illegal, or if it has been declared incompatible with the creation of valid hypothecs, then, such provision or such part of such provision or particular application of such provision, as the case may be, shall be considered distinct and separable from the remainder of this Agreement and this Agreement shall continue to remain in force and executory and bind the parties hereto as if this provision or part of this provision or the particular application of this provision was never included.



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- 17.2 The Guarantor shall pay all legal fees and all disbursements in connection herewith, shall be responsible for all judicial and extra-judicial fees and all expenses incurred by the Lender to recover any part of the Facilities of the Financing Agreement and of the Guarantee, not paid or to protect or realize upon the hypothecs created hereunder.
- 17.3 The rights conferred to the Lender hereunder shall enure to the benefit of the successors and assigns of the Lender including any entity resulting from the amalgamation of the Lender with another person.
- 17.4 The word "Lender" shall include all successors of the National Bank of Canada and any assignee of its rights.
- 17.5 In any place where the context requires it, the word "Guarantor" shall include any authorized acquirer of the Secured Property.
- 17.6 In any place where the context requires it in this Agreement, the singular number herein set forth shall be interpreted as plural and the masculine gender as either feminine or neuter and vice versa.
- 17.7 The headings included in this Agreement have been included for reference purposes only and shall not have the effect of restricting or broadening the scope or meaning of this Agreement and its provisions.
- 17.8 In case of conflict between the provisions of the Guarantee and those of this Agreement, the provisions of this Agreement shall have precedence upon the provisions of the Guarantee.
- 17.9 The hypothecs created under this Agreement shall not be construed as floating hypothecs within the meaning of Article 2715 and following of the *Civil Code of Quebec*.
- 17.10 This Agreement shall be governed and interpreted by the law in force in the Province of Quebec.

18. **LANGUAGE**

The parties hereto have requested that this document be drawn up in the English language. Les parties aux présentes ont exigé que ce document soit rédigé en langue anglaise.



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SIGNED at the City of Montreal, Province of Quebec, on the date first mentioned above.

NATIONAL BANK OF CANADA

Per: _____

Éric St-Louis, Account Manager
Technology Group

TOUCHTUNES MUSIC CORPORATION

Per: _____

Tony Mastronardi, President

Hereby intervenes the Borrower after having taken communication of this Agreement to agree to the provisions hereof and covenants to do or cause to be done any act required to renew this guarantee when so required by the Bank, otherwise the Borrower agrees that the non renewal of this guarantee shall constitute a default of the Borrower under the terms of the Financing Agreement.

**JUKE-BOX NUMERIQUE TOUCHTUNES INC./
TOUCHTUNES DIGITAL JUKEBOX INC.**

Per: _____

Tony Mastronardi, President

**SCHEDULE "A"
LIST OF TRADEMARKS**

REGISTERED AND NON-REGISTERED TRADEMARKS

<u>Trademark</u>	<u>Trademark Application</u>	<u>Filing date</u>	<u>Country</u>	<u>Procedure Status</u>
Touchtunes Digital Jukebox and Design	75/239,466	02/10/97	U.S.A.	Examination published for Opposition 05/26/98
Touchtunes and Design	75/428,481	02/04/97	U.S.A.	Examination
Touchtunes and Design	616,649	08/14/98	Europe	Examination
Touchtunes Digital Jukebox	598,789	08/14/98	Europe	Examination
Touchtunes Digital Jukebox	853,074	07/07/97	Canada	Examination
Touchtunes and Design	854,850	08/28/97	Canada	Examination
Touchtunes Digital Jukebox and Design	97/150,269	20/08/97	Japan	Examination
Touchtunes Digital Jukebox	97/147,479	08/08/97	Japan	Examination



SCHEDULE "B"

**LIST OF COPYRIGHTS, PATENTS
AND CONFIDENTIAL INFORMATION**

I. REGISTERED AND UNREGISTERED COPYRIGHTS

- Canadian Copyright Registration n° 442,114 dated April 5, 1995 for the software entitled: Real-Time Modular Multi-Process Kernel
- Jukebox Software, version 1.1
- Server Software, version 1.11 Beta

II PATENTS AND PATENT APPLICATIONS

<u>Inventions</u>	<u>Patent Application Serial N°.</u>	<u>Filing Date</u>	<u>Country</u>	<u>Procedure Status</u>
Intelligent Digital Audiovisual Payback System	2,201,913	1995/10/12	Canada	Laid-open: 1996/04/25
Method of Communication for an Intelligent Digital Audiovisual Playback System	2,201,914	1995/10/12	Canada	Laid-open: 1996/04/25
Motor Vehicle Air Conditioning Control System	2,218,409	1997/02/07	Canada	Laid open: 1997/08/14


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Procedure for Selecting a Recording on a Digital Audiovisual Reproduction System and the System for Implementing the Procedure	2,216,665	1997/09/19	Canada	Laid-open: 1998/03/25
Audiovisual Distribution System	2,201,917	1995/10/12	Canada	Laid-open: 1996/04/25
Home Digital Audiovisual Information Recording and Playback Apparatus	2,201,916	1995/10/12	Canada	Laid-open: 1996-04-25
Intelligent Digital Audiovisual Playback System	2,201,915	1995/10/12	Canada	Laid-open: 1996/04/25
System for Distributing and Selecting Audio and Video Information and Method Implemented by said System	2,201,911	1995/10/02	Canada	Laid-open: 1996/04/25
Intelligent Digital Audiovisual Playback System	2,201,909	1994/10/12	Canada	Laid-open: 1996/04/25


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Intelligent Digital Audiovisual Playback System	PCT/FR94/01185	12/10/94	France	Examination
Intelligent Digital Audiovisual Playback System	PCT/FR95/01333	12/10/95	France	Examination
Method of Communication for an Intelligent Digital Audiovisual Playback System	PCT/FR95/01334	12/10/95	France	Examination
Intelligent Digital Audiovisual Playback System	PCT/FR95/01335	12/10/95	France	Examination
Home Digital Audiovisual Information Recording and Playback Apparatus	PCT/FR95/01336	12/10/95	France	Examination
Audiovisual Distribution System	PCT/FR95/01337	12/10/95	France	Examination
System for Distributing and Selecting Audio and Video Information and Method Implemented by Said System	PCT/FR95/01338	12/10/95	France	Examination
Secured Power Supply for Audiovisual Playback System	9804894	14/04/98	France	Examination
Audio Settings for Intelligent Digital Playback System	9809350	22/07/98	France	Examination


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Remote Control for Intelligent Playback Digital Audiovisual System	9809351	22/07/98	France	Examination
Audiovisual Reproduction System	9809352	22/07/98	France	Examination
Downloading System of Objects or Files for Software Update	9809296	21/07/98	France	Examination
Digital Wireless Speakers	9712007	26/09/97	France	French search report



Intelligent Digital Audiovisual Playback System	9593464690.9	12/10/94	Europe	Granted 12/05/98
Intelligent Digital Audiovisual Playback System	94930247.5	12/10/94	Europe	Examination
Method of communicating for an Intelligent Digital Audiovisual Playback System	95934691.7	12/10/95	Europe	Granted 12/05/98
Intelligent Digital Audiovisual Playback System	95934692.5	12/10/95	Europe	Examination
Home Digital Audiovisual Information Recording and Playback System	95934693.3	12/10/95	Europe	Examination
Audiovisual Distribution System	95934694.1	12/10/95	Europe	Examination
System for Distributing and Selecting Audio and Video Information and Method Implemented by Said System	95934695.8	12/10/95	Europe	Granted 31/10/97
Process for Selecting a Recording on a Digital Audiovisual reproduction System, and System for Implementing the Process	97402110.7	11/09/97	Europe	Examination
Digital Wireless Speakers	98402266.5	15/09/98	Europe	Examination


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Process for Selecting a Recording On a Digital Audiovisual Reproduction System, and System for Implementing the Process	272,236/98	19/09/97	Japan	Filed for National Phase
Intelligent Digital Audiovisual Playback System	512,969/96	12/10/94	Japan	Filed for National Phase
Intelligent Digital Audiovisual Playback System	512,985/96	12/10/95	Japan	Filed for National Phase
Method of Communicating for an Intelligent Digital Audiovisual Playback System	512,986/96	12/10/95	Japan	Filed for National Phase
Intelligent Digital Audiovisual Playback System	512,987/96	12/10/95	Japan	Filed for National Phase
Home Digital Audiovisual Information Recording and Playback System	512,988/96	12/10/95	Japan	File for National Phase
Audiovisual Distribution System	512,989/96	12/10/95	Japan	Filed for National Phase
System for Distributing and Selecting Audio and Video Information and Method Implemented by Said System	512,990/96	12/10/95	Japan	Filed for National Phase



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Digital Wireless Speakers	272,236/98	25/09/98	Japan	Filed for National Phase
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Intelligent Digital Audiovisual Playback System	08/817,690	23/07/97	U.S.A.	Examination
Intelligent Digital Audiovisual Playback System	08/817,689	13/06/97	U.S.A.	Examination
Method of Communicating for an Intelligent Digital Audiovisual Playback System	08/817,528	05/08/97	U.S.A.	Examination
Intelligent Digital Audiovisual Playback System	08/817,968	02/10/97	U.S.A.	Examination
Home Digital Audiovisual Information Recording and Playback System	08/817,437	12/06/97	U.S.A.	Examination
Audiovisual Distribution System	08/817,426	19/06/97	U.S.A.	Examination
System for Distribution and Selecting Audio and Video Information and Method Implemented by Said System	08/817,438	02/10/97	U.S.A.	Examination
Process for Selecting a Recording on a Digital Audiovisual Reproduction System and System for Implementing the Process	08/817,826	25/09/97	U.S.A.	Examination
Digital Wireless Speakers	09/161,584	28/09/98	U.S.A.	Examination



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Downloading System of Objects or Files for Software Update	09/144,440	01/09/98	U.S.A.	Examination
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III PATENTS AND CONFIDENTIAL INFORMATION

All of the technical and proprietary information needed for the manufacturing of PC card (Agreement between Touchtunes Digital Jukebox Inc. and TMC Technical Maintenance Corporation and Dialog 4 System Engineering GmbH of June 3, 1998).

SCHEDULE "C"

LIST OF LICENCES

LICENCE AGREEMENTS AND OTHER AGREEMENTS AND CONTRACTS

1. Memorandum of Agreement entered into between Technical Maintenance Corporation and Touchtunes Digital Jukebox Inc. on March 18, 1997.
2. Draft of a Licence Agreement dated 1998/12/98 to be entered into between Touchtunes Music Corporation and Touchtunes Digital Jukebox Inc.
3. Partner Lease Agreements (PLA) entered into between Technical Maintenance Corporation and see list of Operators that have signed PLA:
4. Draft of a Licence Agreement to be entered into between Technical Maintenance Corporation and Touchtunes Digital Jukebox Inc. and Thomson Multimedia Inc.
5. Agreement entered into Touchtunes Digital Jukebox Inc. and TMC Technical Maintenance Corporation and Dialog 4 System Engineering GmbH on June 3, 1998:
 - the right to use and to manufacture the DSP design;
 - the right to use the Firmware for board functionality and the diagnostic software of TT or any subcontractor of TT with a licence to use such software or firmware for the mass production of PC cards.



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List of Operators That Have Signed Partner Lease Agreements (PLA)

**3-D Music
Arcade
Atlas
Bee Creek
Bezerkley
Bruce's Music
Bunky J.B Man
Calloway's
Cecchetti Bros.
Connelly Vending Inc.
Courtesy Coin
CTS Enterprises
Darrt Amusement
Delmarva Amusement
Digital Music Systems
Diltz & Sons
Federal Vending
Ferris Music
Future Vending
Fugozzotto Ent. Inc
Harp Vending
Indy Amusement
Intune Inc.
Jag Vend.
J.B Amusement
Lincoln Lane
London Vending
Mack Enterprises
Memories Games
Metro Service
Mid-state
Mint Amusement
Modern
Morgan
Mike's Amusement
Music & Games
Nebraska Tech.
North Central
Gaming/Northern
Vending
P & D Games
Penn SSS Vending
PMI Music
PNL Vending**



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List of Operators That Have Signed Partner Lease Agreements (PLA)

**Renner Amusement
Sound Amusement
Sports Arcade
Stacey's Vending
State Amusement Co.
Statewide Coin Oper.
Sun City Vending
T & G Music Inc
Tiger Amusements
TLC Novelty
Uneek
Williams**

A handwritten signature in black ink, appearing to be 'E. J. M.', is written over the word 'TRADEMARK'.

**TRADEMARK
REEL: 1853 FRAME: 0295**

CERTIFIED EXTRACT OF A RESOLUTION OF THE BOARD OF DIRECTORS OF
JUKE-BOX NUMERIQUE TOUCHTUNES INC./TOUCHTUNES DIGITAL JUKEBOX
INC. ADOPTED ON THE (29th) DAY OF JANUARY, NINETEEN
HUNDRED AND NINETY-NINE (1999)

MOVABLE HYPOTHECS

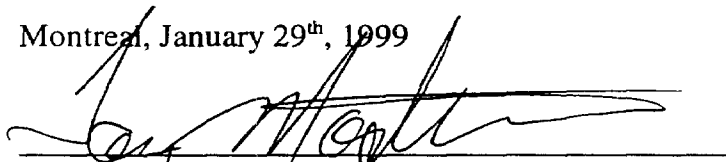
RESOLVED:

1. "THAT the corporation be and it is hereby authorized to intervene to a deed of guarantee to be entered into between the Bank and Touchtunes Music Corporation as Guarantor, according to which it covenants and agrees to guarantee the payment to the Bank of all debts and obligations of the corporation, present and future, direct or indirect, conditional or not, due or not, incurred by the corporation, including any costs and fees incurred by the Bank to recover or attempt to recover said debts and obligations, as well as any interest thereupon, the whole up to the amount of One Million and Seven Hundred and Fifty Thousand Canadian Dollars (Cdn. \$1,750,000), in accordance with a draft of which is deposited before the Board of Directors of the corporation and is hereby approved; and
2. THAT Tony Mastronardi, the Corporation's President, be and he is hereby authorized and instructed to execute all documents for and on the account of the Corporation, as well as any other document pertaining to this transaction, to effect any modification thereto and to do or to cause to have done anything that he may, in his sole discretion, deem necessary, useful or appropriate in order to give full effect to this resolution."

* * * * *

The undersigned, Tony Mastronardi, President of the Corporation and on behalf of the Executive Committee of the Corporation, hereby certifies that the text appearing above is a true extract of a resolution adopted by the Board of Directors of Juke-Box Numerique Touchtunes Inc./Touchtunes Digital Jukebox Inc. on January 29th, 1999 and that, as of this date, said resolution remains in full force and effect.

Montreal, January 29th, 1999



Tony Mastronardi, President